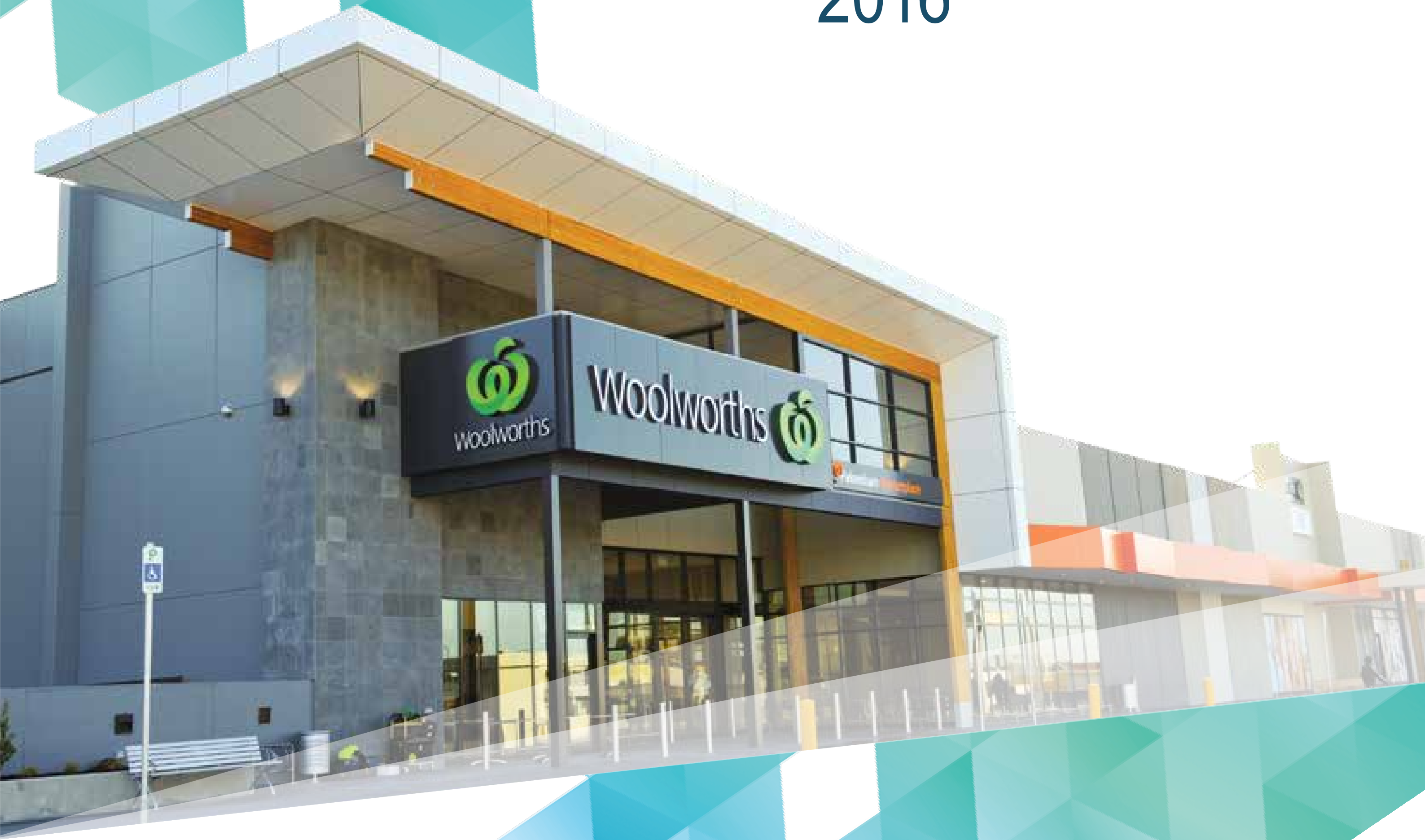
SCA Property Group

ANNUAL REPORT 2016



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FINANCIAL CALENDAR

23 November 2016	Meeting of unitholders
December 2016	Estimated interim distribution announcement and units trade ex-distribution
February 2017	Interim results announcement
June 2017	Estimate final distribution announcement and units trade ex-distribution
August 2017	Full-year results announcement
August 2017	Final distribution payment
August 2017	Annual tax statement

MEETING OF UNITHOLDERS

The meeting of unitholders will be held at 2pm in the Barnet Long Room, Level 1, Customs House, 31 Alfred Street, Sydney NSW 2000 on 23 November 2016

UNITHOLDER REGISTER DETAILS

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

Responsible entity

Shopping Centres Australasia Property Group RE Limited ABN 47158809 851 AFSL 426603. 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)

OUR 2016 PERFORMANCE HIGHLIGHTS

(For period 1 July 2015 to 30 June 2016)

13.75¢
DISTRIBUTABLE EARNINGS (PER UNIT)

$1.7b
MARKET CAPITALISATION ON THE ASX AS AT 30 JUNE 2016

$184.7m
STATUTORY PROFIT AFTER TAX

$100.1m
DISTRIBUTABLE EARNINGS

SOLID PORTFOLIO PERFORMANCE

98.6%
PORTFOLIO OCCUPANCY

7.13%
PORTFOLIO WEIGHTED AVERAGE CAP RATE
Firming by 36 bps

$245.7m
INCREASE IN PROPERTY VALUE
Including acquisitions and revaluation gains

REFINING OUR PORTFOLIO

6
ACQUIRED PROPERTIES
Integrated into our portfolio

5
DIVESTED
To the SURF 1 fund

PRUDENT CAPITAL AND COST MANAGEMENT

RESTRUCTURED AND DIVERSIFIED DEBT FACILITIES
Weighted average cost of debt down to 3.7%

REDUCED THE NUMBER OF UNITHOLDERS
From approximately 80,000 to less than 74,000 generating significant cost savings

MESSAGE FROM THE CHAIRMAN

PHILIP MARCUS CLARK AM
CHAIRMAN, SCA PROPERTY GROUP

On behalf of the Board, I am pleased to present SCA Property Group's Annual Report, including the audited Financial Statements, for the year ended 30 June 2016.

The Group achieved another strong result for the year ended 30 June 2016:

- Adjusted funds from operations was $92.3 million, an increase of 25.2% over the prior year; and
- Full-year distributions totalled 12.2 cents per unit, an increase of 7% over the prior year.

The Group's three-year total unitholder return (being the total of the growth in unit price and distributions paid during the three-year period represented as a percentage increase over the prior year) was an impressive 63.7%.

It has been another year of active portfolio and capital management, with an ongoing program of portfolio enhancement coupled with prudent balance sheet management. Highlights include:

- The sale of our New Zealand portfolio at a premium of 6.5% above our 31 December 2015 book value;
- Six neighbourhood centre acquisitions completed, valued at $145.3 million;
- Further reductions in cost of debt to 3.7%, one of the lowest debt costs in the sector;
- Management Expense Ratio (MER) reduced from 0.55% to 0.51%; and
- Net tangible assets per unit of $1.92 up by 8.5% over the prior year.

During the last financial year, in addition to management of the core business, the Group successfully launched SURF 1, an unlisted retail fund comprising non-core SCP assets. The fund was strongly supported and a significant number of SCP unitholders invested in SURF 1.

Depending upon market conditions, the Group intends to continue to build its funds management business and expects to launch its second unlisted retail fund, SURF 2, later this year.

To facilitate the ongoing program of enhancing our portfolio by asset recycling into higher growth, mature convenience-based neighbourhood centres, and to further enhance

12.2¢

DISTRIBUTION (PER UNIT)

89%

PAYOUT RATIO

capital management, the Board created the Investment Committee as a Subcommittee of the Board. The Investment Committee's role is to consider, review and recommend to the Board all acquisition, divestment and development transactions, and to advise on and monitor capital management. I am pleased to report that the Subcommittee is performing very well. It is facilitating our transactional capability and providing expert oversight of our capital transaction asset selection and divestment process.

At last year's Annual General Meeting, I informed investors of the Group's progress in the area of sustainability. I am pleased to report that good progress has been achieved in this area. The Group's achievements are set out on page 24 of this Report, where you will see that our commitment is based on three pillars:

- Building strong communities by increasing our community engagement and contributions;
- Making our centres more environmentally efficient and building a data management system to measure these changes; and
- Being a responsible investor and managing environmental, social and governance risks that are material to investment value.

Your Board remains conscious of the primary reasons investors invest in the Group. The Board and management team are committed to continue delivering sustainable growth in distributions to investors through an efficient internally managed fund with prudent capital management, conservative gearing and a keen focus on cost control. We are pleased to have achieved that again in 2016.

Our New Zealand Directors, Cecilia Tarrant and Geoff Ricketts, have recently retired following the disposal of our New Zealand assets. I particularly want to thank Cecilia and Geoff for their significant contributions to our New Zealand business.

On behalf of the Board, I wish to thank management and staff who again worked hard and delivered a good result. I also thank my fellow Directors for their hard work and enthusiasm. I am proud to chair an effective and collaborative Board.

Finally, thanks to all SCP unitholders for their continued support and confidence. We value each and every one of our unitholders and we do appreciate their support.

Yours sincerely,

Philip Marcus Clark AM
Chairman, SCA Property Group

MESSAGE FROM THE CEO

ANTHONY MELLOWES
CHIEF EXECUTIVE OFFICER, SCA PROPERTY GROUP

On behalf of management, I am pleased to present SCA Property Group's Annual Report, including the audited Financial Statements, for the year ended 30 June 2016.

It has been another year of focused and disciplined stewardship of the Group's assets, which has yielded pleasing results in a number of facets of our business.

Your Chairman, Phil Clark, has mentioned our financial performance over the past financial year. I would like to focus attention on the performance of our core business, which is the management of a portfolio of 83 predominantly neighbourhood shopping centres located in all states of Australia. It is through the careful selection, management and optimised tenancy mix of these assets that the Group generates its earnings and achieves its relatively stable and sustainable earnings and distributions.
I am pleased to report that the Group has achieved stability in its portfolio, with occupancy across the portfolio steady at 98% since December 2014.

The Group's focus is on non-discretionary usages comprising primarily supermarkets and food and liquor outlets, with a lesser exposure to more discretionary usages such as discount department stores and apparel.

Our tenants fall into two main categories: anchor tenants and specialty tenants. Our key tenant is Woolworths Limited, although in the past three years we have diversified, with 18 of our centres now anchored by either Coles or Aldi.

The rental structures of anchor tenancies and retail tenancies are different. By gross lettable area, our tenancies are equally split between anchor and specialty tenants. Anchor tenancies are typically structured to provide for base rent and turnover rent. Turnover rent and increases to the base rent are entirely dependent upon the trading performance of the anchor tenants. As supermarkets and discount department stores have been experiencing some headwinds and increased competition, this has impacted turnover rent and growth in base rent, and this will remain the case until trading conditions improve for our supermarkets.

34.0%

GEARING

$1.92

NET TANGIBLE ASSETS PER UNIT

On the other hand, specialty tenancies generally have fixed annual increases of between 3% and 5%. We have also achieved strong growth in specialty lease renewals with average rental uplifts of approximately 7.5%. Our growth in earnings this year is largely attributable to increased income derived from our specialty tenants. The positive news for investors is that all things being equal, once anchor tenant trading conditions improve, there is potential for both turnover rent and increases in base rent from our anchor tenants as our centres continue to mature. At present, turnover rent only comprises 0.6% of the total income of the fund.

The combination of strong trading performance of our specialty tenants, growth in specialty rents achieved on renewal and the low vacancy in our supermarkets has underpinned our performance this year.

A key strategy of our Group is to continue to improve our portfolio and position the Group to be the pre-eminent fund of non-discretionary neighbourhood centres. For this reason, we decided to divest our portfolio of New Zealand assets which comprised primarily standalone supermarket assets. The sale was at a 6.5% premium to our 31 December 2015 book value, and has enabled us to pay down debt and reinvest into Australian assets with greater growth opportunities. To date, after entering into the New Zealand asset sale, we have acquired 4 new Australian centres, and we are well on track to complete the transition from primarily standalone supermarkets in New Zealand to neighbourhood centres in Australia where we see greater opportunities for the Group, including improvement in tenancy mix, increased foot traffic, simplification and increased efficiencies of scale.

We have completed the expansion of the Woolworths Supermarket at Chancellor Park, Queensland and we have also been active in the development of our portfolio. We have reached agreement with Coles to open a supermarket at Kwinana in Western Australia. We will commence constructing an expanded store to accommodate the new Coles Supermarket which is scheduled to open in September 2017. Kwinana is the Group's most valuable asset and finalisation of the deal with Coles will add significant value for unitholders.

Our balance sheet management has been diligent and conservative, with a loan to valuation ratio of 34%. I am pleased to report that we have the lowest cost of debt in the sector, at 3.7%, from a diversified group of lenders providing flexibility and extended tenor, with a weighted average expiry period of 5.7 years.

All of these initiatives position the Group well for continued reliable earnings and distributions in the short to medium term in the current low interest rate, low inflationary macroeconomic environment.

Kind regards,

A. Mellowes

Anthony Mellowes
Chief Executive Officer, SCA Property Group

ABOUT US

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

As at 30 June 2016, our portfolio consisted of 83 centres valued at $2,141.1 million. Convenience retailing has proven to be a resilient asset class due to its exposure to non-discretionary retail tenants. Many of the Group's convenience-based retail centres have a strong weighting to food sales, due to grocery-based anchors such as supermarkets.

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

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

Short history

SCA Property Group was created by Woolworths in late 2012 to act as a landlord for a number of its shopping centres. Woolworths transferred its ownership in those shopping centres to SCA Property Group, which was then listed on the ASX as a separate independent real estate investment trust in December 2012. Woolworths Limited does not have any ownership interest in SCA Property Group.

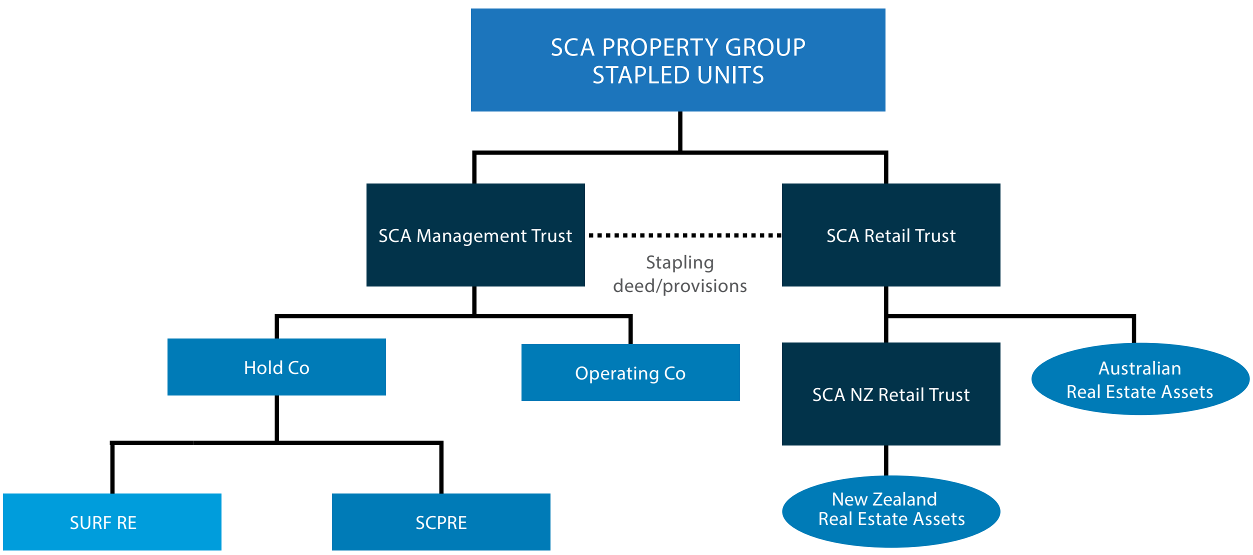
Since its creation, SCA Property Group has completed a number of acquisitions and divestments, and as at 30 June 2016 has 83 shopping centres, of which 69 were anchored by Woolworths Limited retailers, and 14 were anchored by Wesfarmers Limited retailers.

Group structure

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

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

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




Woolworths
marian
TOWN CENTRE
Woolworths
more SAVINGS every day

OUR PROPERTY PORTFOLIO

SCA Property Group's portfolio comprises 66 neighbourhood, 7 sub-regional and 10 freestanding retail shopping centres located across Australia and New Zealand.

SCA Property Group considers its Australian freestanding centres to be non-core, and in October 2015 divested five non-core properties into the SCA Unlisted Retail Fund Number 1 (SURF 1), which SCA Property Group continues to manage. The five properties comprising SURF 1 are Fairfield Woolworths, Griffith North Woolworths, Burwood Dan Murphy's, Katoomba Dan Murphy's and Inverell Big W.

On 10 June 2016, SCA Property Group announced that it had agreed to sell its entire New Zealand portfolio comprising 9 freestanding stores and 5 neighbourhood shopping centres for NZ$267.4 million to Investore Property Limited, a newly formed vehicle to be managed by Stride Property Group. The sale became unconditional on 30 June 2016, and the first tranche of assets was settled on 12 July 2016 for NZ$128.2 million and the second tranche of assets is expected to be settled on 28 September 2016 for NZ$139.2 million. The sale price represented a premium of 6.5% to the 31 December 2015 book value of the assets, and an implied after-tax yield to SCA Property Group of less than 6%. SCA Property Group intends to redeploy the proceeds into higher yielding and higher growth neighbourhood centres in Australia. Since 30 June 2016 SCA Property Group has acquired or agreed to acquire four more neighbourhood shopping centres for $118.8 million at an average initial yield of in excess of 7%. This map includes the four properties purchased since 30 June 2016 which are located at Jimboomba, Annandale, Muswellbrook and Belmont.

83

OPERATING PROPERTIES

69 in Australia valued at $1,888.0 million

14 in New Zealand valued at $253.1 million

1,098

SPECIALTY TENANTS

$2,141.1m

OPERATING PROPERTIES TOTAL VALUE

98.6%

PORTFOLIO OCCUPANCY

decrease from 98.9%

8 yrs

AVERAGE AGE OF PORTFOLIO

From completion of refurbishment

14.0 yrs

WEIGHTED AVERAGE LEASE EXPIRY

For anchor tenants in Australia

542,039 m^2

GROSS LETTABLE AREA

OUR PROPERTY PORTFOLIO CONTINUED

Australian portfolio

The Australian portfolio comprises 61 neighbourhood, 7 sub-regional and 1 freestanding shopping centres across the country. The total value of the Australian investment properties as at 30 June 2016 was $1,888.0 million (up from $1,687.4 million as at 30 June 2015). The increase in value of the Australian properties during the year was principally due to:

- The acquisition of six properties during the year for $145.3 million;
- The completion of developments at Lismore and Chancellor Park; and
- Favourable fair value movements of $26.9 million, primarily due to cap rate compression.

The weighted average capitalisation rate for the Australian portfolio is now 7.13%, compared to 7.48% as at 30 June 2015.

New Zealand portfolio

The New Zealand portfolio sale became unconditional on 30 June 2016, with settlement occurring in two tranches in July 2016 and September 2016. As at 30 June 2016 the New Zealand portfolio comprised nine freestanding properties and five neighbourhood shopping centres across the country. The total value of investment properties as at 30 June 2016 was $253.1 million (up from $208.0 million as at 30 June 2015). The increase in value of the New Zealand properties during the year was principally due to:

- Favourable fair value movements of $28.0 million, reflecting the agreed sale price at a premium to book value;
- Favourable exchange rate movements of $15.6 million; and
- Straightlining and capital expenditure of $1.5 million.

Assets as at 30 June 2016	Number of centres	Number of specialities	GLA (sqm)	Occupancy (% GLA)	Value (A$m)	WALE (yrs)	Weighted average cap rate (%)
Freestanding	1	–	9,387	100.0%	43.0	19.3	6.75
Neighbourhood	60	740	332,110	98.5%	1,357.4	10.4	7.08
Sub-regional	7	326	139,718	98.8%	480.5	11.6	7.30
Other[1]	1	n/a	n/a	n/a	7.1	n/a	6.75
Total Assets Australia	**69**	**1,066**	**481,215**	**98.6%**	**1,888.0**	**10.9**	**7.13**
New Zealand	14	32	60,824	99.0%	253.1	15.8	6.62
Total Assets Australia & NZ	**83**	**1,098**	**542,039**	**98.7%**	**2,141.1**	**11.5**	**7.07**

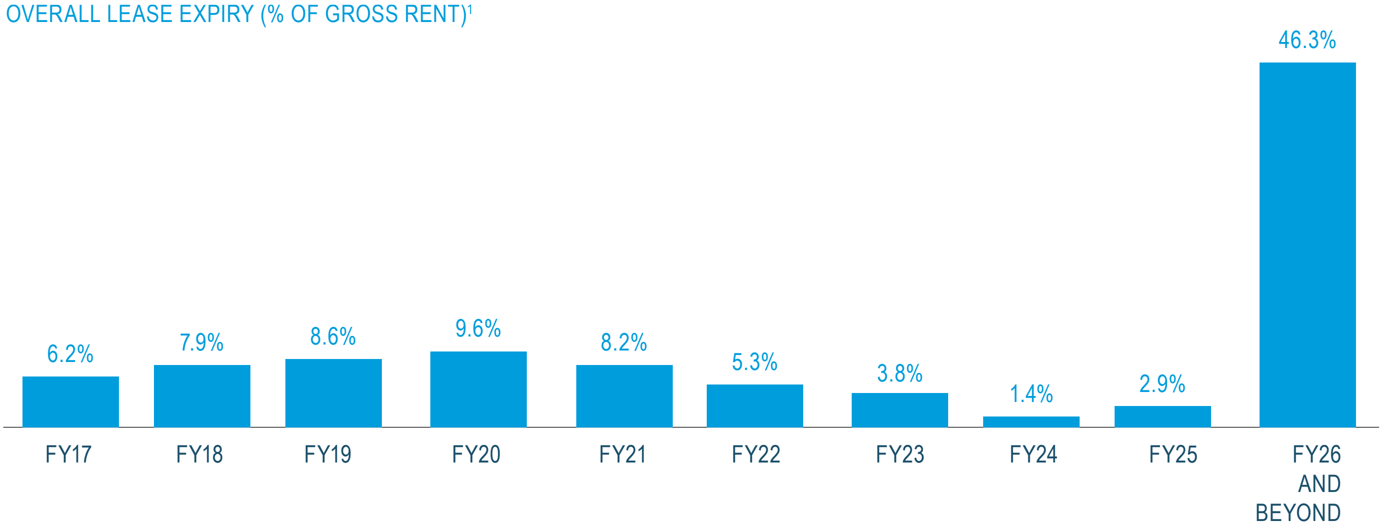
1. Relates to Bushland Beach Plaza which is a development asset as at 30 June 2016.

OUR TENANTS

The Group's Australian shopping centres are anchored by long-term leases to high-quality tenants with a weighted average lease expiry of 10.9 years.

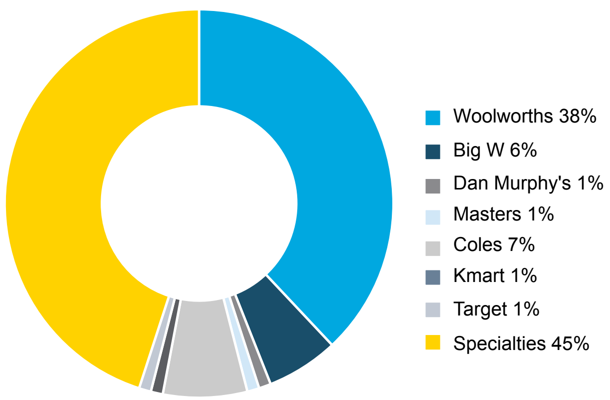
Nearly half the portfolio is located in new growth corridors and regions, and largely comprises convenience-based neighbourhood centres with a strong weighting to the non-discretionary retail segment. Woolworths and Wesfarmers owned anchor tenants represent 55% of gross income. The remaining 45% of gross income comes from specialty tenants skewed toward non-discretionary categories.

OVERALL LEASE EXPIRY (% OF GROSS RENT)[1]

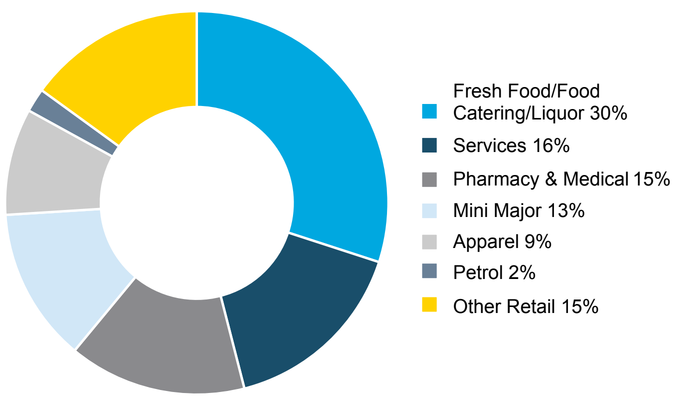


1. Excludes New Zealand

TENANTS BY CATEGORY (BY GROSS RENT)[2]



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



2. Annualised gross rent excluding vacancy. Excludes New Zealand and Bushland Beach Plaza.

OUR STRATEGY

SCP aims to ensure resilient cash flows, to provide investors with secure and regular distributions.

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

Focus on convenience-based retail centres

Weighted to non-discretionary retail segment

Long leases to quality anchor tenants

Appropriate capital structure

Growth opportunities

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

We are doing this by:

- Optimising the existing portfolio: by increasing the rent per square metre we generate from our specialty tenants, and by controlling our costs;
- Growing the portfolio: by undertaking selected acquisitions and divestments, and by conducting selected small-scale development opportunities in our completed portfolio. We are also planning to build a funds management business, with our first fund "SURF 1" completed in October 2015;
- Capital management: we adopt a prudent approach to capital management, with the aim of achieving a sustainably low cost of capital; and
- Sustainability: ensuring the sustainability of SCP's business, including a focus on safety, community and the environment.

Optimising the existing portfolio

A key priority for the Group is to increase the rent per square metre we generate from our specialty tenants. This can be achieved by remixing our tenancies to higher rent paying tenants, by annual rental increases that are built into leases, and by increasing rentals at lease expiry. During the 12 months to 30 June 2016 there were 69 specialty tenancy renewals with an average rental increase of 7.5% achieved.

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

Growing the portfolio

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

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

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

Capital management

Debt and gearing

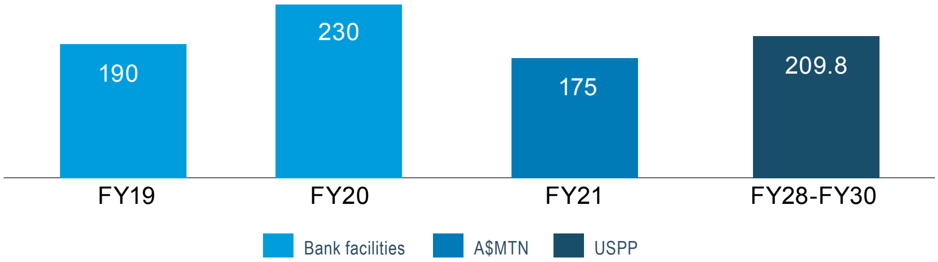
We maintain a prudent approach to managing the balance sheet, with gearing of 34.0% as at 30 June 2016, which is comfortably within the policy range of 30% - 40%. At 30 June 2016, the group had cash and undrawn facilities of $93.2 million.

We have diversified sources of debt with bank facilities, US private placement notes (USPP) and Australian medium term notes (A$MTN). Our weighted average cost of debt is now 3.7% which is amongst the lowest in our sector. The weighted average term to maturity is 5.7 years and we have no debt expiries until November 2018.

Distribution payout ratio

SCP has a target payout ratio of 85% - 95% of funds from operations (FFO) and less than 100% of Adjusted FFO (AFFO). For the year to 30 June 2016 our distribution payout ratio was 89% of FFO and 96% of AFFO.

DEBT FACILITIES EXPIRY PROFILE ($M)



Interest rate hedging

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

- Targeting a range for fixed interest rate exposure of 50% - 100% of drawn borrowings for a period of up to six years; and
- Using derivative contracts and/or other agreements to fix interest payment obligations.

The Directors will monitor this policy to ensure it meets SCP's ongoing objectives and is in the best interests of unitholders. As at 30 June 2016, 68% of the group's debt was fixed or hedged.

Stability of our earnings

55% of our rental income comes from Woolworths Limited and Wesfarmers Limited, both of which are of a high credit quality. The remaining 45% of our rental income comes from specialty tenants. We have improved this income stream by reducing specialty vacancy in normalised levels, and by securing quality tenants who we believe will deliver sustainable rental income growth in the future.

We have actively managed our portfolio by divesting non-core assets and acquiring assets that we believe will deliver strong returns. We have put in place a solid capital structure, with diversified sources of funding, gearing at 34.0% (at the lower end of our target range of 30% - 40%), weighted the average term to maturity of our debt to 5.7 years and fixed or hedged 68% of our debt.

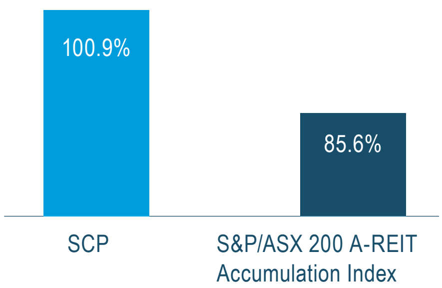
OUR PERFORMANCE

SCP HAS DELIVERED SUPERIOR RETURNS TO UNITHOLDERS

SCP has provided stable and secure distributions that have been supplemented by strong unit price performance during the FY16 financial year, and since IPO.

SCP has delivered a total unitholder return (unit price appreciation plus distributions) of 100.9% since IPO in November 2012, representing 15.3% outperformance relative to the S&P / ASX 200 A-REIT Index over the same period.

CUMULATIVE TOTAL RETURN SINCE SCP IPO (Nov 2012)[1]



RELATIVE UNIT PRICE PERFORMANCE SINCE SCP IPO (Nov 2012)[1]

1. SOURCE: IRESS. Returns since IPO from 23 November 2012 to 30 June 2016.

STRONG SALES GROWTH IN OUR CENTRES

In FY16 comparable store moving annual turnover (MAT) growth in our centres averaged 0.6%. Anchor supermarket sales growth of 0.2% in Australia was subdued driven by ongoing price reductions. On the other hand, supermarket volumes and transactions continued to grow, driving foot traffic through out centres. As such, specialty tenant sales growth in Australia remained strong at 5.6%. This result reflects the relatively young age of the centres and that a higher proportion of our centres are in growth corridors. Strong sales growth will assist SCP to generate increasing rental income in the future.

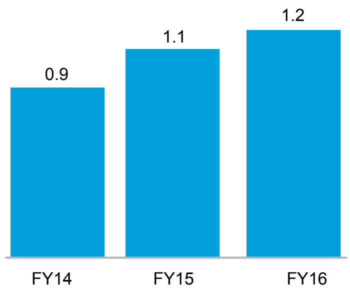
COMPARABLE STORE MAT SALES GROWTH BY CATEGORY (%)

$m	as at 30 June 2016	as at 30 June 2015
Supermarkets (Aus)	0.2%	2.1%
Supermarkets (NZ)	(0.3%)	6.0%
Discount Department Stores (DDS)	(3.7%)	(5.2%)
Mini Majors (Aus)	5.1%	2.9%
Specialties (Aus)	5.6%	5.6%
Total	**0.6%**	**2.5%**

TURNOVER RENT THRESHOLDS BEING ACHIEVED

Despite subdued sales growth, some anchor tenants are achieving turnover rent thresholds. Once turnover rent thresholds are achieved, rental income increases with store sales growth. As at 30 June 2016, 13 anchors were generating turnover rent, and for the twelve months to 30 June 2016 turnover rent was $1.2 million. We expect these numbers to increase in coming years albeit at a modest rate.

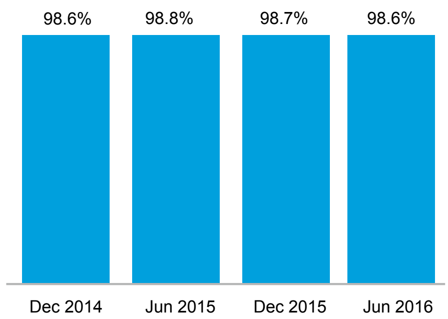
TURNOVER RENT ($M)



OCCUPANCY RATE REMAINS HIGH

SCP continues to enjoy high levels of portfolio occupancy of around 98.6%. This is within the normalised range for neighbourhood shopping centres

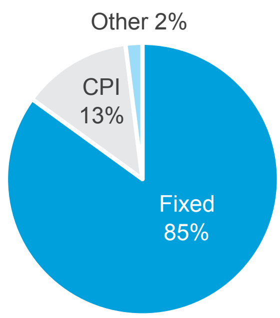
PORTFOLIO OCCUPANCY (% OF GLA)[1]



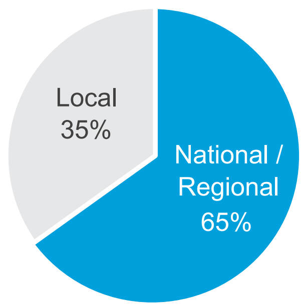
1 Excludes New Zealand

AUSTRALIAN SPECIALITY LEASE COMPOSITION (AS AT 30/6/2016)

ANNUAL INCREASE MECHANISM



TENANT TYPE



SPECIALTY TENANT KEY METRICS

Specialty tenant sales continue to grow strongly, assisted by supermarket volume growth. As a result, average specialty occupancy cost continues to be sustainable at 9.3%. This enables SCP to secure strong rental increases when leases come up for renewal. During FY16 we had 69 renewals with average increases of 7.5% achieved and no incentives paid. Most specialty leases are for five year terms and have built-in annual rental increases of 3%-4%.

Australian specialty tenant key metrics	FY16	FY15
Specialty sales MAT growth (%)	5.6%	5.6%
Average specialty occupancy cost (%)	9.3%	9.7%
Average gross rent per square metre	$676	$651
Sales productivity ($ per sqm)	7,269	6,711
Renewals		
Number	69	50
GLA (sqm)	7,208	4,305
Average uplift (%)	7.5%	7.3%
Incentive (months)	0	0
New Leases		
Number	58	114
GLA (sqm)	7,131	10,107
Incentive (months)	11.9	13.3

Active portfolio management

During FY16 we acquired six neighbourhood shopping centres for $145.3 million at a weighted average initial yield of over 7%. Four of these centres are anchored by a Coles supermarket, and the other two by a Woolworths supermarket.

During the year we also divested five freestanding stores to the "SURF 1" fund for $60.9m and agreed to divest our New Zealand assets for NZ$267.4 million.

Griffin Plaza (Griffith, NSW)

- Acquisition completed in Sept 2015 for $23.0m (7.45% implied cap rate)
- % of income from Coles: 37%
- Overall WALE: 7.0 years
- Occupancy: 95.3%
- Year Built: 1997 (refurbishment of Coles in 2014)

Wonthaggi Plaza (Wonthaggi, VIC)

- Acquisition completed in Dec 2015 for $45.4m (7.12% implied cap rate)
- % of income from Coles/Target: 49%
- Overall WALE: 9.2 years
- Occupancy: 97.3%
- Year Built: 1980 (refurbished in 2012)

Marian Town Centre (Mackay, QLD)

- Acquisition completed in Nov 2015 for $32.0m (7.10% implied cap rate)
- % of income from Woolworths: 39%
- Overall WALE: 11.5 years
- Occupancy: 100.0%
- Year Built: 2014

Greenbank Shopping Centre (Greenbank, QLD)

- Acquisition completed in Jan 2016 for $23.0m (6.55% implied cap rate)
- % of income from Woolworths: 43%
- Overall WALE: 9.9 years
- Occupancy: 100.0%
- Year Built: 2008

Northgate Shopping Centre (Tamworth, NSW)

- Acquisition completed in Dec 2015 for $14.8m (7.40% implied cap rate)
- % of income from Coles: 52%
- Overall WALE: 5.4 years
- Occupancy: 98.9%
- Year built: 1993 (refurbishment of Coles in 2014)

Bushland Beach (Townsville, QLD)

- Fund-through development. Land acquired in June 2016 for $5.5m, plus $1.6m for work in progress. Final development total cost of $25.1m, (6.83% implied cap rate)
- % of income from Coles: 63%
- Overall WALE: n/a
- Occupancy: n/a
- Expected completion date: May 2017

Development pipeline

We have identified over $150 million of development and refurbishment opportunities at 20 of our centres over the next five years. These are generally bolt-on developments to our existing centres. During FY16 we completed our first two developments being the refurbishment of our centre in Lismore and the expansion of the Woolworths supermarket at Chancellor Park. During FY17 our development priorities are the addition of Coles as a third anchor tenant at Kwinana, and the development of a new Coles-anchored neighbourhood shopping centre at Bushland Beach.

		Estimated Capital Investment (A$m)				
Development Type	**Centre (s)**	**FY17**	**FY18**	**FY19**	**FY20**	**FY21**
Centre Improvement	Burnie, Murray Bridge, The Markets	0.2	2.7	2.6	–	–
Stage 3 (third anchor)	Kwinana	17.5	2.0	–	–	–
Supermarket expansions	Northgate, Riverside, Treendale, West Dubbo	0.1	0.2	5.1	4.2	8.0
Supermarket and centre expansions	Collingwood Park, Gladstone, Mackay, New Town Plaza, North Orange, Wyndham Vale	1.0	20.7	14.2	7.8	19.0
Major centre expansions	Bushland Beach, Central Highlands, Epping North, Greenbank, Mt Gambier, Ocean Grove	18.5	0.3	1.3	17.2	8.5
Preliminary and defensive	Various	0.3	0.3	0.3	0.3	0.3
	Total	**37.6**	**26.2**	**23.5**	**29.5**	**35.8**

We invested $9.1m on developments during FY16, including $2.8m on the Lismore refurbishment, $3.9m on the Chancellor Park supermarket expansion, $0.5m on Kwinana preliminaries, and the balance on preliminaries for other projects.

In FY17, the major projects will be building a new Coles-anchored centre at Bushland Beach near Townsville (expected to open in May 2017), and adding Coles as a third anchor at Kwinana (expected to open in September 2017).

OUR PERFORMANCE
CONTINUED

Funds management business

In October 2015 we successfully completed our first unlisted retail fund "SURF 1" containing five non-core assets acquired from SCP for $60.9 million. We intend to launch our second unlisted retail fund "SURF 2" during FY17. The funds management business will allow SCP to recycle non-core assets, and utilise its expertise and platform to earn capital-light management fees in the future.

Prudent capital management

SCP maintains a prudent approach to managing the balance sheet, with gearing of 34.0% as at 30 June 2016. This is comfortably within the policy range of 30% - 40%. At 30 June 2016, the group had cash and undrawn facilities of $93.2 million.

As at 30 June 2016, the weighted average cost of debt (including amortisation of establishment fees) was 3.7%pa, and 68% of the group's debt was fixed or hedged.

In August 2014, we received $210 million from an issue of US Private Placement Notes (USPP), with a weighted average term to maturity of 14 years. In April 2015 we received $175 million from an Australian Medium Term Note (A$MTN), with a weighted term to maturity of 6 years, and in July 2016 we increased the A$MTN by a further $50 million. Both Notes have been rated Baa1 by Moody's. These transactions have further diversified our sources of debt funding, and have extended the weighted average term to maturity of our debt to 5.7 years, with no debt expiry until November 2018. We have drawn debt of $740.7 million, and total debt facilities, including the USPP and A$MTN, of $829.8 million. We are well within debt covenant limits of less than 50% gearing and interest cover ratio greater than 2.0x (currently 4.2x).

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

FINANCIAL HIGHLIGHTS

Profit and loss

For the financial year ended 30 June 2016, we delivered a statutory Net Profit after Tax of $184.7 million, 22.7% above the prior year assisted by increased investment property valuations, increases in the mark-to-market valuation of derivatives and increases in net operating income. Our primary measure for cash earnings is Funds From Operations (FFO) which was 13.75 cents per unit, 7.3% above the prior year. Our Distribution paid to unitholders for the financial year was 12.2 cents per unit, 7.0% above the prior year, comprised of 6.0 cents per unit for the first half distribution and 6.2 cents per unit for the final distribution.

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

- Gross property income benefitted from acquisitions, and specialty rental increases as our specialty vacancy declined;
- Property operating expenses remain below relevant benchmarks;
- Corporate costs of $11.9 million equate to a Management Expense Ratio (MER) of 51.4 basis points;
- Distribution payout ratio is within our target bands of 85% - 95% of FFO and less than 100% of AFFO;
- Tax deferred ratio was 14%, lower than normal due to the capital gain realised on the sale of our New Zealand portfolio.

$m	FY16	FY15	% Change
Anchor rental income	113.8	106.6	6.8%
Specialty rental income	77.3	58.5	32.1%
Straight lining & amortisation of incentives	1.3	4.4	(70.5%)
Other income	7.1	6.3	12.7%
Insurance income	5.0	–	nm
Gross property income	**204.5**	**175.8**	**16.3%**
Property expenses	(58.1)	(48.2)	20.5%
Property expenses / Gross property income (%)	29.1%	27.4%	6.2%
Net property income	**146.4**	**127.6**	**14.7%**
Funds management income	1.2	–	nm
Net operating income	**147.6**	**127.6**	**15.7%**
Corporate costs	(11.9)	(11.2)	6.3%
Fair value of investment properties	54.9	67.9	(19.1%)
Fair value of derivatives and financial assets	31.2	49.7	(37.2%)
Unrealised foreign exchange losses	(7.5)	(34.7)	(78.4%)
Share of net profit from investments	0.6	–	nm
Transaction costs	(0.1)	(0.1)	0.0%
EBIT	**214.8**	**199.2**	**7.8%**
Net interest expense	(27.6)	(29.6)	(6.8%)
Refinancing transaction costs	–	(16.8)	nm
Tax expense	(2.5)	(2.3)	8.7%
Net profit after tax	**184.7**	**150.5**	**22.7%**

$m	FY16	FY15	% Change
Net profit after tax (statutory)	**184.7**	**150.5**	**22.7%**
Reverse: Straight lining & amortisation	(1.3)	(4.4)	(70.5%)
Reverse: Fair value adjustments			
– Investment properties	(54.9)	(67.9)	(19.1%)
– Derivatives	(31.2)	(49.7)	(37.2%)
– Foreign exchange	7.5	34.7	(78.4%)
– Net unrealised profit from "SURF 1"	(0.1)	–	nm
– Net Insurance proceeds	(4.7)	–	nm
Reverse: Transaction costs / upfront fees	0.1	16.9	(99.4%)
Funds From Operations (FFO)	**100.1**	**80.1**	**25.0%**
Woolworths rental guarantee (net)	–	4.2	nm
Distributable Earnings (DE)	**100.1**	**84.3**	**18.7%**
Number of units (weighted average)(m)	727.9	658.0	10.6%
DE per unit (cents)	13.75	12.81	7.3%
Distribution per unit (cents)	12.2	11.4	7.0%
Payout ratio (%)[1]	89%	89%	–
Distribution ($m)[1]	89.0	78.1	14.0%
Estimated tax deferred ratio (%)	14%	74%	(81.1%)
Less: Maintenance capex	(3.7)	(1.0)	270.0%
Less: Leasing costs and fitout incentives	(4.1)	(9.6)	(57.3%)
Adjusted FFO (AFFO)	**92.3**	**73.7**	**25.2%**
Distribution / AFFO (%)	96.4%	106.0%	(9.0%)

1. Distribution was 6.0 cpu in respect of the first half (724.9m units on issue) and 6.2 cpu in respect of the second half (733.4m units on issue). Payout ratio is calculated as 12.20 cpu divided by weighted average DE per unit of 13.75 cpu.

Balance Sheet

As at 30 June 2016, we have net tangible assets of $1,408.9 million (up from $1,276.8 million as at 30 June 2015). Net tangible assets per unit has increased to $1.92 (up from $1.77 as at 30 June 2015).

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

- New Zealand investment properties have been reclassified as a “Disposal group” with assets of $254.0 million and liabilities of $140.2m;
- Value of investment properties reduced by $7.4 million, due to the sale of the New Zealand properties. Excluding the New Zealand sale, value of investment properties would have increased by $245.7 million, predominately due to acquisitions and positive revaluations. During the year the weighted average cap rate on our Australian properties reduced from 7.48% - 7.13%;
- Other assets the mark-to-market value of derivative financial instruments of $85.8 million;
- Debt reduced due to the New Zealand debt being reclassified as “Liabilities of disposal group”, but otherwise would have increased as we funded acquisitions and completed developments during the year;
- NTA per unit increased by 8.5% primarily due to property revaluations, stronger New Zealand dollar, and retained earnings;
- Management Expense Ratio has reduced due to cost control and increased asset base.

$m	30 June 2016	30 June 2015	% Change
Cash	3.8	3.7	2.7%
Investment properties	1,888.0	1,895.4	(0.4%)
Other assets	112.9	121.9	(7.4%)
Assets of disposal group	254.0	–	nm
Total assets	**2,258.7**	**2,021.0**	**11.8%**
Debt	634.7	680.1	(6.7%)
Accrued distribution	45.5	41.8	8.9%
Other liabilities	29.4	22.3	31.8%
Liabilities of disposal group	140.2	–	nm
Total liabilities	**849.8**	**744.2**	**14.2%**
Net tangible assets	**1,408.9**	**1,276.8**	**10.3%**
Number of stapled units (m)	**733.4**	**721.5**	**1.6%**
NTA per unit ($)	**1.92**	**1.77**	**8.5%**
Corporate costs	11.9	11.2	6.3%
External funds under management			
– “SURF 1” total assets	64.0	–	nm
– Less: "SURF 1" co-investment	(8.1)	–	nm
Assets under management	**2,314.6**	**2,021.0**	**14.5%**
MER (%)	0.514%	0.554%	(7.2%)

OUR COMMITMENT TO SUSTAINABILITY

Sustainability

Sustainability represents the preparation of our business for long-term performance, our responsibility as an organisation to respond to environmental, social and governance (**ESG**) issues, the way in which we engage with our stakeholders and the management of ESG risks to investment value.

Our Strategy

SCA Property Group's Sustainability Policy was established in 2015. Simultaneously, we launched our Foundation Strategy, providing a simple, achievable and solid platform that will support strong sustainability performance over the long-term. The Foundation Strategy focuses on three core objectives, itemised below.

OBJECTIVE 1	OBJECTIVE 2	OBJECTIVE 3
Stronger communities	**Environmentally efficient centres**	**Responsible investment**
Strengthen the relationships between our shopping centres and their local communities and help improve the wellbeing and prosperity of those communities	Reduce the environmental footprint of our shopping centres, particularly greenhouse gas emissions through energy consumption	Manage environmental, social and governance (ESG) risks that are material to investment value and communicate our performance on this
– Improved standing of our shopping centres as community hubs and increased goodwill – Increased footfall for tenants	– Reduced environmental impacts – Reduced operating costs – Improved quality of environment at shopping centres	– Reduced risk to asset and investment performance – Enhanced corporate transparency and reputation

To enable the implementation of the initiatives identified in our strategy, we established a Sustainability Steering Committee which in its first year has been focusing on our corporate-level approach and performance, including our Responsible Investment strategic objective. In addition, we also set-up an Asset Performance Working Group, which includes representatives from outsourced facilities managers and focuses on the practical implementation of our Stronger Communities and Environmentally Efficient Centres objectives. In addition, SCP has engaged a property sector sustainability specialist on an ongoing basis to supplement internal expertise and ensure best practice in our approach.

Our Progress and Commitment

In our FY15 Annual Report, we made commitments for FY16 which we are pleased to report we have achieved.

Looking forward, in the medium term we will refine our approach to materiality assessment of ESG risks and opportunities. We will also seek to collaborate on sustainability more actively with tenants and local communities for optimal results.

We believe we have laid the foundations to what is a long-term commitment and look forward to reporting on our continued progress next year.

CASE STUDY: LED LIGHTING AT HIGHETT SHOPPING CENTRE

82% ENERGY REDUCTION

1.5 YRS RETURN ON INVESTMENT

53 tonnes C02e GREENHOUSE GAS REDUCTION

$17,438 ANNUAL ELECTRICITY SAVINGS

$7,556 ELIMINATED MAINTENANCE COSTS

SCP has been piloting LED lighting for interiors, external common areas and carparks in its centres. At Highett Shopping Centre in Melbourne, 108 internal and four external fittings were replaced with LED long-life fittings. Other pilots are producing similar results and SCP is planning for the systematic replacement of lights with LED technology over time.

OUR COMMITMENT TO SUSTAINABILITY CONTINUED

COMMITMENT FOR FY2016*	STATUS	COMMITMENT FOR CY2016*
Stronger communities		
– Develop a nationally consistent and locally relevant community engagement plan	– Stronger Communities approach developed and being prepared for pilot	– Commenced Implementation of the Stronger Communities approach
Environmentally efficient centres		
– Establish a data management system for building environmental performance	– System established and data history created	
– Benchmark performance, set targets and establish environmental improvement plans for shopping centres. Implement projects across our portfolio accordingly	– Benchmarking of properties with the Greenstar Performance rating tool and development of an energy and greenhouse gas improvement plan commenced	– Complete benchmarking and development of improvement plan. Set energy and GHG reduction targets
	– Solar options reviewed and pilot on shopping centres commenced	– Continue piloting and commence implementation of solar installation
	– Piloting of LED lighting deployments in centres advanced	– Deploy LED lighting in centres
Responsible investment		
– Develop a group sustainability policy	– Policy approved by Board and available on website	– Review
– Commence reporting on sustainability performance	– 2016 sustainability report produced and available on website	– Review and improve reporting
– Prepare for participation in the Global Real Estate Sustainability Benchmark (GRESB)	– Submission to GRESB complete	– Review and improve submission
		– Conduct a formal materiality assessment of environmental, social and governance risk and opportunities

Completed Advanced Unstarted

* Annual commitments are moving from finacial year to calendar year in order to better align reporting and planning.

For further details on our sustainability programs, please download our inaugural Sustainability Report available on our website available at www.scaproperty.com.au/about/sustainability.

Safety

The Board and senior management of SCA Property Group are committed to ensuring the ongoing safety and wellbeing of our customers, employees, tenants, visitors and contractors. Safety is a core value across the Group and a key focus for us at all times. We are constantly striving to improve our health and safety performance across the Group and it will continue to be a focus for us.

The safety performance of the Group is an important agenda item of every Board meeting. The Board receives monthly reports on safety performance from the Group's management team and is informed of key safety risks facing the business. Driving improvements in workplace safety standards and performance has been a major focus of SCA Property Group since listing. We have a robust work health and safety framework and governance platform in place and we continue to refine and enhance how it operates to ensure it remains fit for purpose.

In FY16 the following initiatives were undertaken:

- We concluded a strategic Safety Framework Review which will lead to improvements in our existing safety management systems and reporting;
- We developed a Strategic Vision for safety across the Group which, when launched, will include a commitment to a unified set of standard safety leadership behaviours and commitments endorsed by our Board;
- We commenced working with the Shopping Centre Council of Australia to develop industry standards in order to measure safety performance and ensure that best practice methods can be shared across the industry;
- Our retail property management teams and externally engaged consultants conducted monthly, quarterly and annual safety and property risk audits; and
- Our retail property management teams developed remote contractor management programs and checklists.

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REMUNERATION REPORT

Dear Unitholders

On behalf of the Board, I am pleased to present the SCP Remuneration Report for the year ended 30 June 2016.

The purpose of this report is to explain the link between SCP's business strategy and performance over the short and long term, and the remuneration outcomes for Executives and Non-Executive Directors (NEDs), collectively referred to as Key Management Personnel (KMP), throughout this report.

You will notice that the format of the Remuneration Report has changed in FY16, as we endeavour to make the report as informative and readable as possible for unitholders and other stakeholders. To this end, we have included a 'Remuneration Snapshot' section which contains a summary of the SCP Remuneration Framework and how it was applied for the year ended 30 June 2016.

Remuneration framework

SCP's Remuneration Framework has been designed to attract and retain appropriately qualified people and ensure they focus on strategic priorities set by the Board. We review performance metrics and hurdles each year to test that they remain valid for our strategy. We use these as levers to ensure that the Executives remain focused on the achievement of our core strategic objectives. Within this process, we are grateful for stakeholder feedback which has been taken into account in reviewing the framework.

The Board is committed to upholding a remuneration framework that is aligned to business strategy, is based on performance, focuses Executives, meets unitholders' expectations and requirements, and encourages sustainable performance. To that end, for the 12 months to June 2016 the Board undertook a review of the Executive's total remuneration opportunity (TRO) and structure through an external benchmarking exercise. The Board considered a number of factors when determining the FY16 remuneration review including benchmarking to our market peers, the maturing of the Group and portfolio since listing in December 2012, and importantly, the experience and talent each Executive provides to the Group and the delivery of its strategy.

When the Board set the remuneration structure at the time of listing, there was a conscious decision to have higher than market long term incentive (LTI) maximum opportunity and a lower short term incentive (STI) opportunity in recognition of the Woolworths rental guarantee in place at listing. Therefore there was less management could do in the short term and more they could do to manage long term outcomes. Now that the Woolworths rental guarantee has expired, there are fewer constraints on management to effect change with more immediate impact. The re-balancing of at-risk remuneration that we have undertaken for the FY16 period was planned from our inception.

The key changes from this remuneration review include:

– A 6.1% increase in TRO for the CEO including a fixed salary increase of 6.1% and the re-balancing for an equal weighting of STI maximum opportunity (from 50% of total fixed remuneration (TFR) to 75% of TFR) with LTI maximum opportunity (from 100% of TFR to 75% of TFR).
– A 9.8% increase in TRO for the CFO including a fixed salary increase of 4.3% and a similar re-balancing for an equal weighting of STI maximum opportunity (from 40% of TFR to 50% of TFR) with the LTI maximum opportunity (which remains unchanged at 50% of TFR).
– A 3.4% increase in fixed salary for the General Counsel/Company Secretary and no changes to the STI maximum opportunity of 25% of TFR or LTI maximum opportunity of 20% of TFR.

The Board believes these changes will ensure that the remuneration framework at SCP remains aligned with business strategy and Executive retention.

It is not expected any further adjustments will be made to the remuneration framework in FY17.

Remuneration review and performance for the year ended 30 June 2016

FY16 was a very successful year for SCP. The Board considers that Executives, and all employees, have performed very well and continue to deliver on value accretive objectives. Some of the highlights achieved throughout the year include:

– An increase in distributable earnings to $100.1m, up from $84.3 million in FY15;
– An increase in distributable earnings per unit to 13.75 cents per unit, up from 12.81 cents per unit in FY15; and
– A reduction in SCP's management expense ratio to 0.51%, down from 0.55% in FY15.

The remuneration outcomes for Executives detailed in this report are a reflection of, and directly aligned with, SCP's performance and total unitholder returns for FY16. As such, the following STI's and LTI's have been awarded:

– STIs were paid to Executives on performance against FY16 financial (80% weighting) and non-financial performance (20% weighting) measures. On average, the FY16 STI has been paid to Executives at 80.5% of the maximum award reflecting the consistent delivery of financial outcomes, in particular solid Funds from Operations (FFO) per unit growth, while operating within the Group's strategy and stated risk profile. This result was driven through both extracting value from the core business, active capital management and on-strategy acquisitions. The last 12 months also saw management complete the sale of the New Zealand portfolio which will allow SCP to re-invest in assets in Australia that are expected to generate higher rental returns. Further details of this award by metric are included in key question 2 and Sections 3.2 and 3.4.
– LTIs vested for the first time at SCP after being tested against the Executive Incentive Plan's three-year performance measures. The FY14 LTI, which was set at SCP's inception, was awarded to Executives at 100% as a result of SCP's strong performance over the period. This payout reflects the higher than expected growth in annualised distributable earnings per unit over the period, and the higher relative TSR performance over the period than SCP's peers in the nominated comparator group.

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

Kirstin Ferguson

Dr Kirstin Ferguson
Chair, Remuneration Committee

The Remuneration Report has been audited.

REMUNERATION REPORT

Key points to note in relation to this report are:

- *The disclosures in this report have been prepared in accordance with the provisions of section 300A of the Corporations Act, even though, as stapled trusts, there is no obligation for SCP to comply with section 300A of the Corporations Act.*
- *The term '**remuneration'** has been used in this report as having the same meaning as 'compensation' as defined by AASB 124 '**Related Party Disclosures**'.*
- *For the purposes of this report, the term 'Executives' excludes NEDs.*

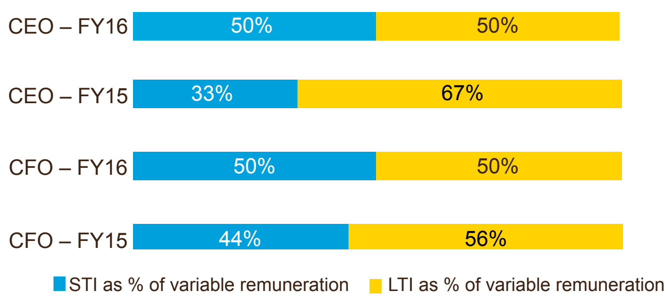
1. Remuneration snapshot (Audited)

1.1 Remuneration overview

<table>
<tr><th>Key questions</th><th>Our approach</th><th>Further information</th></tr>
<tr><td>1. Were any changes made to the remuneration structure in FY16?</td><td>

Increases in Executive TRO were awarded following a benchmarking exercise undertaken by Egan Associates during the period.

For both the CEO and the CFO there had historically been a weighting towards LTI in the at-risk component. A re-balancing of this weighting had always been anticipated once the Woolworths rental guarantee expired. In FY16, the balance between STI and LTI awards was recalibrated for both the CEO and CFO as follows:



There was no change to the General Counsel/Company Secretary's (GC/CS) weighting, with the STI opportunity remaining at 55% of at-risk remuneration, and the LTI opportunity remaining at 45% of at-risk remuneration.

The FY16 STI and LTI metrics for Executives were largely based on those developed in FY15 and updated for strategic objectives set for the business in FY16.

</td><td>Section 3.4</td></tr>
<tr><td>2. What is the FY16 STI payout to Executives and why?</td><td>

The STI performance pool awarded to Executives for FY16 was $880,689, representing an 80.5% payout of the total STI maximum opportunity for Executives. In respect of the CEO and CFO, 50% of the STI award will be granted by way of deferred equity (subject to unitholder approval).

The payout ratio is a direct function of SCP's strong performance in FY16, which saw Executives execute key strategic objectives and deliver the following:

- FFO of $100.1 million, - an increase of 25% from FY15;
- Adjusted FFO of $92.3 million - an increase of 25.2% from FY15;
- Comparable net operating income (NOI) growth of 3.4% above FY15; and
- A reduction in SCP's management expense ratio (MER) to 0.51%, down from 0.55% in FY15.

</td><td>Section 3.2</td></tr>
<tr><td>3. What is the FY14 LTI payout to Executives, and why?</td><td>

The performance period ended on 30 June 2016. Performance was assessed at Maximum in respect of the FY14 LTI, which represents a 100% payout of the total LTI maximum opportunity for each Executive (a total of 942,317 units in total).

Half of the rights vested in August 2016, with the remaining half to vest on 1 July 2017.

FY14 LTI performance was tested against 2 performance hurdles over the three-year performance period, being:

- Relative TSR (50% of LTI rights); and
- Growth in annualised distributable earnings per unit (DEPU) (50% of LTI rights).

Performance was assessed at Maximum by the Board as a consequence of SCP's strong relative TSR (in excess of 63% since 1 July 2013) and growth in DEPU from a baseline of 12.1 cents as at 1 July 2013.

Significant changes were made to SCP's remuneration framework in FY14, and the FY14 LTIs are the only LTI awards structured in this manner.

</td><td>Section 3.3</td></tr>
<tr><td>4. Did the Board exercise discretion when considering Executive awards in FY16?</td><td>

The Board did not exercise discretion when determining the Executive awards for FY16.

The Board exercised its discretion in respect of the DEPU performance condition for the FY14 LTI that vested in August 2016.

</td><td>Sections 3.3 and 3.4</td></tr>
</table>

Key questions	Our approach	Further information
5. Were there any changes made to NED fees in FY16?	Total NED remuneration payable in FY16 was $1,044,292, up from $932,475 in FY15. The increase in overall NED remuneration in FY16 is attributable to: – 3% increase in NED fees effective 1 January 2016; – The establishment of the Investment Committee on 1 April 2016 (the Chairman of the Investment Committee is paid an annual fee of $15,000 and members of the Investment Committee are paid an annual fee of $10,000); and – Dr Kirstin Ferguson joined the Board in January 2015, and therefore the FY15 NED fees reflected only half of her annual entitlement (for the period from 1 January 2015 to 30 June 2015). The FY16 NED fees reflect her annual entitlement.	Sections 4.1 and 4.2
Remuneration framework		
6. How does the Board set remuneration hurdles?	The Board focuses the STI and LTI performance conditions and hurdles on those areas where it believes the Executives can create the best value for unitholders including: – Securing sustainable DEPU and earnings growth within SCP's stated risk parameters; – Driving NOI at the portfolio level, focusing on the underlying cashflow quality for the current period and for future periods; – Appropriately managing corporate cost relative to the scale of funds managed, measured by the MER; – Ensuring SCP has a competitive cost of capital through appropriate capital management practices ensuring medium and long term competitiveness in the market; and – Demonstrating the personal characteristics and qualities expected of high-quality management personnel.	Section 2.1
7. How and when does the Board determine if it uses discretion?	Where a formulaic application of the relevant remuneration metrics is likely to produce a material and perverse remuneration outcome, or where it is in the best interests of unitholders for the Board to do so, the Board may exercise its discretion in determining awards.	
8. What portion of remuneration is at-risk?	STI and LTI awards are based on performance and are therefore considered at-risk. – 60% of the CEO's TRO is at-risk; – 50% of the CFO's TRO is at-risk; and – 31% of the GC/CS's TRO is at-risk.	Section 3.1
9. Are there any clawback provisions for incentives?	All incentives contain malus provisions allowing for the forfeiture of unvested rights in certain circumstances, including in the event of termination for cause or for failing to meet prescribed minimum business and individual performance standards.	
10. Do all Board members, including Executive Directors, hold units in SCP?	Yes, all members of the SCP Board, including both Executive Directors, hold units in SCP.	
STIs		
11. What are the STI performance measures that determine if the STI vests?	The FY16 performance conditions are: – Funds from operations per unit (FFOPU); – MER; – Cash property NOI; and – Personal component. These performance conditions were chosen as they are directly linked to SCP's strategic objectives.	Sections 3.2 and 3.4
12. Are any STI payments deferred?	Yes, 50% of STIs for the CEO and CFO are in the form of deferred rights, with a two-year deferral period.	Section 3.4

Key questions	Our approach	Further information
13. Are STI payments capped?	Yes, the total maximum STI opportunity as a percentage of TFR is as follows: – CEO – 75% of TFR – CFO – 50% of TFR – GC/CS – 25% of TFR	Section 3.4
14. Are distributions paid on unvested STI awards?	On vesting, each STI right awarded entitles the relevant Executive to receive one stapled unit in SCP plus an additional number of stapled units calculated on the basis of the distributions that would have been paid in respect of those stapled units over the two-year STI deferral period.	Section 3.4
15. Have any adjustments, positive or negative, been made to the STI payments?	No adjustments were made to STI payments in FY16.	

LTIs

16. What are the performance measures that determine if the LTI awards vest?	FY16 LTI rights will be tested against three performance hurdles over a three-year performance period with a one-year deferral (total vesting period is four-years) weighted as follows: – Relative TSR against the S&P/ASX 200 A-REIT Accumulation Index (33.33% of grant) – Specified FFOPU growth (33.33% of grant); and – Specified ROE (33.33% of grant). These performance conditions were chosen as they are directly linked to SCP's strategic objectives.	Sections 3.4 and 3.6
17. Does the LTI have re-testing?	No, there is no re-testing.	
18. Are distributions paid on unvested LTI awards?	On vesting, each LTI right awarded entitles the relevant Executive to receive one stapled unit in SCP plus an additional number of stapled units calculated on the basis of the distributions that would have been paid in respect of those stapled units over the four-year LTI deferral period.	Section 3.4
19. Is LTI grant quantum based on "fair value" or "face value"?	In the year of issue, LTI grant quantum is determined based on the face value of SCP units, calculated by dividing the intended LTI grant value by the volume weighted average price for the five trading days following the release of the prior period's full-year results.	
20. Can LTI participants hedge their unvested rights?	No. LTI participants must not use any hedging strategy that has the effect of reducing or eliminating the impact of market movements on any unvested rights that are still subject to disposal restrictions.	Section 3.4
21. Does SCP buy securities or issue new securities to satisfy unit-based awards?	SCP has issued new units to satisfy unit-based awards to date, however SCP may elect to buy units in certain circumstances.	

Executive agreements

22. What is the maximum an Executive can receive on termination?	Termination payments will be managed differently in various termination scenarios, depending upon whether the Executive ceases employment with or without cause.	Section 3.9

Board structure

23. How is the Board assessing the skills of NEDs to ensure appropriate and rigorous performance review?	At least annually, the Nomination Committee reviews the composition of the Board and makes recommendations to the Board in respect of the appropriateness of the skills mix of Directors, giving due consideration to the business's strategy and operations. Diversity is also considered, however, in this context, diversity is not limited to gender diversity. In addition, the Nomination Committee considers the form of the Board performance evaluation annually, including whether an external facilitator should be used in the process. The Chair of the Nomination Committee coordinates the performance review and the Nomination Committee's recommendations are considered by the Board. A more detailed review of the skills of Board members is included in the Directors' Report.	

1.2 SCP's key management personnel

KMP, as defined by AASB 124, refers to those people having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any Director of an entity (whether Executive or otherwise) of the consolidated entity. KMP includes Directors of Shopping Centres Australasia Property Group RE Limited (SCPRE) and other Executives of SCP.

Name	Position as at 30 June 2016	Board appointment date
Non-Executive Directors (NEDs)		
Philip Marcus Clark AM	Chairman – Board Member – Nomination Committee	19 September 2012
Dr Kirstin Ferguson	Chair - Remuneration Committee	1 January 2015
James Hodgkinson OAM	Chairman – Nomination Committee Member – Audit, Risk Management and Compliance Committee Member – Remuneration Committee Member – Investment Committee	26 September 2012
Dr Ian Pollard	Chairman – Audit, Risk and Compliance Committee Member – Nomination Committee	26 September 2012
Philip Redmond	Chairman - Investment Committee Member - Remuneration Committee Member - Audit, Risk Management and Compliance Committee	26 September 2012
Belinda Robson	Member - Remuneration Committee Member - Investment Committee	27 September 2012
Executive Directors		
Anthony Mellowes	Chief Executive Officer Member – Investment Committee	Appointed as Director: 2 October 2012 Appointed as Chief Executive Officer from 1 July 2013
Mark Fleming	Chief Financial Officer Member – Investment Committee	Appointed as Chief Financial Officer from 20 August 2013 Appointed as Director: 26 May 2015
Other Executives		
Mark Lamb	General Counsel and Company Secretary	26 September 2012

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

1.3 Actual cash remuneration earned in respect of FY16

The table below sets out the actual cash value of remuneration earned by each Executive during FY16. The reason the figures in this table are different from those shown in the statutory remuneration table in Section 3.8 is because the latter table includes an apportioned accounting value for all STI and LTI equity grants (some of which remain subject to satisfaction of performance and service conditions which may not ultimately vest).

The table below represents:

– Fixed remuneration excluding superannuation; and
– Cash STI – the non-deferred portion of STI payments to be made in September 2016 in recognition of performance during FY16.

ACTUAL CASH REMUNERATION EARNED IN FY16

Executive KMP	Year	Fixed remuneration $[1]	Cash STI $	Total $
Anthony Mellowes	**2016**	**837,250**	**265,032**	**1,102,282**
	2015	792,999	149,350	942,349
Mark Fleming	**2016**	**568,750**	**119,658**	**688,408**
	2015	536,249	84,525	620,774
Mark Lamb	**2016**	**520,500**	**111,311**	**631,811**
	2015	478,364	106,533	584,897
Total	**2016**	**1,926,500**	**496,001**	**2,422,500**
	2015	1,807,612	340,408	2,148,020

1. Fixed remuneration $ for 2015 includes adjustments for unpaid leave where applicable.

2. Remuneration policy (Audited)

2.1 SCP's remuneration principles, policy and philosophy

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

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

1. **Fairly reward and motivate Executives having regard to the external market, individual contributions to SCP, and overall performance of SCP.**

– TRO (including fixed component) is regularly independently benchmarked against a peer group of comparable entities (reflecting size, complexity and structure) to ensure that Executive remuneration is aligned over time to market levels;
– The quantum and mix of each Executive's TRO takes into account a range of factors, including that Executive's position and responsibilities, ability to impact the achievement of SCP's strategic objectives, SCP's overall performance, and the desire to secure tenure of Executive talent; and
– Fixed remuneration rewards Executives for performing their key responsibilities that are aligned to the Board endorsed strategy to a high standard. This high standard includes stretch above core business performance.

2. **Appropriately align the interests of Executive and unitholders.**

– A meaningful portion of an Executive's TRO is at-risk through performance-contingent incentive awards;
– The structure and metrics of incentive awards are tied directly to the achievement of an appropriate balance of short and long-term goals and objectives agreed in advance;
– The Threshold, Target and Maximum hurdles within each KPI are set each financial year and are designed to encourage strong to exceptional performance within SCP's stated risk parameters;
– For the CEO and the CFO, the majority of their at-risk pay is delivered through conditional and deferred rights to SCP securities;
– To encourage management to secure the long-term future of SCP, unvested incentive opportunities are retained by the Executive upon resignation or retirement unless the Board determines they should be forfeited;
– Performance-based remuneration opportunities are designed to ensure they do not encourage excessive risk taking or breaches of workplace health and safety that may compromise SCP's value and/or reputation. SCP considers key risk parameters to include maintaining levels of gearing within the preferred range of 30% - 40% and remaining focused on owning and operating neighbourhood shopping centres predominantly tenanted by non-discretionary retail; and
– All incentives contain malus provisions allowing for the forfeiture of unvested rights in certain circumstances, including in the event of termination for cause or for failing to meet prescribed minimum business and individual performance standards.

This philosophy is substantially the same as for FY15. The Remuneration Committee continues to benefit from discussions with key stakeholders, and where appropriate will take these views into account in formulating SCP's remuneration strategy.

2.2 Remuneration governance

Role of the Remuneration Committee

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

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

To assist the Board in carrying out its responsibilities, the Board has established the Remuneration Committee which has responsibility for reviewing, making recommendations to the Board and, where relevant, approving the remuneration arrangements in place for the NEDs, the CEO and other Executives.

The charter for the Remuneration Committee is reviewed by the Board annually and can be found at www.scaproperty.com.au/about/governance.

How remuneration decisions are made

Remuneration of all KMP is determined by the Board, acting on recommendations made by the Remuneration Committee.

The Board and the Remuneration Committee have absolute discretion when considering the awarding and vesting of STI and LTI opportunities to Executives. The purpose of preserving this discretion is to allow the Board to ensure remuneration amounts and structure are at all times appropriate, and to prevent any unintended vesting of awards that would arise from a purely formulaic application of the metrics included as part of the STI and LTI opportunities. Where a formulaic application of the metrics is likely to produce a material and perverse remuneration outcome, or where it is in the best interests of unitholders for the Board to do so, the Board may exercise its discretion in determining awards. The Board, Remuneration Committee and management progressively monitor corporate actions throughout the year that may produce a material and perverse remuneration outcome.

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

The Board made a negative adjustment to assessed performance in respect of the FY14 LTI awards that were tested on 30 June 2016 as a result of the prepayment of "out of the money" interest rate swaps undertaken in April 2015, so as to ensure that Executives were not unfairly rewarded.

When determining awards for Executives, the Committee seeks to acknowledge material performance improvement in the period it was achieved where the Committee believes that Executives' interests are aligned with unitholders. The Committee will make appropriate adjustments to hurdles set for subsequent periods to reflect the award given, to ensure the same performance is not rewarded twice. Individual Executives do not participate in meetings where their own remuneration is being discussed by the Committee or Board. The CEO provided the Committee with his perspectives on fixed remuneration and STI and LTI performance outcomes for his direct and functional reports.

External advisers and independence

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

During the year, the Committee engaged the services of Guerdon Associates to advise on various aspects of remuneration including:

- Remuneration framework;
- Market trends;
- Compliance and disclosure; and
- Stakeholder engagement.

In addition, the Committee obtained benchmarking reports, including market data and trends in remuneration structures from Egan Associates in respect of Executive remuneration.

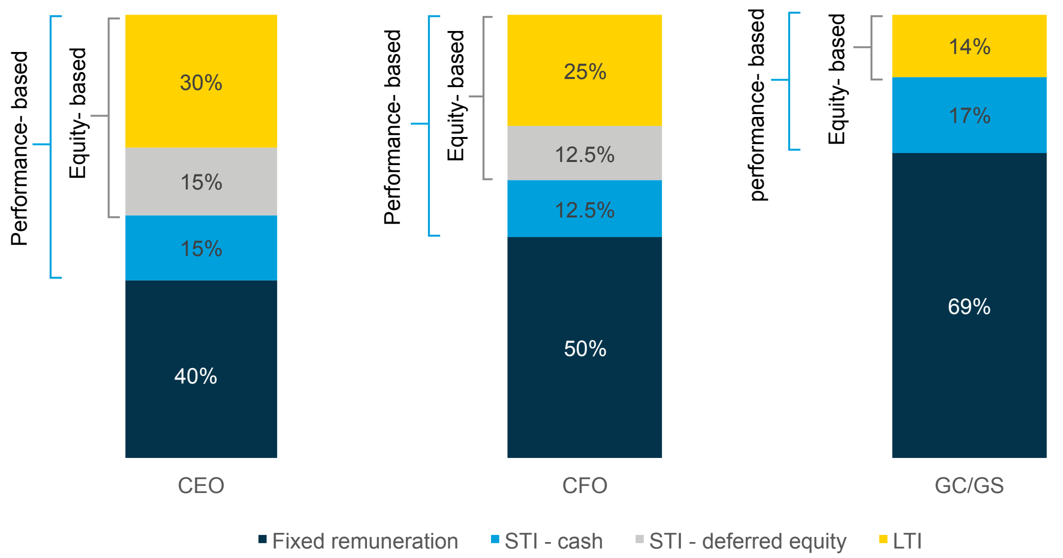
No adviser made any "remuneration recommendations" (as defined in the Corporations Act) in relation to any KMP during FY16.

3. Executive remuneration (Audited)

3.1 Executive remuneration at SCP

The Board believes that SCP's remuneration structure, design and mix should align and motivate a talented Executive team with unitholder interests, providing unitholders with the best value.

SCP's Executive remuneration is performance based, equity linked, and multi-year focused. The graph below sets out the remuneration structure and mix for each Executive for FY16.



3.2 FY16 STI outcomes

SCP's financial performance directly affects STI award outcomes, as 80% of the maximum STI opportunity for the CEO and CFO, and 70% for the GC/CS, are based on the achievement of financial performance conditions: FFOPU, MER, and Cash NOI.

STI is awarded annually based on the achievement of the relevant performance conditions. The weighting of these performance conditions reflect SCP's FY16 strategic drivers around maximising Cash NOI, lowering the MER to competitive levels through managing costs relative to the size of SCP's portfolio of assets, while maintaining a competitive and conservative capital structure.

The Remuneration Committee has assessed performance against each performance condition to determine STI vesting outcomes for FY16. The table below sets out SCP's performance highlights and the resulting STI outcomes:

Weighting of total STI Award	Measure	FY16 performance highlights
40% for CEO, CFO and GC/CS	**FFOPU** This condition rewards performance where FFOPU as shown in SCP's FY16 audited Financial Statements exceeds specified levels. The KPI was selected to focus Executives on active portfolio and operational management in the context of SCP's adopted risk profile. The hurdles were set having regard to the mix and characteristics of SCP's portfolio of assets and the Board's expectations of earnings performance.	FFOPU was 13.75 cents, which is a 7.3% increase over FY15. Performance was above Target but below Maximum (as detailed in Section 3.4).
15% for CEO, CFO and GC/CS	**MER** This condition rewards performance where SCP's MER, as at 30 June 2016, is less than specified levels. The KPI was selected to focus Executives on sufficiently resourcing the operations of SCP. Threshold, Target and Maximum levels were set considering SCP's budget and referencing its A-REIT peers.	MER was 0.51%, down from 0.55% in FY15. Performance was slightly below Maximum (as detailed in Section 3.4).

Weighting of total STI Award	Measure	FY16 performance highlights
25% for CEO and CFO 15% for CG/CS	**Cash NOI** This condition rewards performance where the Cash NOI from the shopping centres included in SCP's balance sheet as at 30 June 2016 (but excluding development assets and assets sold and acquired during the period) is greater than specified levels. The KPI was selected to focus Executives on improving occupancy levels, maximising rental receipts and managing expenses. This metric looks through to the underlying quality of the cashflows with a focus on recurring income.	FY16 Cash NOI was $108.7million. Performance was above Threshold but below Target (as detailed in Section 3.4).
20% for CEO and CFO 30% for GC/CS	**Personal performance** The personal performance component assesses individual contributions based on factors judged as important for adding value. While the factors assessed are common to Executives, the expectations of each person will vary depending on the focus and accountabilities of their position. Therefore the weighting of these factors may vary for each Executive. These factors include: – (**People**) Maintain an effective team of people through recruitment, performance management and retention, and promote the development and engagement of SCP's staff through a positive collaborative culture, with good communication and high levels of employee engagement. – (**Strategy**) Further develop and progress SCA's corporate strategy, including developing and executing strategic initiatives outside the current portfolio or corporate structure. – (**Stakeholder**) Maintain strong stakeholder relations measured by receiving positive feedback from investors and analysts, promoting strong and positive relationships with major tenants balancing commercial parameters and potential future opportunities and ensuring positive and productive relationships with external contractors, service providers and regulatory bodies (eg property management companies, auditors, lawyers, banks). – (**Operational Performance**) including optimising the performance of SCP's centres, successfully completing Board-approved development projects (e.g. Kwinana) and identifying and commencing other development opportunities. Ensure appropriate policies are in place and followed and a sound and effective system of risk management and internal controls are in place.	Performance was above Target but below Maximum. 6-monthly reviews are held with each Executive to evaluate and monitor performance against personal objectives.

The following table shows the actual STI outcomes for each of the Executive KMP for FY16:

FY16 STI OUTCOMES

	STI target (% of fixed remuneration)	STI max (% of fixed remuneration)	Actual STI (% max)	STI forfeited (% max)	Actual STI (total)
Anthony Mellowes	56.25%	75%	80.80%	19.20%	$530,063
Mark Fleming	37.50%	50%	79.80%	20.20%	$239,315
Mark Lamb	18.75%	25%	81.00%	19.00%	$111,311

3.3 FY14 LTI outcomes

The FY14 LTI performance period ended on 30 June 2016, and performance was tested against two performance hurdles over the three-year performance period, being:

– Relative TSR performance condition (50% of LTI rights); and
– Growth in annualised DEPU performance condition (50% of LTI rights).

Relative TSR

The Relative TSR performance condition measured SCP's relative TSR against a comparator group selected by the Board. The comparator group consisted of BWP Trust, Abacus Property Group, Growthpoint Properties Australia, Vicinity Centres, Investa Office Fund, GPT Group, Goodman Group, Dexus Property Group, Charter Hall Group, Stockland, Charter Hall Retail REIT, Mirvac Group and Cromwell Property Group.

The objective of this metric was to drive superior performance relative to comparable peers.

The Relative TSR performance condition vesting schedule is shown in the table below:

Position of SCP relative to three-year TSR of comparator group	% of TSR tranche LTI rights to vest
Below 51st percentile	0%
At or between 51st percentile and upper quartile	Pro-rata from 50% to 100%
Upper quartile and above	100%

Distributable earnings per unit

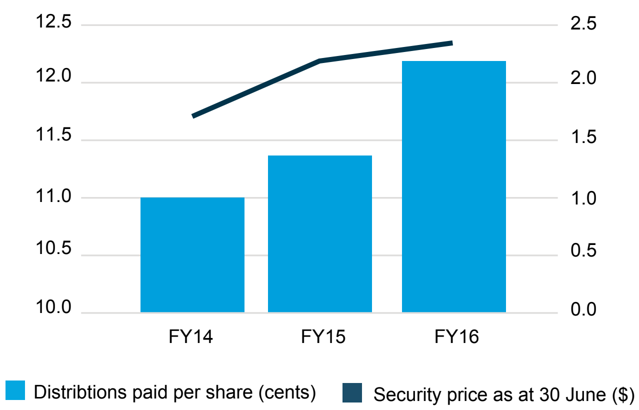
The DEPU performance condition measured growth in annualised distributable earnings over the three-year performance period from a baseline of 12.1 cents per unit. The objective of this measure was to recognise that a key focus of REIT investors is reliable income yield and growth, and to focus management on implementing an overall strategy that supported a sustainable level of distributable earnings growth per unit over the medium to long term.

The DEPU performance condition vesting schedule is shown in the table below:

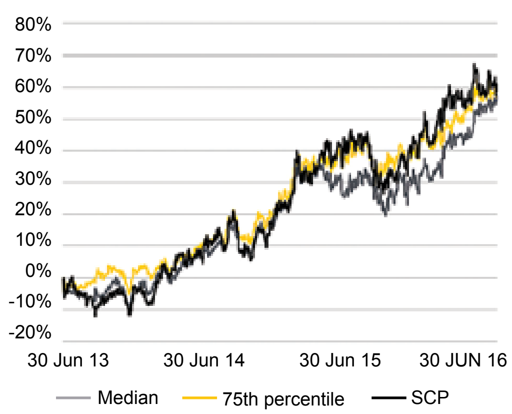
Growth in annualised distributable earnings per unit measured over 3 years	% of DEPU tranche LTI rights to vest
Below 1% per annum	0%
At or between 1% and 3% per annum	Pro-rata from 35% to 100%
3% and above per annum	100%

PERFORMANCE

SCP security price and distributions (FY14 – FY16)

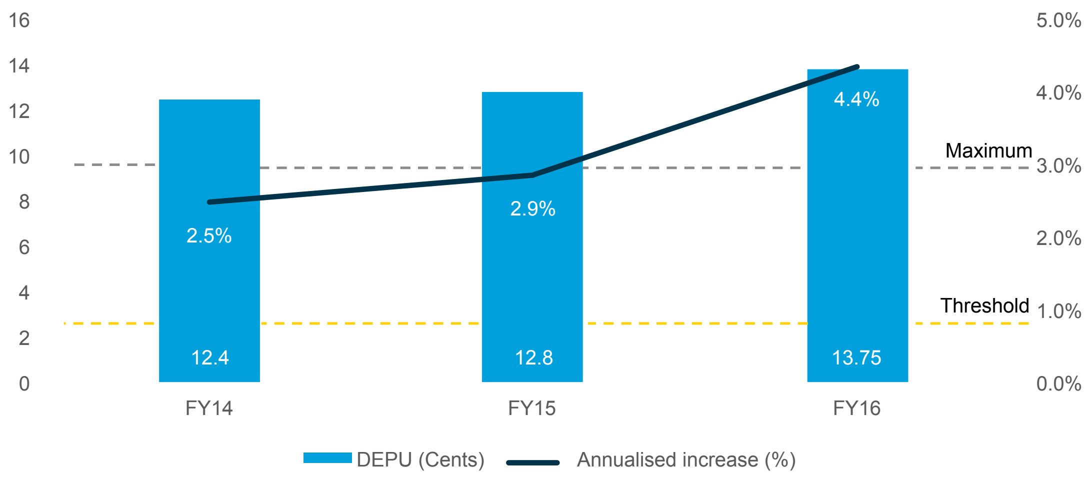


SCP relative TSR (1 July 2013 - 30 June 2016)



SCP achieved a relative TSR of 63.71% over the three-year performance period, which positioned it above the 75th percentile relative to the entities in the comparator group. Relative TSR was measured as the growth in unit price from 1 July 2013 measured against a comparator group.

100% OF THE PERFORMANCE RIGHTS LINKED TO THE RELATIVE TSR MEASURE VESTED



SCP DEPU performance FY14 to FY16

SCP's growth in annualised DEPU has consistently exceeded the threshold every year.

– FY14 was between Threshold and Maximum
– FY15 was between Threshold and Maximum
– FY16 exceeded the Maximum

SCP's growth in annualised DEPU over the three-year period was 4.4%, resulting in above Maximum performance.

100% OF THE PERFORMANCE RIGHTS LINKED TO THE DEPU MEASURE VESTED

The performance outcomes resulted in the following individual vesting results:

FY14 LTI OUTCOMES

Executive KMP	Rights granted in FY14		Rights vested in August 2016			Rights to vest in July 2017		
	Number	Value ($)	% of total grant	Number	Value ($)	% of total grant	Number	Value ($)
Anthony Mellowes	645,845	595,792	50%	322,923	297,897	50%	322,922	297,895
Mark Fleming	213,129	196,611	50%	106,565	98,306	50%	106,564	98,305
Mark Lamb	83,343	76,884	50%	41,672	38,443	50%	41,671	38,441

LTI structure from FY14 onwards

As noted previously, the FY14 LTI awards are the only LTI awards structured in the manner detailed above.

In FY14, the Board conducted a comprehensive review of SCP's remuneration process and structure and engaged with more than 25 stakeholders to discuss and gather feedback on SCP's remuneration structure. Following this review, SCP's remuneration structure was amended to address stakeholder concerns. In summary, the changes made were as follows:

FY14	FY15 and FY16
Increase of the FY14 hurdles for STI and LTI to provide adequate stretch without encouraging an increase in SCP's risk profile.	Vesting period for LTI awards was increased from three-years, to a three-year forward looking performance period and a one-year deferral period, bringing the total vesting period to four-years. Recognising and encouraging distributions paid to unitholders over the performance and vesting period in the form of additional units for each vested LTI and STI right. Addition of ROE as a third LTI measure to improve focus on drivers of value for SCP, providing a better reflection of management's overall performance. Additional malus provisions permitting the Board to exercise its discretion to forfeit some or all of an Executive's unvested rights where distributable earnings are not maintained in the deferral period following the performance period.

3.4 How remuneration was structured in FY16

The SCP Executive remuneration structure comprised a combination of fixed remuneration plus performance or at-risk remuneration. The performance remuneration comprises STIs and LTIs.

Total fixed remuneration (TFR) – how does it work?

TFR provides a fixed level of income to recognise Executives for their level of responsibility, relative expertise and experience. It includes the fully costed value of salary, superannuation, motor vehicle and other short-term benefits including Fringe Benefit Tax (FBT). The TFR package is paid in cash, superannuation contributions as well as motor vehicle and other employee benefits provided on salary sacrifice.

The opportunity value for the at-risk components of remuneration is determined by reference to TFR, so SCP is conscious that any adjustments to TFR have flow-on impacts on potential STI and LTI awards. TFR is reviewed annually on 1 October each year, with no obligation to adjust.

A report was obtained during the period from Egan Associates, which benchmarked Executive remuneration to comparable entities. The increases in TFR detailed in section 3.8 were awarded following the benchmarking review and consideration of a number of other factors, including the maturing of the Group and portfolio since listing in 2012, and the experience and talent each Executive provides to SCP and the delivery of its strategy.

The Board believes the increase in TFR, combined with the STI and LTI re-balancing detailed in key question 1, will ensure that the remuneration structure at SCP remains aligned with business strategy and Executive retention.

STIs – how does it work?

Purpose	The STI is designed to motivate and reward Executives for achieving or exceeding annual strategic objectives set for SCP over the short term and is aligned with value creation. STI recognises individual contributions to SCP's performance.
Eligibility	The eligible Executives for FY16 are the CEO, Anthony Mellowes, the CFO, Mark Fleming and the General Counsel / Company Secretary, Mark Lamb.
Instrument	For the CEO and CFO, 50% of the actual STI award is delivered in cash, and 50% in the form of deferred rights to units in SCP. All other Executives receive their STI award in cash only. For the CEO and CFO, each vested STI right entitles the relevant Executive to receive one stapled unit in SCP plus an additional number of stapled units calculated on the basis of the distributions that would have been paid in respect of those stapled units over the two-year deferral period. The additional units are calculated as the number of units that would have been acquired if distributions as announced to the ASX during the vesting period had been paid and reinvested in units, applying the formula set out in clause 3.3 of SCP's Distribution Reinvestment Plan (DRP) (whether or not that plan is operative at the relevant time) assuming no discount. Fractions of stapled units will be rounded down to the nearest whole number and no residual positive balance carried forward. No distributions accrue in respect of STI rights that lapse.
Awards	Specific quantifiable performance measures have been determined by the Board, based upon recommendations made by the Remuneration Committee. These performance criteria, and their weighting, reflect the FY16 strategic priorities for SCP as detailed in this report. Award payout levels have been calibrated between Threshold (minimum expected performance), Target and Maximum (exceptional performance, which is significantly above agreed targets and guidance). Target is set at 75% of Maximum for all STI financial and operational management performance conditions. Maximum STI opportunities for each Executive are as follows: CEO – 75% of TFR; CFO – 50% of TFR; and CG/CS – 25% of TFR. Awards can range from zero up to the maximum percentage stated above, based upon the level of performance against STI performance measures.

Performance measures	For each performance measure, a Threshold, Target and Maximum performance target is set. Award payouts reflect the level of performance achieved during the relevant financial year.			
	Category	**Measure**	**Weighting of total STI award**	**Rationale for using measure**
	Financial	FFOPU	40% for CEO, CFO and GC/CS	Focuses management on active portfolio and operational management in the context of SCP's adopted risk profile
		MER	15% for CEO, CFO and GC/CS	To ensure management sufficiently resource the operations of SCP
		Cash NOI	25% for CEO and CFO 15% for CG/CS	Focuses management on improving occupancy levels, maximising rental receipts and managing expenses
	Non-financial	Personal (factors include people management, strategy, stakeholder relations and operational performance)	20% for CEO and CFO 30% for GC/CS	Management are assessed on factors judged as important for adding security holder value
Performance schedule – FFOPU		**% of relevant STI award that vests**		
	Threshold	0%		
	50% of Max	50%		
	Target	75%		
	Maximum	100%		
Performance schedule – MER		**% of relevant STI award that vests**		
	Threshold	0%		
	50% of Max	50%		
	Target	75%		
	Maximum	100%		
Performance schedule – Cash NOI		**% of relevant STI award that vests**		
	Threshold	0%		
	50% of Max	50%		
	Target	75%		
	Maximum	100%		
Adjustments	Where a formulaic application of the metrics is likely to produce a material and perverse remuneration outcome, or where it is in the best interests of unitholders for the Board to do so, the Board may exercise its discretion in determining awards. The purpose of preserving this discretion is to allow the Board to ensure remuneration amounts and structure are at all times appropriate and to prevent any unintended vesting of awards that would arise from a purely formulaic application of the STI metrics.			
Deferral	FY16 STI rights awarded to the CEO and the CFO vest on or about 1 July 2018.			
Termination/ Forfeiture	If an Executive ceases employment by way of termination by SCP without cause, redundancy, diminution of responsibility, retirement, death or disability or other circumstances approved by the Board, the STI is tested based upon full year performance and paid in cash in the normal course, based on the pro rata period of the financial year worked by the Executive. In the event of the Executive's resignation or termination by SCP for cause prior to the end of the performance period, all STI unpaid cash entitlements are forfeited.			

Clawback	Consistent with good governance and to reinforce the importance of integrity and risk management in SCP's remuneration framework, SCP's incentive plan contains broadly framed malus provisions that allow the Board in its sole discretion to determine that all, or part, of any unvested incentive awards be forfeited in certain circumstances. These circumstances include, but are not limited to: – A material misstatement or omission in the financial statements of SCP; – If actions or inactions seriously damage SCP's reputation or put SCP at significant risk; – If distributable earnings are not maintained in the deferral; and/or – A material abnormal occurrence results in an unintended increase in the award.
Hedging	Participants are prohibited from hedging their unvested deferred rights.

LTIs – how does it work?

Purpose	The LTI is aimed at aligning Executive and unitholder value while also providing a retention tool, as the LTI is intended to vest over time.		
Eligibility	The eligible Executives for the current period are the CEO, Anthony Mellowes, the CFO, Mark Fleming and the GC/CS, Mark Lamb. While not Executives, our Chief Investment Officer, Campbell Aitken, and our General Manager Operations, Sid Sharma, are each eligible for an LTI award in FY16.		
Instrument	Each vested LTI right entitles the relevant Executive (or participant) to receive one stapled unit in SCP plus an additional number of stapled units calculated on the basis of the distributions that would have been paid in respect of those stapled units over the four-year performance period. The additional units are calculated as the number of units that would have been acquired if distributions as announced to the ASX during the vesting period had been paid and reinvested in units, applying the formula set out in clause 3.3 of SCP's Distribution Reinvestment Plan (**DRP**) (whether or not that plan is operative at the relevant time) assuming no discount. Fractions of stapled units will be rounded down to the nearest whole number and no residual positive balance carried forward. No distributions accrue in respect of LTI rights that lapse.		
Grant value	The number of performance rights granted to Executives in FY16 is as follows: – Anthony Mellowes – 334,770 LTI rights; – Mark Fleming – 153,038 LTI rights; and – Mark Lamb – 56,115 LTI rights.		
Grant price	The grant price has been calculated by dividing the relevant award opportunity by the volume weighted average price of SCP units on the ASX for the five trading days following the release of SCP's 2015 full-year results, being $1.9603.		
Performance hurdles (each apply to one third of the LTI grant)	**Relative TSR (Tranche 1)**	**FFOPU (Tranche 2)**	**ROE (Tranche 3)**
	Measures SCP's TSR performance over the Tranche 1 performance period (being from 1 October 2015 to 30 September 2018) relative to the change in the S&P/ASX 200 A-REIT Accumulation Index over that same period.	This condition requires the growth in SCP's FFOPU over the Tranche 2 performance period (being from 1 July 2015 to 30 June 2018) to exceed the base point. The FY16 "base point" for measuring the rate of FFOPU growth is 12.81 cents per unit.	This condition requires SCP's total ROE over the Tranche 3 performance period (being from 1 July 2015 to 30 June 2018) to exceed a certain level, as detailed below.
Vesting Schedule–Relative TSR		**Position of SCP relative to S&P/ASX 200 A-REIT Accumulation Index**	**% of Tranche 1 LTI rights that vest**
	At or below Threshold	Less than or equal to Index return	0%
	Between Threshold and Maximum	Between Index return and Index return plus 4.0% per annum compound	Vest on a straight-line basis between 0% at Threshold and 100% at Maximum
	Maximum	At or above Index return plus 4.0% per annum compound	100%

Vesting Schedule-FFOPU		**Growth in FFOPU over performance period above Base Point**	**% of Tranche 2 LTI rights that vest**
	At or below Threshold	Less than or equal to 3.0% per annum	0%
	Between Threshold and Maximum	Between 3.0% and 5.0% per annum	Vest on a straight-line basis between 0% at Threshold and 100% at Maximum
	Maximum	At or above 5.0% per annum	100%
Vesting Schedule-ROE		**ROE over performance period**	**% of Tranche 3 LTI rights that vest**
	At or below Threshold	Less than 9.0% per annum	0%
	Between Threshold and Maximum	Between 9.0% per annum and 11.0% per annum	Vest on a straight-line basis between 0% at Threshold and 100% at Maximum
	Maximum	At or above 11.0% per annum	100%
Vesting/delivery	The performance rights can only be exercised if and when the performance conditions are achieved. The performance period is a three-year period, ending on the dates specified above. Any rights awarded then vest at the end of a further one-year deferral period ending on 30 June 2019, unless the Board exercises its discretion to forfeit the awarded rights under the malus provisions of the SCA Property Group Executive Incentive Plan Rules. Any rights which do not vest following testing of the performance conditions are forfeited.		
Adjustments	Where a formulaic application of the metrics is likely to produce a material and perverse remuneration outcome, or where it is in the best interests of unitholders for the Board to do so, the Board may exercise its discretion in determining awards. The purpose of preserving this discretion is to allow the Board to ensure remuneration amounts and structure are at all times appropriate and to prevent any unintended vesting of awards that would arise from a purely formulaic application of the LTI metrics. In respect of the FY14 LTI awards that were tested on 30 June 2016, the Board made a negative adjustment to assessed performance as a result of the prepayment of "out of the money" interest rate swaps undertaken in April 2015, so as to ensure that Executives were not unfairly rewarded.		
Termination/ forfeiture	If an Executive ceases employment prior to the end of the performance period by way of termination by SCP without cause, redundancy, diminution of responsibility, retirement, death or disability or other circumstances approved by the Board, in general, a pro rata number of LTI rights will be determined from the date of award to the date of termination (including any period of notice paid in lieu). This pro rata portion will continue on foot under the same terms and performance conditions. All unvested LTI rights will lapse if the Executive is terminated by SCP for cause.		
Clawback	Consistent with good governance and to reinforce the importance of integrity and risk management in SCP's reward framework, each of SCP's incentive plans contains broadly framed malus provisions that allow the Board in its sole discretion to determine that all, or part, of any unvested incentive awards be forfeited in certain circumstances. These circumstances include, but are not limited to: – A material misstatement or omission in the financial statements of SCP; – If actions or inactions seriously damage SCP's reputation or put SCP at significant risk; – If distributable earnings are not maintained; and/or – A material abnormal occurrence results in an unintended increase in the award. For instance, the Board may exercise its discretion to enact the malus provisions where the relative TSR component of STI vests, but there has been a subsequent loss to unitholders.		
Hedging	Participants are prohibited from hedging their unvested performance rights.		

3.5 Past financial performance

The tables below set out summary information about the Group's earnings and distributable earnings, stapled security (unit) net tangible assets (NTA) and the ASX for the last three complete financial years. Results from FY13 are not included as these were in respect of a part year only and included one-off transaction costs associated with the initial public offering in 2012 prior to the Group commencing trading on 11 December 2012.

PAST FINANCIAL PERFORMANCE

	FY16 Results	FY15 Results	FY14 Results
Statutory profit after tax	$184.7m	$150.5m	$111.6m
Statutory profit cents per unit	25.4	22.9	17.3
Distributable earnings	$100.1m	$84.3m	$80.4m
Distributable earnings cents per unit	13.75	12.81	12.44
Distributions paid and payable cents per unit	12.20	11.40	11.00

Distributable earnings and DEPU and sustainable growth in DEPU are also a significant input in reviewing the Group's performance and may impact incentives. The distributable earnings and DEPU for the 2016 financial year exceeded the 2015 financial year.

Operational	FY16 Results	FY15 Results	FY14 Results	FY16 v FY15
NTA per unit	$1.92	$1.77	$1.64	Improved by $0.15
Security price (as at 30 June)	$2.28	$2.13	$1.72	Improved by $0.15
MER %	0.51%	0.55%	0.65%	Improved by 4 bps

In addition, over the financial year ended 30 June 2016, the total unitholder return, including the distribution declared on 15 June 2016 of 6.2 cents per unit and paid on 31 August 2016, was in excess of 13.0%.

The cumulative TSR since the initial public offering in December 2012 to 30 June 2016 has been over 100.9% compared to the S&P/ASX 200 A-REIT Accumulation Index total return for the same period of 85.6%. Since 30 June 2013, the cumulative total security holder return was in excess of 63%.

3.6 LTI grants in FY16

The table below presents the LTI grants made during FY16 that are due to vest on 1 July 2018, subject to performance conditions. The maximum total value of the LTI grants is based on the estimated fair value calculated at the time of the grant and amortised in accordance with the accounting standard requirements.

LTI GRANTS IN FY16

2016	LTI Max as % of fixed remuneration	Performance measure	Number of performance rights granted	Fair value of performance rights ($)	Maximum total value of grant ($)
		Relative TSR	111,590	111,590	111,590
Anthony Mellowes		FFOPU	111,590	223,180	223,180
		ROE	111,590	223,180	223,180
Total			**334,770**	**557,950**	**557,950**
		Relative TSR	51,013	51,013	51,013
Mark Fleming		FFOPU	51,013	102,026	102,026
		ROE	51,013	102,026	102,026
Total			**153,039**	**255,065**	**255,065**
		Relative TSR	18,705	18,705	18,705
Mark Lamb		FFOPU	18,705	37,410	37,410
		ROE	18,705	37,410	37,410
Total			**56,115**	**93,525**	**93,525**

3.7 Performance right movements during the year

Type and eligibility	Vesting Conditions[1]	Share price at grant date	Grant date	Testing date	Vesting date	Maximum number of stapled securities or maximum value of securities to be issued	Fair value at grant date
STI (FY16) (Mr Mellowes)	Non-market	$2.00	Oct-15	Jun-16	Jul-18	$328,125	$1.00 per $1.00
STI (FY16) (Mr Fleming)	Non-market	$2.00	Oct-15	Jun-16	Jul-18	$150,000	$1.00 per $1.00
LTI (FY16 – FY18) (tranche 1) (Messrs Mellowes, Fleming, Lamb)	Relative TSR[2]	$2.00	Oct-15	Sep-18	Jul-19	181,307	$1.00 per unit
LTI (FY16 – FY18) (tranche 2) (Messrs Mellowes, Fleming, Lamb)	Non-market	$2.00	Oct-15	Jun-18	Jul-19	181,307	$2.00 per unit
LTI (FY16 – FY18) (tranche 3) (Messrs Mellowes, Fleming, Lamb)	Non-market	$2.00	Oct-15	Jun-18	Jul-19	181,307	$2.00 per unit

1. Service and non-market conditions include financial and non-financial targets along with a deferred vesting period.
2. TSR is Total Shareholder Return measured against a comparator group.

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.

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

Key inputs to the pricing models include:

	30 June 2016
Volatility	20%
Dividend yield	6.0%
Risk-free interest rate	1.79% - 1.94%

3.8 Total remuneration earned in FY16

The following are the performance–based components of potential remuneration for FY16

	Maximum potential cash STI			Maximum potential equity STI			Maximum potential equity LTI		
Executive	% of TFR	$[1]	% of total potential rem	% of TFR	$[1]	% of total potential rem	% of TFR	$[3]	% of total potential rem
Anthony Mellowes	37.5%[2]	328,125	16%	37.5%[2]	328,125	16%	75%	557,950	27%
Mark Fleming	25%[2]	150,000	13%	25%[2]	150,000	13%	50%	255,065	22%
Mark Lamb	25%	137,500	18%	–	–	–	20%	93,525	12%

1. STI incentives for Mr Mellowes and Mr Fleming are payable 50% in cash and 50% in equity.
2. In FY16 Mr Mellowes' STI opportunity was 75% of his TFR and Mr Flemings' STI opportunity was 50% of his TFR. STI incentives for Mr Mellows and Mr Fleming are payable 50% in cash and 50% in equity and the percentage maximum has been equally allocated between cash and equity.
3 .For Mr Mellowes, the LTI maximum incentive is $656,250, for Mr Fleming $300,000 and for Mr Lamb is $110,000. All of the LTI awarded in equity and the dollar values shown here represent the fair value under AASB 2 of equity instruments granted.

The following is the actual remuneration paid or accrued during the financial year to 30 June 2016[1]:

TABLE OF EXECUTIVE REMUNERATION PAID OR ACCRUED

Executive		Salary & fees[2] $	Cash Bonus[3] $	Total $	Super $	Long service leave $	Share based payments[4] $	Total $
Anthony Mellowes, CEO	**2016**	**837,250**	**265,032**	**1,102,282**	**25,000**	**14,583**	**626,613**	**1,768,478**
	2015	792,999	149,350	942,349	25,000	13,217	550,100	1,530,666
Mark Fleming, CFO	**2016**	**568,750**	**119,658**	**688,408**	**25,000**	**10,000**	**214,976**	**938,384**
	2015	536,249	84,525	620,774	25,000	8,937	144,459	799,170
Mark Lamb, GC/CS	**2016**	**520,500**	**111,311**	**631,811**	**25,000**	**9,167**	**52,328**	**718,306**
	2015	478,364	106,533	584,897	25,000	7,972	41,275	659,144
Total	**2016**	**1,926,500**	**496,001**	**2,422,501**	**75,000**	**33,750**	**893,917**	**3,425,168**
	2015	1,807,612	340,408	2,148,020	75,000	30,126	735,834	2,988,980

1. Amounts recognised above were determined subsequent to the release of the financial statements on 15 August 2016. Accordingly, they differ to the provisional estimates recognised in Note 24 to the financial statements.
2. Salary reviews take effect from 1 October. Salary & Fees $ for 2015 includes adjustments for unpaid leave where applicable.
3. The amount shown under "Cash Bonus" refers to the amount which was paid to Executives in September 2016 under the Executive Incentive Plan for performance over the 2016 financial year.
4. The values for equity-based remuneration have been determined in accordance with AASB 2, and represent the current year amortisation of the fair value of rights over the vesting period adjusted for service and non-market vesting conditions. The share-based payments are made up of special performance rights (SPRs) (Tranche 2), STI equity and LTI equity. Please refer to the following table for additional details of the share-based payments.

The break-up of the amounts recognised for performance-based compensation relevant for the financial year ended 30 June 2016, including details of the share-based payments accrued, are presented below:

PERFORMANCE BASED COMPONENT OF ACTUAL REMUNERATION IN 2016

	Actual cash STI		Actual equity STI		Actual equity SPR		Actual equity LTI		Total equity STI, SPR, LTI
Executives	**$**	**% of total rem**	**$**	**% of total rem**	**$**	**% of total rem**	**$**	**% of total rem**	**$**
Anthony Mellowes, CEO	265,032	15%	150,538	9%	86,679	5%	389,396	22%	626,613
Mark Fleming, CFO	119,658	13%	78,531	8%	–	–	136,445	15%	214,976
Mark Lamb, GC/CS	111,311	15%	–	–	–	–	52,328	7%	52,328

EQUITY HOLDINGS OF EXECUTIVES

Executives	Vested and unrestricted SCP units held at 1 July 2015	Changes in vested and unrestricted SCP units held during the year	Vested and unrestricted held at 30 June 2016	Number of unvested rights as at 30 June 2016	Total interest in SCP units
Anthony Mellowes, CEO	3,039	103,030	106,069	1,733,729	1,839,798
Mark Fleming, CFO	–	20,000	20,000	598,416	618,416
Mark Lamb, GC/CS	–	–	–	197,192	197,192

3.9 Service agreements for Executive KMP

There were no changes to the service agreements for Executives in FY16.

Each Executive has a formal contract, known as a "service agreement". These agreements are of a continuing nature and have no set term of service (subject to the termination provisions).

The key terms of the service agreements for the Executives are summarised below:

Executive Director, Chief Executive Officer: Anthony Mellowes

Contract duration	Commenced 1 July 2013, open ended.
TFR as at 30 June 2016	$875,000. Includes salary, superannuation, motor vehicle and other salary sacrifice employee benefits.
Review of TFR	Reviewed annually, effective from 1 October with no obligation to adjust.
Variable remuneration eligibility	The CEO is eligible to participate in SCP's plans for performance-based remuneration, and in FY16 that included: **FY16 STI: Maximum opportunity:** – 75% of TFR. **FY16 LTI: Maximum opportunity:** – 75% of TFR.
Non-compete period	Up to 12 months
Non-solicitation period	Up to 12 months
Notice by SCP	9 months
Notice by Executive	9 months
Termination payments to compensate for non-solicitation / non-compete clause in certain circumstances	Maximum benefit from termination payment and payment in lieu of notice is 12 months based on prior-year fixed and variable remuneration.

Executive Director, Chief Financial Officer: Mark Fleming

Contract duration	Commenced 20 August 2013, open ended.
TFR as at 30 June 2016	$600,000. Includes salary, superannuation, motor vehicle and other salary sacrifice employee benefits and other short-term benefits.
Review of TFR	Reviewed annually, effective from 1 October with no obligation to adjust.
Variable remuneration eligibility	The CFO is eligible to participate in SCP's plans for performance-based remuneration, and in FY16 that included: **FY16 STIP: Maximum opportunity:** – 50% of TFR **FY16 LTI: Maximum opportunity:** – 50% of TFR
Non-compete period	6 months
Non-solicitation period	6 months
Notice by SCP	6 months
Notice by Executive	3 months
Termination payments to compensate for non-solicitation/non-compete clause in certain circumstances	Maximum benefit from termination payment and payment in lieu of notice is 6 months based on prior year fixed and variable remuneration.

General Counsel and Company Secretary: Mark Lamb

Contract duration	Commenced 26 September 2012, open ended.
TFR as at 30 June 2016	$550,000. Includes salary, superannuation, motor vehicle and other salary sacrifice employee benefits.
Review of TFR	Reviewed annually, effective from 1 October with no obligation to adjust.
Variable remuneration eligibility	The GC/CS is eligible to participate in SCP's plans for performance-based remuneration and in FY16 that included: **FY16 STI: Maximum opportunity:** – 25% of TFR **FY16 LTI: Maximum opportunity:** – 20% of TFR
Non-compete period	Up to 12 months
Non-solicitation period	Up to 12 months
Notice by SCP	6 months
Notice by Executive	3 months
Termination payments to compensate for non-solicitation/ non-compete clause in certain circumstances	TFR for 6 months

Termination provisions

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

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

4. Non-Executive Director Remuneration (Audited)

4.1 Board remuneration strategy

SCP aims to attract and retain a high calibre of Non-Executive Directors (NEDs) who are equipped with diverse skills to govern the organisation and oversee management so as to return value for SCP unitholders. SCP aims to fairly remunerate Directors for their responsibilities relative to organisations of similar size and complexity.

The maximum aggregate fee pool available to NEDs has not been increased from the level set when SCP listed in 2012, being $1,300,000 per annum.

A review of NED remuneration was undertaken by the Committee in October 2015. In recognising the varying commitments of each NED and in line with current market practice, the base and committee fees paid to NEDs were increased by 3%. This increase took effect from 1 January 2016.

Total NED remuneration payable in FY16 was $1,044,292, up from the $932,475 in FY15. The increase in overall NED fees payable in FY16 is attributable to:

- 3% increase in NED fees, effective 1 January 2016;
- The establishment of the Investment Committee on 1 April 2016 (the Chairman of the Investment Committee is paid an annual fee of $15,000 and members of the Investment Committee are paid an annual fee of $10,000); and
- Dr Kirstin Ferguson joined the Board in January 2015, and therefore the FY15 NED fees reflected only half of her annual entitlement (for the period from 1 January 2015 to 30 June 2015). The FY16 NED fees reflect her annual entitlement.

4.2 Committee structures

To assist the Board in reviewing SCP's strategic direction and approving corporate strategic initiatives developed by management, the Investment Committee was established by the Board on 1 April 2016. The charter for the Investment Committee is reviewed annually by the Board, and can be found at www.scaproperty.com.au/about/governance.

As a consequence of the creation of the Investment Committee, Board Subcommittee memberships were also restructured during FY16, with Dr Kirstin Ferguson becoming Chair of the Remuneration Committee and Philip Redmond being appointed the Chairman of the Investment Committee. Dr Ian Pollard remains the Chairman of the Audit, Risk Management and Compliance Committee (ARMCC) and James Hodgkinson OAM remains Chairman of the Nomination Committee.

4.3 Total remuneration for Non-Executive Directors

The schedule of fees for NEDs during FY16 is as set out in table below and fees are annual fees, unless otherwise stated.

NON-EXECUTIVE DIRECTOR BOARD AND COMMITTEE FEES

	Board		ARMCC		Remuneration		Investment		Nomination	
	2015[1]	2016[1]	2015[1]	2016[1]	2015[1]	2016[1]	2015[1]	2016[1]	2015[1]	2016[1]
Chairman	$317,775	**$327,308**	$20,000	**$20,600**	$20,000	**$20,600**	N/A	**$15,000**	$5,000	**$5,150**
Member	$120,000	**$123,600**	$10,000	**$10,300**	$10,000	**$10,300**	N/A	**$10,000**	-	**-**

1. Refers to calendar years and where applicable fees have been increased by 3% from 1 January 2016.

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

NON-EXECUTIVE DIRECTOR FEES

Non-Executive Director	Financial Year	Director fees $	Committee fees $	Superannuation $	Total $
Philip Clark AM	**2016**	**303,759**	–	**18,783**	**322,542**
	2015	298,992	–	18,783	317,775
Dr Kirstin Ferguson	**2016**	**111,233**	**20,890**	**12,552**	**144,675**
	2015	54,795	9,132	6,073	70,000
James Hodgkinson OAM	**2016**	**111,233**	**25,457**	**12,985**	**149,675**
	2015	114,658	11,632	11,760	138,050
Dr Ian Pollard	**2016**	**111,233**	**18,539**	**12,328**	**142,100**
	2015	114,658	9,132	11,760	135,550
Philip Redmond	**2016**	**111,233**	**21,963**	**12,654**	**145,850**
	2015	114,658	9,132	11,760	135,550
Belinda Robson	**2016**	**111,233**	**16,119**	**12,098**	**139,450**
	2015	114,658	9,132	11,760	135,550
Total	**2016**	**859,924**	**102,968**	**81,401**	**1,044,292**
	2015	812,419	48,160	71,896	932,475

4.4 Non-Executive Director unitholding

NON-EXECUTIVE DIRECTOR UNITHOLDING

Non-Executive Director	Held as at 30 June 2015	Changes during the period	Held as at 30 June 2016
Philip Clark AM	20,000	32,000	52,000
Dr Kirstin Ferguson	10,000	–	10,000
James Hodgkinson OAM	184,285	–	184,285
Dr Ian Pollard	103,571	–	103,571
Philip Redmond	67,500	–	67,500
Belinda Robson	7,142	–	7,142

5. Additional Information (Unaudited)

5.1 Events subsequent

FY17 STI

As SCP's objectives remain substantially the same as for FY16, the FY17 short term performance conditions and weightings are the same as set for FY16, however, the metrics and hurdles have been adjusted in line with FY17 strategic objectives.

There are four separate performance conditions for the 2017 STI Award:

- FFOPU – performance is rewarded where FFOPU exceeds specified levels;
- MER – performance is rewarded where SCP's MER as at 30 June 2017 is less than specified levels;
- Cash NOI – performance is rewarded where property portfolio NOI from the shopping centres based on the NOI in SCA Property Group's audited financial statements as at 30 June 2017 exceeds specified levels; and
- Personal component – performance is rewarded where the Executive's performance is assessed as strong to exceptional against the personal performance targets.

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

FY17 LTI

Again, the FY17 long-term performance conditions and weightings are the same as set for FY16. High-level changes to the hurdles made in FY17 are set out below. The ranges below are designed as stretch targets for strong to exceptional performance. They do not represent management or the Board's forecasts, nor should they be taken as guidance as to likely or potential future outcomes.

The LTI rights are subject to a four-year vesting period comprising a three-year forward-looking performance period and a one-year deferral period (together the "vesting period"). The performance period for:

- The Relative TSR Tranche commences on 1 October 2016 and is tested following 30 September 2019; and
- Each of the FFOPU and ROE Tranche commences 1 July 2016 and is tested following 30 June 2019.

Any rights awarded then vest at the end of a deferral period ending on 30 June 2020 unless the Board exercises its discretion to forfeit the awarded rights under the malus provisions of the SCA Property Group Executive Incentive Plan Rules. Any rights which do not vest following testing of the performance conditions are forfeited.

The LTI rights that meet the performance hurdles will then vest in one instalment on or about 1 July 2020, being four-years from the commencement of the performance period.

The performance conditions for the FY17 LTI are as follows:

Relative TSR performance condition - weighting 33.33% (relative TSR Tranche)

The relative TSR performance condition measures SCP's total security holder return performance over the relative TSR performance condition period (being from 1 October 2016 to 30 September 2019) relative to the change in the S&P/ASX 200 A-REIT Accumulation Index over that same period.

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

- 30 September 2016 (the trading day prior to the relative TSR Tranche performance condition period); and
- 30 September 2019 (the last trading day of the relative TSR Tranche performance condition period).

Subject to satisfaction of the performance conditions, the relative TSR Tranche will vest on the following basis:

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

FFOPU performance condition - weighting 33.33% (FFOPU Tranche)

The FFOPU performance condition requires the growth in SCP's FFOPU over the FFOPU Tranche performance period (being from 1 July 2016 to 30 June 2019) to exceed a certain level.

The FY17 "Base Point" for measuring the rate of FFOPU growth is 13.75 cents per unit. The Board may at its absolute discretion adjust the FFOPU achieved (for the purpose of measurement) to remove abnormal items or items not affected by management.

Subject to satisfaction of the performance conditions, the FFOPU Tranche will vest on the following basis:

	Growth in FFOPU over LTI performance period above Base Point	% of Tranche 2 LTI rights that vest	% of total LTI rights that vest
At or below Threshold	Less than or equal to 3.0% per annum	0%	0%
Between Threshold and Maximum	Between 3.0% and 5.5% per annum	Vest on a straight-line basis between 0% at Threshold and 100% at Maximum	Vest on a straight-line basis between 0% at Threshold and 33.33% at Maximum
Maximum	At or above 5.5% per annum	100%	33.33%

The Maximum performance hurdle has increased from 5.0% per annum in FY16 to 5.5% in FY17, with the Threshold performance hurdle remaining unchanged from FY16 at 3.0%.

ROE Performance Condition - weighting 33.33% (ROE Tranche)

The ROE performance condition requires SCP's total ROE (defined below) over the ROE Tranche LTI performance period (being from 1 July 2016 to 30 June 2019) to exceed a certain level.

ROE will be calculated as the internal rate of return (expressed as a percentage per annum) for the cash flow comprising an initial investment being the NTA per unit at 30 June 2016, all distributions paid (on a per unit basis) over the performance period (excluding the June 2016 distribution payable in August 2016) and an assumed realisation being the NTA per unit on 30 June 2019 plus the June 2019 half year distribution (if declared).

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

Subject to satisfaction of the performance conditions, with ROE Tranche will vest on the following basis:

	ROE over LTI performance period	% of Tranche 3 LTI rights that vest	% of total LTI rights that vest
At or below Threshold	Less than 9.0% per annum	0%	0%
Between Threshold and Maximum	Between 9.0% per annum and 11.5% per annum	Vest on a straight-line basis between 0% at Threshold and 100% at Maximum	Vest on a straight-line basis between 0% at Threshold and 33.33% at Maximum
Maximum	At or above 11.5% per annum	100%	33.33%

The Maximum performance hurdle has increased from 11.0% per annum in FY16 to 11.5% in FY17, with the Threshold performance hurdle remaining unchanged from FY16 at 9.0%.

Signed pursuant to a resolution of Directors.

Philip Marcus Clark AM
Chairman, SCA Property Group

Defined terms

Cash NOI means cash property net operating income

CEO means Chief Executive Officer

CFO means Chief Financial Officer

DEPU means distributable earnings per unit

DRP means Distribution Reinvestment Plan

FBT means fringe benefits tax

FFO means funds from operations

FFOPU means funds from operations per unit

GC/CS means General Counsel/Company Secretary

KMP means Key Management Personnel

LTI means long term incentive

MER means management expense ratio

NEDs means Non-Executive Directors

NOI means net operating income

TFR means total fixed remuneration

TRO means total remuneration opportunity

TSR means total securityholder return

ROE means return on equity

STI means short term incentive

Deloitte.

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Independent Auditor's Report to the Board of Directors of Shopping Centres Australasia Property Group RE Limited as responsible entity for Shopping Centres Australasia Property Retail Trust and Shopping Centres Australasia Property Management Trust

We have audited the accompanying remuneration report of Shopping Centres Australasia Property Group ("SCA Property Group") comprising Shopping Centres Australasia Property Retail Trust and Shopping Centres Australasia Property Management Trust and their controlled entities for the year ended 30 June 2016 as set out on pages 31 to 54. The remuneration report has been prepared by management based on the requirements of section 300A of the Corporations Act 2001.

Management's Responsibility for the remuneration report

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

Auditor's Responsibility

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

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

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

Independent Auditor's Report

Deloitte.

Opinion

In our opinion, the financial information in the remuneration report of SCA Property Group for the year ended 30 June 2016 is prepared, in all material respects, in accordance with section 300A of the Corporations Act 2001.

Basis of Preparation

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

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

AG Collinson
Partner
Chartered Accountants
Sydney, 19 September 2016

CORPORATE GOVERNANCE

Corporate Governance

SCA Property Group is an internally managed listed real estate investment trust and is listed on the Australian Securities Exchange (ASX: SCP).

SCA Property Group (**SCP** or **the Group**) is comprised of Shopping Centres Australasia Property Group RE Limited (ACN 158 809 851) (**SCPRE** or **Company**), the responsible entity to the Shopping Centres Australasia Property Management Trust (ARSN 160 612 626) (**SCA Management Trust**) and the Shopping Centres Australasia Property Retail Trust (ARSN 160 612 788) (**SCA Retail Trust**) (each a **Trust** and, together, **Trusts**). The units of each Trust are stapled together.

The Group is subject to regulation from multiple sources, including:

- ASX Listing Rules;
- *Corporations Act 2001 (Cth)* (**Act**) – as a company holder of an Australian Financial Services Licence, and as registered schemes;
- Trusts' Constitutions; and
- Trusts' Compliance Plans,

and, accordingly, the Board of SCPRE, together with management, recognise the value to the business's stakeholders of establishing and maintaining best practice corporate governance systems.

The Group's governance systems are reviewed and monitored by the SCPRE Board and reflect the requirements of the market regulators and the expectations of stapled unitholders (**unitholders**), market participants and other stakeholders. This corporate governance statement outlines the governance systems in effect during the period from 1 July 2015 to 30 June 2016 (**Reporting Period**) by reference to the third edition of the ASX Corporate Governance Principles and Recommendations (**Recommendations**) and to the Act. As at 30 June 2016, the Group achieved substantial compliance with the Recommendations.

SCA Property Group's Board and Committee Charters and any Group policies referred to in this statement, can be found at www.scaproperty.com.au/about/governance.

This statement was approved by the Board on 7 September 2016.

Principle 1: Lay solid foundations for management and oversight

1.1 Roles and responsibilities of Board and management

The primary role of the Board of SCPRE, as the RE of the Group, is to represent the interests of unitholders by managing delivery of the Group's corporate strategies, policies and performance. The Board has adopted a Charter (**Board Charter**) that establishes and discloses the respective roles and responsibilities of the Board and of management.

The responsibilities retained by the Board include:

- Approving corporate strategic initiatives and reviewing strategic direction;
- Reviewing budgets and monitoring financial performance, including approval of major capital expenditure, acquisitions and divestments;
- Overseeing the integrity of financial reporting, including external audit;
- Appointing the Chief Executive Officer (**CEO**) and other senior Executives;
- Evaluating the performance of senior Executives;
- Oversight of remuneration and succession planning;
- Reviewing and monitoring corporate governance policies and practices;
- Overseeing the effectiveness of the risk management system;
- Considering any social, ethical and environment impact of operations; and
- Appointing the Chair.

In addition, the Board oversees disclosure of material information to the market and approves distributions, calculated in accordance with the Trusts' Constitutions.

The Board Charter sets out the particular responsibilities of the Chair and the process by which Directors can seek independent professional advice.

The Board has established the following standing committees to assist with the carrying out of its responsibilities:

- Audit, Risk Management and Compliance Committee;
- Nomination Committee;
- Remuneration Committee (formerly People Policy Committee); and
- Investment Committee.

Each committee has its own charter which describes its delegated roles and responsibilities.

The Board has delegated to the CEO the day-to-day management and operation of the Group's business. Under the terms of the Board Charter, the CEO is accountable to the Board for the exercise of the delegated authority and, with the support of senior management, must provide succinct, clear, verifiable and high-quality reports and information to the Board that will enable the Board to effectively discharge its duties.

The Board is committed to the ongoing safety and wellbeing of the Group's stakeholders and undertakes appropriate due diligence to ensure management is taking all reasonable steps to ensure health and safety at SCP's centres and for all SCP employees. Workplace health, safety and environment (WHSE) is a standing agenda item at each Board meeting. Refer to the Sustainability and Safety Report for details of the Group's activities in respect of WHSE in the Reporting Period.

The qualifications and experience of the Directors of the Board, the number of Board meetings and committee meetings held and the number of meetings attended by each Director in the Reporting Period are set out in the Directors' Report.

The Board Charter and committee charters are available at www.scaproperty.com.au/about/governance. The Board reviewed its Charter and those of its committees in the Reporting Period.

1.2 Pre-appointment verification of Directors

In accordance with the processes and procedures set out in the Group's Nomination Charter, satisfactory confirmation as to any director-candidate's character, experience, education and qualifications and lack of criminal record or bankruptcy history must be sought. Prior to an appointment any director-candidate must confirm that they consider they have adequate time to dedicate to the affairs of the Group.

No new Directors were appointed to the Board in the Reporting Period.

The Board has determined that James Hodgkinson and Belinda Robson will stand for re-election at the 2016 Annual General Meeting (**AGM**).

Information about each candidate standing for election or re-election is included in the Notice of Meeting for the Group's AGM.

1.3 Written agreements with Directors and senior Executives

The terms of the appointment of each independent Director are set out in an appointment letter between the Company and the Director. The appointment letters are reviewed regularly to ensure they accurately reflect the roles and responsibilities of each Director and SCPRE's expectations of them. Each senior Executive has been appointed pursuant to a services agreement, and in the case of the two Executive Directors the terms of their services agreements have been disclosed to the market.

1.4 Company Secretary directly accountable to the Board

SCPRE's Company Secretary is accountable directly to the Board through the Chair on all matters to do with the proper functioning of the Board, and the decision to appoint or remove the Company Secretary rests with the Board. Details of the Board's delegation of authority to the Company Secretary are set out in the Board Charter.

While the Company Secretary reports directly to the Board, the Board has delegated certain functional reporting obligations to the CEO. Each Director is able to communicate directly with the Company Secretary and the Company Secretary may communicate directly with each Director.

1.5 Diversity Policy

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

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

The Group values and respects the unique contributions of people with diverse backgrounds, experiences and perspectives. We recognise that team members will assume changing domestic responsibilities during their careers.

SCA Property Group's commitment to gender diversity has resulted in the employment of a high proportion of women; however, in view of the Group's current limited staff numbers, it is impractical for the Board to set measurable diversity-related objectives and targets. The Board will continue to monitor this as the Group grows in size. In the Reporting Period, of Non-Executive Directors on the Board, 30% were female, which is consistent with current guidance from the Australian Institute of Company Directors (**AICD**).

The Remuneration Committee closely monitors diversity and receives reports on the levels of gender diversity within the business at each scheduled meeting.

In respect of SCA Property Group, as at 30 June 2016, the statistics are as follows:

Female Board Directors[1]	**30%**
Female executives in senior management[2]	**30%**
Female employees	**64%**

1. Includes independent Directors on the Board of the New Zealand Subsidiary Trustee company.
2. Senior Management means the CEO, his direct or functional reports and certain of their reports who have responsibility for an area and/or report regularly to the Board or a committee of the Board on the performance of that area.

The Group's Diversity Policy is available at www.scaproperty.com.au/about/governance.

1.6 Board performance evaluation

Each year the Nomination Committee considers the form of the Board performance evaluation, including whether an external facilitator should be used in the process. The Chair of the Nomination Committee coordinates the performance review, and the Nomination Committee's recommendations are considered by the Board.

In the Reporting Period, the Nomination Committee recommended the review be conducted by way of confidential questionnaire. The questionnaire included questions on those areas identified for improvement in previous cycles as well as questions on areas appropriate for examination during this Reporting Period. The questionnaire was completed by each Director. The Nomination Committee reviewed the results noting that the general view expressed was that the Board and its Committees were functioning appropriately. The Committee recommended that an external Board review be undertaken in the second half of FY17. The Chair of the Nomination Committee reported the outcome of the review to the Board.

1.7 Evaluation of senior Executives

The Remuneration Committee assessed the achievements of each senior Executive against agreed formal financial and operational objectives and key performance indicators, in addition to agreed personal objectives for the Reporting Period. The Remuneration Committee, together with the Board, reported the findings to the relevant Executives.

Principle 2: Structure the board to add value

2.1 Nomination Committee

The Board has established a Nomination Committee. During the Reporting Period, the Nomination Committee was comprised of three Directors, all of whom were independent Directors. The Nomination Committee was chaired by an independent Director. The responsibilities of the Nomination Committee are set out in a Board-approved Nomination Committee Charter and include making recommendations to the Board in relation to:

- Succession planning for the Board and Chair;
- Developing and implementing plans for identifying, assessing and enhancing director competencies;
- Ensuring an effective induction process is in place;
- Appointment and re-election of directors;
- Overseeing the recruitment of new directors in accordance with the policy and procedure for selection and appointment of new directors; and
- Evaluating the performance of the Board, its committees and individual directors against appropriate measures.

The terms of the Nomination Committee Charter delegate authority to the Committee to:

- Obtain independent professional advice; and
- Obtain information to reasonably fulfil its duties.

The Charter for the Nomination Committee is available at www.scaproperty.com.au/about/governance.

The qualifications and experience of the members of the Nomination Committee, the number of meetings held and the number of meetings attended by each Nomination Committee member in the Reporting Period are set out in the Directors' Report.

2.2 Board Skills Matrix

To maximise the effectiveness with which it discharges its responsibilities, the Board ensures that it has an appropriate mix of skills, experience, diversity and expertise. At least annually, the Nomination Committee reviews the composition of the Board and makes recommendations to the Board in respect of the appropriateness of the skills mix of directors, giving due consideration to the business's strategy and operations. Diversity is also considered; however, in this context, diversity is not limited to gender diversity.

A summary of the SCPRE's Board's Skills Matrix is set out below. A more detailed review of the skills of Board members is included in the Directors' Report.

Desired skill/experience	Directors	Assessment
Knowledge of legal duties	8/8	Strong
Knowledge of accounting standards	8/8	Strong
Listed company experience	8/8	Strong
REIT and/or property experience (local and international)	7/8	Strong
Retailer/Supermarket experience (local and international)	5/8	Adequate with strong experience in Executive Directors
Capital markets/M&A experience	7/8	Strong
Treasury experience	4/8	Adequate experience balanced between independent and Executive Directors
Stakeholder engagement experience	8/8	Strong
Remuneration/HR experience	8/8	Strong

Desired skill/experience	Directors	Assessment
Legal, compliance and risk management experience	8/8	Strong
Workplace health and safety experience	5/8	Adequate experience balanced between independent and Executive Directors
Marketing/social media experience	3/8	Adequate experience supporting wider management team
Experience in operating businesses in New Zealand	6/8	Strong experience on SCPRE Board supporting a dedicated independent subsidiary NZ Board
Funds management experience	5/8	Adequate to support dedicated subsidiary funds management Board

2.3 and 2.4 The majority of the Board should be independent Directors

As at 30 June 2016, the Board comprised eight Directors, six of whom the Board considered to be independent. The SCPRE Directors, as at 30 June 2016, were:

Director's name	Executive or Non-Executive	Independent	Date first appointed
Philip Marcus Clark AM	Non-Executive	Independent	19 September 2012
James Hodgkinson OAM	Non-Executive	Independent	26 September 2012
Dr Ian Pollard	Non-Executive	Independent	26 September 2012
Philip Redmond	Non-Executive	Independent	26 September 2012
Belinda Robson	Non-Executive	Independent	27 September 2012
Dr Kirstin Ferguson	Non-Executive	Independent	01 January 2015
Anthony Mellowes	Executive (CEO)	Non-independent	02 October 2012
Mark Fleming	Executive (CFO)	Non-independent	26 May 2015

The Board considers a director independent if they:

- Are not a substantial unitholder in SCA Property Group, nor an officer of or otherwise associated directly with a substantial unitholder of the Group;
- Are not a member of management and have not been employed in an Executive capacity by the Group in the last three years;
- Have not, within the last three years, been a partner, Director or senior employee of a material professional adviser to the Group;
- Are not a material supplier to or customer or tenant of the Group, nor an officer of or otherwise associated directly or indirectly with a material supplier, customer or tenant;
- Do not have a material contractual relationship with the Group in any capacity other than as Director;
- Do not have close family ties with any person who falls within any of the categories described above;
- Have been a Director of the Group for less than 10 years; and
- Are free from any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the independent exercise of their judgement.

The Board regularly assesses whether each Non-Executive Director is independent. Each Director provides the Board with the information necessary for the Board to assess whether they remain an independent Director under the above criteria. No Director that the Board has determined is an independent Director has an interest, position, association or relationship ("*connection*") of the type noted above that has caused the Directors to have to consider their independence in spite of that connection.

2.5 The Chair should be an independent Director and not the CEO

The roles of the Chair of the Board and the CEO are held by separate Directors.

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

Anthony Mellowes was appointed as CEO with effect from 1 July 2013. Details of Mr Mellowes' experience are included in the Directors' Report.

2.6 New Director induction and continuing education program for all Directors

The Company Secretary provides new independent Directors with copies of the Group's Board and Committee Charters and the Policies and Procedures relevant to the role of an independent Director. They are provided with copies of past Financial Statements and Board and Committee papers, as well as full access to those members of management the new independent Director considers would be useful for them to meet.

Management coordinates site inspections for the Board to increase their familiarity with the Group's assets. The Company Secretary brings to the attention of the Board changes in laws relevant to their role as a Director of SCA Property Group, and Board members are encouraged at Board meetings to share experiences learned in other roles.

Principle 3: Act ethically and responsibly

3.1 Listed entities should establish a Code of Conduct

SCA Property Group has a Code of Conduct that is a reference point for the standards and behaviours required of all Directors, officers and staff members. The Code of Conduct articulates the commitment of the Group to:

- The maintenance of high ethical standards, integrity and respect in all business relationships;
- Honest, responsible and fair conduct;
- Compliance with all laws and regulations applicable to the Group's operations;
- Identification and effective management of actual or potential conflicts of interest;
- Transparency in respect of any gift or benefits, donations and political activity;
- Prohibiting any form of fraud, bribery or corruption;
- Identifying and reporting breaches;
- Providing and supporting processes and procedures that facilitate the reporting and investigation of any breaches; and
- Compliance with the Group's delegation of authority and the Group's policies in relation to use of the Group's assets.

The Code of Conduct is reviewed at least annually. Staff members are trained in the Code of Conduct, and those policies and procedures referred to in the Code of Conduct, both on joining and at least annually. On joining, staff members are required to confirm that they have read and understood the Code of Conduct.

A copy of the Code of Conduct is available at www.scaproperty.com.au/about/governance.

Principle 4: Safeguard integrity in corporate reporting

4.1 Establish an appropriately structured audit committee and disclose information about it

The Board has established an Audit, Risk Management and Compliance Committee (**ARMCC**). During the Reporting Period, the ARMCC was comprised of at least three Non-Executive Directors, all of whom were independent. The Chair of the ARMCC was an independent Director who was not the Chair of the Board. The responsibilities of the ARMCC are set out in the Board-approved ARMCC Charter, and in respect of corporate reporting, include making recommendations to the Board pursuant to:

- External audit function, including appointment and removal of the auditor, rotation of the audit partner, oversight of audit scope, auditor independence, performance and provision of non-audit services;
- Internal audit function, including appointment of external provider of internal audit service and scope and performance (refer to Principle 7.3 for additional details of internal audit function);
- Financial reporting and disclosure processes, including oversight of the application of critical accounting policies, review of Financial Statements for accuracy and confirmation that they reflect a true and fair view of the Group's performance; and
- Internal accounting and control systems.

The terms of the ARMCC Charter delegate authority to the Committee to:

- Obtain independent professional advice;
- Obtain information to reasonably fulfil its duties;
- Have access to the Group's records and personnel without management present; and
- Have access to the Group's internal and external auditors, with or without management present.

The ARMCC also has the responsibility of monitoring the effectiveness of the design, implementation and management of SCPRE's Compliance Framework, including reviewing compliance-related policies, systems and processes and of making recommendations to the Board in respect of compliance matters.

The members of the ARMCC, between them, have expertise in the areas of accounting and finance and property. The qualifications and experience of the members of the ARMCC, the number of meetings held and the number of meetings attended by each ARMCC member in the Reporting Period, are set out in the Directors' Report.

The Charter for the ARMCC can be found at www.scaproperty.com.au/about/governance.

4.2 The Board should receive a declaration from the CEO and CFO relating to the control environment and the quality of the Financial Statements

In respect of both the half-year Financial Statements and the full-year Financial Statements, the CEO and the Chief Financial Officer (**CFO**) confirm in writing, first to the ARMCC and ultimately when the Board approves the Financial Statements, that in their opinion:

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

4.3 Auditor to attend AGM

SCA Property Group is not an entity that is required to hold an AGM. The Board, however, has determined that the Group will hold an AGM and will include in that meeting those resolutions usually considered by shareholders of a publicly listed company at its AGM.

The Group has and will continue to ensure that its external auditor is invited to and attends the AGM and is available to answer questions from unitholders relevant to the auditor's role.

In addition, the Group includes with its Notice of Meeting for the AGM a form that unitholders may complete asking questions of the auditor in advance of the AGM.

Principle 5: Make timely and balanced disclosures

5.1 Listed Entities should have a written policy designed to ensure compliance with ASX Listing Rules disclosure requirements and disclose it

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

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

The Group's Continuous Disclosure Policy is available at www.scapropety.com.au/about/governance.

Principle 6: Respect the rights of unitholders

6.1 A listed entity should provide information about itself and its governance to its investors via its website

One of the Group's key communication tools is its website www.scaproperty.com.au. The Group endeavours to keep its website up-to-date, complete and accurate. Important information about the Group can be found in the "About us", "Investor Centre" and "News & Announcements" sections.

6.2 Listed entities should have a two-way investor relations program

The CEO and CFO regularly engage with investors. SCA Property Group's results presentations are webcast and investors, financial analysts and others are invited to participate in the discussion forum that follows.

The Board, through the Chair of the Board and the Chairs of each Committee, make themselves available to stakeholders and engage with them as required.

The Group is conscious of the large number of retail unitholders on its register and has considered their needs in each communication, both in terms of content and the channels used for the dissemination of information. The Board has balanced the communication preferences of some unitholders against the cost to the Group of meeting those unitholders' preference for personal contact or paper-based communication. Consistent with the Group's sustainability commitment, wherever possible, it will communicate with investors electronically.

6.3 Participation at meetings

Comprising stapled managed investment schemes, the Group is not required to hold an AGM. The Board has determined, however, that the Group will follow the AGM regime specified for companies to the extent reasonably practicable.

To ensure the AGM is productive and the Board is addressing unitholders' concerns, investors are invited to pose a question to the Board, management or the external auditors in advance of the AGM. These questions are reviewed, collated and themes identified. The Chair of the Board will try to respond to some of the more common questions in his address at the AGM.

The AGM is webcast, and this is made available on the Group's website.

6.4 Electronic communication with investors and SCP and its registry

SCA Property Group strongly encourages investors to provide contact details that permit us and our registry provider to communicate with them electronically. Communicating electronically with investors is more secure, reliable and reduces the Group's carbon footprint assisting us in meeting our sustainability goals. The Group provides email addresses on its website to allow investors and the wider public to contact us electronically.

Apart from making announcements to the ASX, our website remains one of the most important methods we use to keep investors up-to-date. Investors are encouraged to visit it regularly to receive the latest news from the Group.

Principle 7: Recognise and manage risk

7.1 Risk Committee

The Board has established an Audit, Risk Management and Compliance Committee. During the Reporting Period, the ARMCC was comprised of at least three independent members, all of whom were independent Directors. The ARMCC was chaired by an independent Director.
The responsibilities of the ARMCC are set out in the Board-approved ARMCC Charter and, in respect of risk management, include making recommendations to the Board in relation to:

- Governance processes and procedures for managing risk, such as the Group's Risk Management Policy, Risk Management Framework and Risk Registers, to ensure the appropriateness and adequacy of the risk management system;
- The Group's insurance arrangements in the context of any insurable business risks; and
- Any evaluation arising from any exposure, or allegation of such, of the Group to fraud, malfeasance or any other significant risk event or breakdown of internal control.

The terms of the ARMCC Charter delegate authority to the Committee to:

- Obtain independent professional advice;
- Obtain information to reasonably fulfil its duties;
- Have access to the Group's records and personnel without management present; and
- Have access to the Group's internal and external auditor, with or without management present.

The qualifications and experience of the members of the ARMCC, the number of meetings held and the number of meetings attended by each ARMCC member in the Reporting Period are set in the Directors' Report.

The ARMCC Charter is available at www.scaproperty.com.au/about/governance.

7.2 Review of Risk Management Framework

The ARMCC is responsible for advising the Board on the adequacy of the Group's risk management system. In the Reporting Period, the ARMCC reviewed the Group's Risk Management Framework (**Framework**) and advised the Board that the Framework was consistent with AS/NZ ISO 31000:2009: Risk Management – Principles and Guidelines and that the Group continued to have an approach to risk oversight, management and internal control that was appropriate for the Group's business.

7.3 Internal audit

The Group's ARMCC oversees the internal audit function and is responsible for examining the nature, extent and effectiveness of the internal audit program and delivery of the approved annual Internal Audit Plan. The Group has engaged an external professional internal audit provider to ensure that a systematic, disciplined and objective approach is applied to internal control processes. The internal audit function has direct access to the ARMCC members and the Internal Audit Plan is developed with management to ensure it appropriately reflects business value and risks and is approved by the ARMCC and the Board.

7.4 Material exposure to economic, environmental and social sustainability risk

SCA Property Group recognises that its operations can have social and environmental implications for its stakeholders, most significantly with regards to the wellbeing of the communities in which it operates and environmental sustainability. This can be material to investment value. The Group seeks to preserve or enhance shareholder value through managing environmental, social and governance risks and leveraging associated opportunities and takes a practical, measurable and accountable approach, including:

- Actively identifying potential environmental, social and governance risks;
- Engaging its key stakeholders to understand relevant environmental, social and governance issues;
- Being transparent with its performance on sustainability, setting and reporting against targets annually;
- Integrating sustainability into its day-to-day operations and culture while continuously improving; and
- Proving leadership in the communities in which shopping centres are located.

The Group's Sustainability Policy and the 2016 Sustainability Report are available at www.scaproperty.com.au/about/sustainability.

Principle 8: Remunerate fairly and responsibly

8.1 Remuneration Committee

The Board has established a Remuneration Committee. In the Reporting Period, the Remuneration Committee was comprised of three Directors, all of whom were independent Directors. The Remuneration Committee was chaired by an independent Director. The responsibilities of the Remuneration Committee are set out in a Board-approved Remuneration Committee Charter and include making recommendations to the Board in relation to:

- Remuneration of Executive Directors and senior management;
- The design of long-term incentive and equity plans, including employee participation in the plans;
- Remuneration for Non-Executive Directors;
- Provision of superannuation; and
- Review of remuneration by gender.

The terms of the Remuneration Charter delegate authority to the Committee to:

- Obtain independent professional advice; and
- Obtain information to reasonably fulfil its duties.

The qualifications and experience of the members of the Remuneration Committee, the number of meetings held and the number of meetings attended by each Remuneration Committee member in the Reporting Period are set out in the Directors' Report.

The Remuneration Committee's Charter can be found at: www.scaproperty.com.au/about/governance.

8.2 Remuneration policies and practices

In accordance with the terms of the Remuneration Committee Charter, in the Reporting Period the Remuneration Committee reviewed and approved the Group's overall remuneration policy in order to assess whether remuneration was market competitive and designed to attract, align and retain valuable members of staff.

While details of the Group's remuneration policies and practices are set out in the Remuneration Report, broadly:

- Independent (Non-Executive) Directors receive their fees in cash. They receive a fixed amount and do not receive options, bonus payments or other performance incentives. They are not entitled to retirement benefits (other than superannuation).
- Executives receive both fixed and incentive-based remuneration. Details of senior Executives' remuneration and the policies and practices adopted by the Group in setting that remuneration are outlined in the Remuneration Report included in this Annual Report.

8.3 Prohibition on the use of derivatives

The Group's Securities Trading Policy prohibits the use of any derivatives in relation to any unvested SCP Units or vested SCP Units that are still subject to disposal restrictions. Details of this policy are included in the Remuneration Report in this Annual Report and can be found on our website at www.scaproperty.com.au/about/governance.

FINANCIAL REPORT

Directors' Report
For the year ended 30 June 2016

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

The Responsible Entity for the Trusts is Shopping Centres Australasia Property Group RE Limited, which now presents its report together with the Trusts' Financial Reports for the year ended 30 June 2016 and the auditor's report thereon.

The Trusts' Financial Report for the year ended 30 June 2016 includes, where required, comparatives to the prior period.

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

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

1. Directors

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

Mr Philip Marcus Clark AM (appointed 19 September 2012)
Non Executive Director and Chair

Independent: Yes.

Other listed Directorships held in last 3 years: Non-Executive Director of Ingenia Communities Group (June 2012 to date) and Chair and Non-Executive Director of Hunter Hall Global Value Limited (July 2013 to December 2015).

Special responsibilities and other positions held: Other Group positions held during the year include member of the Nomination Committee.

Other positions held unrelated to the Group include member of the JP Morgan Australia Advisory Council. Chairs a number of Government and private company boards and advisory boards.

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. Mr Clark was made a member of the Order of Australia in June 2007 for service to the legal profession and business.

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

Dr Kirstin Ferguson (appointed 1 January 2015)
Non Executive Director

Independent: Yes.

Other listed Directorships held in last 3 years:CIMIC Group Limited (July 2014 to date) and Dart Energy Limited (November 2012 to March 2013).

Special responsibilities and other positions held: Other Group positions held during the year are member of the Audit, Risk Management and Compliance Committee (until 31 March 2016), member of the Remuneration Committee and appointed Chair of the Remuneration Committee from 1 January 2016.

Other positions currently held unrelated to the Group include as a Non-Executive Director of the Australian Broadcasting Corporation (November 2015 to date), Non-Executive Director of Hyne & Sons Pty Limited (August 2013 to date) and the Queensland Theatre Company (May 2013 to date).

Other experience: Dr Ferguson is an experienced Non-Executive Director on ASX100, ASX200 and private company and government boards. Dr Ferguson has a PhD in leadership and governance from QUT Business School where she is also an Adjunct Professor (April 2015 to date). Dr Ferguson was formerly the CEO of the global workplace health and safety organisation, Sentis, and Director Corporate Services at Deacons (now Norton Rose Fulbright). Dr Ferguson was previously a Non-Executive Director of SunWater Limited (October 2008 to August 2015), the Queensland Rugby Union (April 2011 to April 2013), and was the Independent Chair of the Thiess Advisory Board (February 2013 to June 2014).

Qualifications: PhD, LLB (Honours), BA (Honours) and FAICD.

Mr James Hodgkinson OAM (appointed 26 September 2012)
Non Executive Director

Independent: Yes.

Other listed Directorships held in last 3 years: None.

Special responsibilities and other positions held: Other Group positions held during the year are Chair of the Nomination Committee, member of the Remuneration Committee, and member of the Audit, Risk Management and Compliance Committee and from 1 April 2016 member of the Investment Committee.

Other positions held unrelated to the Group include a Founding Governor of the Cerebral Palsy Foundation and Founder and Chair of the Cerebral Palsy Alliance of New South Wales 20/Twenty Challenge. Also an advisor to the Ray White Group and the Blue Sky Funds Management Group.

Other experience: Formerly an Executive Director of the Macquarie Group and a division head within Macquarie's Real Estate Group. Other real estate experience includes a Non-Executive Director of Goodman Group from February 2003 to September 2011. Additionally he has initiated and assisted in the fund raising initiatives and strategic support of a number of community based organisations. Formerly served as a member of the Advisory Committee of the Macquarie Foundation.

Qualifications: BEcon, CPA, FAPI, and FRICS.

Dr Ian Pollard (appointed 26 September 2012)
Non Executive Director

Independent: Yes.

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

Special responsibilities and other positions held: Other Group positions held during the year are Chair of the Audit, Risk Management and Compliance Committee and from 1 April 2016 member of the Nomination Committee.

Other positions held unrelated to the Group include Chair of RGA Reinsurance Company of Australia Limited, Director of the Wentworth Group of Concerned Scientists, and an Executive coach with Foresight's Global Coaching. Formerly a Director and Chair of a number of listed companies including: Corporate Express Australia (Chair) (listed until 2010), Just Group Limited (Chair) (listed until 2008), OPSM Group Limited (Director) (listed until 2005) and DCA Group Limited (Director) (listed until 2006).

Other experience: Dr Pollard has been a company Director for over 30 years and an author of a number of books, including three on Corporate Finance. In addition Dr Pollard is an actuary, Rhodes Scholar and an Adjunct Professor at UTS Business School.

Qualifications: BA, MA (First Class Honours) (Oxon), DPhil, FIAA, FAICD.

Mr Philip Redmond (appointed 26 September 2012)
Non Executive Director

Independent: Yes.

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

Special responsibilities and other positions held: Other Group positions held during the year are member of the Audit, Risk Management and Compliance Committee and member of the Remuneration Committee and from 1 April 2016 Chair of the Investment 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.

Directors' Report
For the year ended 30 June 2016

Ms Belinda Robson (appointed 27 September 2012)
Non Executive Director

Independent: Yes.

Other listed Directorships held in last 3 years: None.

Special responsibilities and other positions held: Other Group positions held during the year are Chair of Remuneration Committee (until 31 December 2015), member of Remuneration Committee from 1 January 2016, member of the Nomination Committee (until 31 March 2016) and member of the Investment Committee from 1 April 2016.

Other positions held unrelated to the Group include Non-Executive Director of several Lend Lease Asian Retail Investment Funds and a Non-Executive Director of GPT Funds Management Limited.

Other experience: Mrs Robson is an experienced real estate executive, having worked previously with Lend Lease for over 20 years in a range of roles including Chair and Non Executive Director of GPT Funds Management Limited and 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. Mrs Robson's previous roles with Lend Lease included Head of Operations, Australian Prime Fund Series, and Portfolio Manager, Australian Prime Property Fund Retail.

Qualifications: BComm (Honours).

Mr Anthony Mellowes (appointed Director 2 October 2012)
Executive Director and CEO

Independent: No.

Other listed Directorships held in last 3 years: None.

Special responsibilities and other positions held: In addition to be being an Executive Director and CEO, Mr Mellowes is also a member of the Investment Committee.

Other experience: Mr Mellowes is an experienced property executive. Prior to joining SCA Property Group as an Executive Director, Mr Mellowes worked at Woolworths Limited from 2002 to 2012 and held a number of senior property related roles including Head of Asset Management and Group Property Operations Manager. Prior to Woolworths Limited, Mr Mellowes worked for Lend Lease Group and Westfield Limited.

Mr Mellowes was appointed Chief Executive Officer of SCA Property Group on 16 May 2013 after previously acting as interim Chief Executive Officer since the Group's listing on 26 November 2012. Mr Mellowes was a key member of the Woolworths Limited team which created SCA Property Group.

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

Mr Mark Fleming (appointed CFO 20 August 2013, appointed Executive Director 26 May 2015)
Executive Director and CFO

Independent: No.

Other listed Directorships held in last 3 years: None.

Special responsibilities and other positions held: In addition to be being an Executive Director and CFO, Mr Fleming is also a member of the Investment Committee.

Other experience: Mr Fleming worked at Woolworths Limited from 2003 to 2011, firstly as General Manager Corporate Finance, and then as General Manager Supermarket Finance. After Woolworths Limited, Mr Fleming was CFO of Treasury Wine Estates from 2011 to 2013. Prior to Woolworths Limited, Mr Fleming worked in investment banking at UBS, Goldman Sachs and Bankers Trust.

Mr Fleming was appointed Chief Financial Officer of SCA Property Group on 20 August 2013 and as an Executive Director of SCA Property Group on 26 May 2015.

Qualifications: LLB, B.Econ (First Class Honours), CPA.

Mr 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.

Qualifications: LLB.

Directors' relevant Interests

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

Director	Number of stapled units at 30 June 2015	Net Movement increase / (decrease)[1]	Number of vested stapled units at date of this report	Number of unvested performance rights at date of this report
P Clark AM	30,000	22,000	52,000	–
K Ferguson	10,000	–	10,000	–
J Hodgkinson OAM	184,285	–	184,285	–
I Pollard	103,571	–	103,571	–
P Redmond	67,500	–	67,500	–
B Robson	7,142	–	7,142	–
A Mellowes	3,039	103,030[2]	106,069	1,733,729
M Fleming	–	20,000	20,000	598,416

1. All movements in number of stapled units occurred during the year ended 30 June 2016.
2. The increase in stapled units for A Mellowes includes 100,000 units granted in the form of Special Performance Rights which were awarded in respect of the year ended 30 June 2013 and vested in July 2015.

Directors' attendance at meetings

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

Number of meetings held	Number
Board of Directors (Board)	15
Audit, Risk Management and Compliance Committee (ARMCC)	5
Remuneration Committee (Remuneration)	6
Nomination Committee (Nomination)	2
Investment Committee (Investment)	2

Director	Board			ARMCC			Remuneration			Nomination			Investment		
	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C
P Clark AM	15	14	–	–	–	5	–	–	3	2	2	–	–	–	1
K Ferguson	15	14	–	4	3	–	6	5	–	–	–	2	–	–	–
J Hodgkinson OAM	15	14	–	5	5	–	6	6	–	2	2	–	2	2	–
I Pollard	15	15	–	5	5	–	–	–	3	1	1	1	–	–	1
P Redmond	15	15	–	5	5	–	6	6	–	–	–	2	2	2	–
B Robson	15	15	–	–	–	4	6	6	–	1	1	1	2	2	–
A Mellowes	14	14	–	–	–	5	–	–	4	–	–	2	2	2	–
M Fleming	14	13	–	–	–	5	–	–	3	–	–	2	2	2	–

Note: During the year there was a restructure of the sub committees of the Board such that some Directors were not members of the relevant committee for the whole year.

A: Number of meetings held while a member of the Board or a member of the committee during the financial year.

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

C: Number of meetings attended as a guest. No Executive Director attended the part or all of a Remuneration Committee meeting or Board meeting where their own remuneration was discussed.

2. Principal activities

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

3. Property portfolio

The investment portfolio of the Group as at 30 June 2016 consisted of 83 (30 June 2015: 82) shopping centres in Australia and New Zealand. Additionally during the year the Group established a funds management business comprising the management of SCA Unlisted Fund No 1 (SURF 1). As a result the Group is also managing five properties for SURF 1 valued at $63.4 million at 30 June 2016. The Group has a 24.4% interest in SURF 1.

The investment portfolio consists of sub-regional, neighbourhood and freestanding retail assets, with nearly half the portfolio located in new growth corridors and regions, and a strong weighting toward non-discretionary retail segments. The portfolio comprises modern retail assets, therefore capital expenditure, excluding tenant incentives, on the portfolio is expected to be relatively low over the medium term.

Investment properties – acquisitions

During the year the Group completed 6 property acquisitions for $145.3 million. Details of these properties include:

Property	Type	State	Settlement Date	Cost[1] $m	Value at 30 Jun 2016 $m
Griffin Plaza	Neighbourhood	NSW	Sep-15	23.0	23.5
Marian Town Centre	Neighbourhood	QLD	Nov-15	32.0	32.0
Northgate	Neighbourhood	NSW	Dec-15	14.8	14.8
Wonthaggi	Neighbourhood	VIC	Dec-15	45.4	45.4
Greenbank[2]	Neighbourhood	QLD	Jan-16	23.0	23.0
Bushland[3]	Neighbourhood	QLD	Jun-16	7.1	7.1
				145.3	**145.8**

1. Cost excludes transaction costs.
2. Greenbank acquisition includes a call option for the Group to acquire ten hectares of adjacent development land for $10.0 million exercisable at any time within the 5 years from the date of the acquisition and the vendor has a put option which is exercisable in December 2020 if the call option is not exercised by that time).
3. Bushland includes a development under which the Group expects to pay a total of $25.1 million (including the $7.1 million paid to date excluding transaction costs) based on periodic payments until completion. Completion is expected in mid calendar year 2017.

After 30 June 2016 and up to the date of this report the Group also completed 3 property acquisitions for $85.3 million. Details of the 3 properties acquired include:

Property	Type	State	Settlement Date	Cost[1] $m
Belmont Central	Neighbourhood	NSW	Jul-16	28.5
Jimboomba Junction	Neighbourhood	QLD	Jul-16	27.5
Muswellbrook Fair	Neighbourhood	NSW	Jul-16	29.3
				85.3

1. Cost excludes transaction costs.

Additionally in early August 2016 the Group exchanged contracts to purchase Annandale Central, a neighbourhood centre in Queensland, for $33.5 million (excluding transaction costs). This is expected to settle in early 2017.

Furthermore the Group in December 2014 agreed to purchase Clemton Park (NSW) on completion of the development via a put/call option arrangement. Under this arrangement in December 2014 the Group paid $2.4 million for the option. On completion of the development of the property the Group will acquire it for $45.6 million being $48.0 million less the amount already paid of $2.4 million. The completion of the development is expected to be in mid calendar year 2017.

Investment properties – disposals

Funds management – During the year the Group established a funds management business comprising the management of SCA Unlisted Fund No 1 (SURF 1). The Group identified a number of shopping centre properties that it considers to be "non-core" because they are either freestanding stores or have only one or two specialty tenants. SURF 1 contains 5 of these non-core assets all located in New South Wales, being Woolworths Fairfield, Woolworths Griffith North, Dan Murphy's Burwood, Dan Murphy's Katoomba and Big W Inverell. The Group entered into a contract to sell these properties in June 2015 and settled on 1 October 2015 for $60.9 million. The Group has an interest of 24.4% in SURF 1. At 30 June 2015 these properties were classified for financial reporting purposes as held for sale.

New Zealand – On 10 June 2016 the Group announced it entered into a sale contract with Stride Property Group (NZX: STR) for the sale of SCP's New Zealand properties. Settlement of this transaction is scheduled to occur in two tranches. Tranche 1 settled on 12 July 2016 and comprised 6 properties for NZ$128.2 million. Tranche 2 comprises the remaining 8 properties for NZ$139.2 million and is expected to complete in late September 2016 subject to a put/call agreement. At 30 June 2016 these properties are classified for financial reporting purposes as a disposal group held for sale and a discontinued operation. The sale is consistent with the Group's strategy of divesting freestanding assets, as 9 of the 14 New Zealand centres are freestanding.

Revaluations

During the year a number of properties were independently valued including 14 investment properties as at 30 June 2016. All of the remaining investment properties were internally valued. The weighted average capitalisation rate as at 30 June 2016 was 7.07% (30 June 2015: 7.49%).

Australian property

The total value of Australian investment properties as at 30 June 2016 was $1,888.0 million (30 June 2015: $1,687.4 million plus an additional $60.9 million with respect to investment properties held for sale).

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

- The acquisition of the properties discussed above (Investment properties – acquisitions) less the properties sold as part of the establishment of the funds management business (refer above).
- Firming of the Australian portfolio capitalisation rate by 35bps to 7.13% (30 June 2015: 7.48%) which resulted in a $26.9 million favourable unrealised fair value movement (30 June 2015: $61.7 million).

New Zealand property

The total value of New Zealand investment properties as at 30 June 2016 was A$253.1 million (30 June 2015: A$208.0 million). The change in value of the New Zealand investment properties was due principally to:

- Favourable unrealised fair value movements of A$28.0 million (30 June 2015: A$6.2 million). This movement includes valuing the NZ investment properties at their expected net sale value (refer above). At 30 June 2016 these properties were classified for financial reporting purposes as a disposal group held for sale.
- Favourable unrealised exchange rate movements of $15.6 million (30 June 2015: unfavourable $9.0 million).

Summary

	30 Jun 2016		30 Jun 2015	
	Number	**$m**	Number	$m
Investment properties				
– Australia	**69**	**1,888.0**	63	1,687.4
– New Zealand[1,2]	**–**	**–**	14	208.0
Total net investment properties	**69**	**1,888.0**	77	1,895.4
Investment properties of disposal group[2]	**14**	**253.1**	–	–
Investment properties held for sale	**–**	**–**	5	60.9
Total investment property value	**83**	**2,141.1**	82	1,956.3

1. NZD converted to AUD for 30 June 2016 at AUD 1.00 = NZD 1.045 and NZD converted to AUD for 30 June 2015 at AUD 1.00 = NZD 1.122.
2. On 10 June 2016 the Group announced it entered into a sale contract with Stride Property Group (NZX: STR) for the sale of SCP's New Zealand properties. Consequently the New Zealand assets (including NZ$ cash) and liabilities (including NZ$ debt) have been treated as a disposal group with the total assets and total liabilities of the disposal group shown separately to the other assets and liabilities of the Group for 30 June 2016.

4. Operational and financial review

Operational review

The Group remains focused on:

- **Specialty tenant management**: this includes maximising specialty occupancy while ensuring that the retail shopping properties secure the right tenant for the right location in order to create a sustainable and long-term tenant mix to optimise the performance of the portfolio.
- **Property management:** this includes appropriate capital expenditure programs to maximise sales turnover and occupancy.
- **Portfolio management:** this includes the acquisition of suitable properties that will add to the Group's ability to provide a solid income base to support distributions including selective developments and refurbishments to provide an opportunity for greater growth of earnings together with consideration of divestments of properties that are not considered core.
- **Capital management:** investment returns are managed and where applicable maximised through prudent and disciplined capital management. This includes consideration of:
  - **Debt management:** Maintaining diversified debt maturity and sources of debt including appropriate management of exposure to changes in interest rates.
  - **Equity management:** Maintaining the ability to raise equity from retail and institutional investors.

Directors' Report
For the year ended 30 June 2016

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

	SCA Property Group		Retail Trust	
	30 Jun 2016	30 Jun 2015	**30 Jun 2016**	**30 Jun 2015**
Net profit after tax ($m) including disposal group[1]	**184.7**	150.5	**184.2**	150.5
Basic earnings per unit for net profit after tax including discontinued operation[1] (cents per unit)	**25.4**	22.9	**25.3**	22.9
Diluted earnings per unit for net profit after tax including discontinued operation[1] (cents per unit)	**25.3**	22.9	**25.2**	22.9
Distributable earnings ($m)	**100.1**	84.3	**99.6**	84.3
Distributions paid and payable to unitholders ($m)	**89.0**	78.1	**89.0**	78.1
Distributable earnings weighted for units on issue and issued during the year (cents per unit)	**13.75**	12.81	**13.68**	12.80
Distributions (cents per unit)	**12.20**	11.40	**12.20**	11.40
Net tangible assets ($ per unit)	**1.92**	1.77	**1.91**	1.76

1. On 10 June 2016 the Group announced it entered into a sale contract with Stride Property Group (NZX: STR) for the sale of SCP's New Zealand properties. Consequently the New Zealand assets (including NZ$ cash) and liabilities (including NZ$ debt) have been treated as a disposal group with the total assets and total liabilities of the disposal group shown separately to the other assets and liabilities of the Group for 30 June 2016.

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

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

Distributable Earnings: the basis upon which distributions are determined by the Directors having regard to the guidance in ASIC's RG 230 'Disclosing non IFRS financial information' (RG 230). A reconciliation between the statutory profit, Distributable Earnings and FFO is provided below. Distributable Earnings represents the Directors' view of underlying earnings from ongoing operating activities for the full year, being FFO adjusted for recurring cash items that are not otherwise included in FFO.

For the year ended 30 June 2016 adjustments have also been made for:

- **Investment properties – Whitsunday (insurance) –** In March 2016 the Whitsunday shopping centre was partially destroyed by fire. The Whitsunday shopping centre was revalued in June 2016 and based on its existing state and market conditions its valuation decreased by $13.4 million from $47.0 million at 30 June 2015 to $33.6 million at 30 June 2016. Management are working with the tenants and insurers to review options for the best use of the destroyed area. To date $5.0 million has been recovered from the insurers of which $0.3 million represents loss of income for the period to 30 June 2016. For financial reporting purposes the receipt of the $5.0 million is treated as part of statutory income. For distributable earnings, only that part which relates to the loss of income for the period to 30 June 2016 has been included.
- **New Zealand** – On 10 June 2016 the Group announced it entered into a sale contract with Stride Property Group (NZX: STR) for the sale of SCP's New Zealand properties. Settlement of this transaction is scheduled to occur in two tranches. Tranche 1 settled on 12 July 2016 and comprised 6 properties for NZ$128.2 million. Tranche 2 comprises the remaining 8 properties for NZ$139.2 million and is now unconditional and is expected to complete in late September 2016 through a put/call agreement. At 30 June 2016 these properties were classified for financial reporting purposes as a discontinued operation. As such the contribution to statutory profit of New Zealand is reported as a discontinued operation as a single line and the assets and liabilities of New Zealand are reported as a disposal group held for sale. Cash flow is unaffected. For distributable earnings the non cash profit of New Zealand (which relates to fair value and straight lining) is reversed.

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

	SCA Property Group		Retail Trust	
	30 Jun 2016 $m	30 Jun 2015 $m	**30 Jun 2016 $m**	30 Jun 2015 $m
Net profit after tax (statutory) including discontinued operation[1]	**184.7**	150.5	**184.2**	150.5
Adjustments for non cash items included in statutory profit				
Reverse: Straight-lining of rental income and amortisation of incentives	**(0.9)**	(4.4)	**(0.9)**	(4.4)
Reverse: Fair value unrealised adjustments				
– Investment properties	**(26.9)**	(61.7)	**(26.9)**	(61.7)
– Derivatives	**(31.2)**	(52.0)	**(31.2)**	(52.0)
– Share of net profit from associate (SURF 1)	**(0.6)**	–	**(0.6)**	–
– Foreign exchange	**7.5**	34.7	**7.5**	34.7
– Other financial assets (rental guarantee)	**–**	2.3	**–**	2.3
Other Adjustments				
Whitsunday Insurance funds				
– Reverse amount received included in statutory profit	**(5.0)**	–	**(5.0)**	–
– Add: insurance for loss of income	**0.3**	–	**0.3**	–
Less: unrealised discontinued operation included in statutory profit				
– Straight-lining of rental income and amortisation of incentives of discontinued operation	**(0.4)**	–	**(0.4)**	–
– Fair value unrealised adjustments investment properties of discontinued operation	**(28.0)**	(6.2)	**(28.0)**	(6.2)
Add: Debt restructure costs	**–**	16.8	**–**	16.8
Add: Distribution received / receivable from associate (SURF 1)	**0.5**	–	**0.5**	–
Add: Transaction costs	**0.1**	0.1	**0.1**	0.1
Funds from Operations	**100.1**	80.1	**99.6**	80.1
Other adjustments				
Rental guarantee less structural vacancy allowance	**–**	4.2	**–**	4.2
Distributable Earnings	**100.1**	84.3	**99.6**	84.3
Less: Maintenance capital expenditure	**(3.7)**	(1.0)	**(3.7)**	(1.0)
Less: Incentives (including fit-out incentives) and leasing costs provided	**(4.1)**	(9.6)	**(4.1)**	(9.6)
Adjusted Funds from Operations	**92.3**	73.7	**91.8**	73.7

1. On 10 June 2016 the Group announced it entered into a sale contract with Stride Property Group (NZX: STR) for the sale of SCP's New Zealand properties. Consequently the New Zealand contribution to net profit and loss has been shown as a disposal group and discontinued operation for 30 June 2016.

Distributable earnings for the year ended 30 June 2016 increased by $15.8 million to $100.1 million from $84.3 million at 30 June 2015 primarily due to:

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

5. Contributed equity

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

	SCA Property Group	Retail Trust
	30 Jun 2016	**30 Jun 2016**
	$m	**$m**
Opening balance as at 1 July 2015	**1,228.1**	**1,220.7**
Equity issued on 3 July 2015	**–**	**–**
Equity issued on 28 August 2015	**6.9**	**6.9**
Equity issued on 29 January 2016	**17.4**	**17.3**
Closing balance at 30 June 2016	**1,252.4**	**1,244.9**

Distribution Reinvestment Plan (DRP): The Group has a DRP under which unitholders may elect to have their distribution entitlements satisfied by the issue of new units at the time of the payment of the distribution rather than being paid in cash. The DRP was in place for the distribution declared in June 2015 (paid in August 2015) and the distribution declared in December 2015 (paid in January 2016). The DRP is currently suspended and as such does not apply to the distribution declared in June 2016 which is expected to be paid on 31 August 2016.

Equity issued during the year was as follows:

- **July 2015 – Executive security based compensation**: On 3 July 2015, the Group issued 100,000 units at nil consideration to the CEO for the vesting of Special Performance Rights awarded in 2013 pursuant to the Executive Incentive Plan. Under the terms of the Special Performance Rights no payment was received for these units.
- **August 2015 – Distribution Reinvestment Plan (DRP):** The DRP applied to the distribution declared on 18 June 2015 and paid on 28 August 2015. Under this DRP $6.9 million was raised from the issue of 3,278,549 units at a price of $2.09 each.
- **January 2016 – Distribution Reinvestment Plan (DRP):** The DRP applied to the distribution declared on 16 December 2015 and paid on 29 January 2016. Under this DRP $17.4 million was raised from the issue of 8,523,042 units at a price of $2.04 each which was partially underwritten.

6. Significant changes and developments during the year

Investment properties – acquisitions

During the year ended 30 June 2016, SCP completed the acquisition of 6 properties. Details of these acquisitions are above under the "Property Portfolio" section. After 30 June 2016 and up to the date of this report, the Group also completed 3 property acquisitions for $85.3 million and paid a deposit on a fourth property. Details of these properties are also above under the "Property Portfolio" section.

Additionally, in December 2014 the Group agreed to purchase Clemton Park (NSW) on completion of the development via a put and call option arrangement. Under this arrangement in December 2014 SCP paid $2.4 million for the option. On completion of the development of the property SCP will acquire it for $45.6 million being $48.0 million less the amount already paid of $2.4 million. The completion of the development is expected to be in mid calendar year 2017.

Investment properties – disposals

Funds management – During the year the Group established a funds management business comprising the management of SCA Unlisted Fund No 1 (SURF 1). The Group identified a number of shopping centre properties that it considered to be "non-core" as they were either freestanding stores or had only one or two specialty stores. SURF 1 contains 5 of these non-core assets all located in New South Wales, being Woolworths Fairfield, Woolworths Griffith North, Dan Murphy's Burwood, Dan Murphy's Katoomba and Big W Inverell. The Group entered into a contract to sell these properties in June 2015 and settled on 1 October 2015 for $60.9 million. At 30 June 2015 these properties were classified for financial reporting purposes as held for sale. The Group retains a 24.4% interest in SURF 1.

New Zealand – On 10 June 2016 the Group announced it entered into a sale contract with Stride Property Group (NZX: STR) for the sale of SCP's New Zealand properties. The sale is consistent with the Group's strategy of divesting freestanding assets, as 9 of the 14 New Zealand centres are freestanding. Settlement of this transaction is scheduled to occur in two tranches. Tranche 1 settled on 12 July 2016 and comprised 6 properties for NZ$128.2 million. Tranche 2 comprises the remaining 8 properties for NZ$139.2 million and is now unconditional and is expected to complete in late September 2016 through a put/call agreement. At 30 June 2016 these properties are classified for financial reporting purposes as a disposal group held for sale and a discontinued operation.

Investment properties – other

Masters – On 18 January 2016 Woolworths Limited (ASX: WOW) (Woolworths) announced that it intended to pursue an orderly prospective sale or wind-up of the business known as Masters Home Improvement (Masters). The Group has a lease to Masters, in Mt Gambier (South Australia). Mt Gambier comprises of a subregional centre together with a Masters. The annual gross income from Masters is $1.7 million and the lease expires in May 2035. The site occupied by Masters in Mt Gambier was internally valued in June 2016 for $20.2 million on the basis of the existing lease remaining in place. As at the date of this report the Group has not received any further update from Woolworths.

Whitsunday – In March 2016 the Whitsunday shopping centre was partially destroyed by fire. The Whitsunday shopping centre was revalued in June 2016 and based on its existing state and market conditions its valuation decreased by $13.4 million. We are working with our tenants and insurers to review options for the restatement of the destroyed area. To date $5.0 million has been recovered from the insurers of which $0.3 million represents loss of income for the period to 30 June 2016. Discussions are ongoing regarding a claim by the Group from the insurers for an additional amount.

Capital management – debt

A$ medium term notes (A$ MTN)

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

During July 2016 the Group issued another tranche of medium term notes with an aggregate face value of $50.0 million for consideration of $50.6 million (including a premium of $0.6 million). These notes were issued under the same terms as the original notes (with a coupon of 3.75% and expiry of April 2021); the issue price was at a premium such that the effective interest rate is 3.50%.

Interest rate swaps

During the year the Group entered into two additional Australian swaps totalling $150.0 million and extended the maturity of an existing swap with a face value of $175.0 million from April 2018 to August 2020 at no cost.

In June 2016 the Group also terminated its remaining NZ$43.75 million interest rate swap for a cost of $0.7 million. This was following the announcement that the Group had entered into a sale contract with Stride Property Group (NZX: STR) for the sale of SCP's New Zealand properties. The cost of terminating the NZ$ swap was included in the costs of disposal of the disposal group held for sale.

As at 30 June 2016 68.4% of the Group's debt was hedged or fixed (30 June 2015: 65.0%).

Movements in the market value of the interest rate swaps are included in the Group's profit and loss through changes in fair value.

Gearing

The Group manages its debt by reference to its gearing ratio. Its gearing ratio is determined by:

- Finance debt, where the US$ denominated debt is recorded as the A$ amount received and economically hedged in A$, net of cash, divided by,
- Total tangible assets net of cash and derivatives.

The US$ denominated debt has been fully economically hedged. For this purpose the US$ denominated debt of US$150.0 million is recognised at its economically hedged value of A$159.8 million. This also results in management gearing being based on a constant currency basis. Movements in the market value of the cross currency interest rate swaps are included in the Group's profit and loss through changes in fair value.

The value of the US$ denominated debt of US$150.0 million converted at the prevailing spot rate at 30 June 2016 of 0.7425 was A$202.0 million (30 June 2015: 0.7712 and A$194.5 million respectively). The difference of $7.5 million (being the difference between the prevailing value using the spot rate at 30 June 2016 and 30 June 2015 respectively) has been treated as an unrealised foreign exchange loss in the current period.

The Group maintains a prudent approach to managing the balance sheet with gearing of 34.0% as at 30 June 2016 (30 June 2015: 33.3%). The Group's target gearing range is within 30% to 40% with a preference to be around 35%.

Facility limit and undrawn facilities

During the year the Group cancelled one bilateral facility and increased the facility limit of another bilateral facility such that the total bilateral facility limit has increased by $25.0 million to $445.0 million (30 June 2015: $420.0 million). With respect to several other bilateral facilities the Group also agreed to an extension of maturities and lower margins.

As at 30 June 2016 the US note and A$ MTN lenders facilities are fully drawn. The total undrawn bilateral debt and cash available to the Group at 30 June 2016 was $93.2 million (30 June 2015: $150.4 million).

The average debt maturity at 30 June 2016 was 5.7 years (30 June 2015: 6.3 years).

7. Major business risk profile

Risk	Description	Mitigation
Anchor tenant concentration	A decline in credit quality of anchor tenants; change in anchor tenants' network plans e.g. store closures, rate of new store rollouts; and/or reduction in anchor tenant sales growth may lead to decrease in earnings stability.	Actively manage concentration risk within the portfolio with a targeted acquisition and divestment program. Adapt to changing market dynamics with a directed asset refurbishment and redevelopment plan.
Speciality leasing	Negative impact on rental income from increase in lease vacancies, defaults or non-renewals.	Maintain strong tenant weighting to non-discretionary retail segment. Actively manage portfolio by maintaining specialty vacancy at normalised level, remixing tenancies to higher quality tenants, ensure diversification of tenant mix and building annual rental increases into leases in order to increase specialty tenant rental income per square metre.
Capital and value management	Lack of availability of capital or debt to fund acquisitions, inability to refinance debt and/or material increase in costs associated with debt funding may negatively impact on financial performance. Decrease in property valuations may impact on financing covenants.	The availability of capital for acquisitions and refinancing is managed by: a conservative gearing policy; diversification of funding sources; maintaining and building new equity relationships; the development of key banking relationships; staggering of debt maturities across multiple years; actively managing debt maturities to ensure debt maturities can be funded. Interest rate exposures are managed via the Group's hedging policy and strategy. Risk of breaching financing covenants is managed via a conservative valuation policy and active participation in and monitoring of the market.
Poor performing acquisitions	Acquisitions to grow portfolio do not fit with core strategy and/or are not value accretive.	A highly experienced management team ensures that acquisitions of new retail centres fit with core business strategy and are value accretive. The Board's Investment Committee oversees the rigorous due diligence and valuation process which is undertaken for each proposed acquisition.

8. Business strategies and prospects for future financial years

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

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

- Maximising the net operating income from its existing properties. This will include increasing the average rent per square metre from specialty tenants over time.
- Pursuing selected property refurbishment, development and acquisition opportunities, consistent with its core strategy.
- Diversifying and developing other sustainable income streams such as from funds management. The first managed fund (SCA Unlisted Retail Fund 1) commenced on 1 October 2015.
- Maintaining an appropriate capital structure to balance cost of capital and risk profile.

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

9. 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.

10. Indemnification and insurance of Directors, Officers and Auditor

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

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

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

11. 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 81.

12. 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 32 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 32 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.

13. Subsequent events

New Zealand – disposal

On 10 June 2016 the Group announced it entered into a sale contract with Stride Property Group (NZX: STR) for the sale of SCP's New Zealand properties. The sale is consistent with the Group's strategy of divesting freestanding assets, as 9 of the 14 New Zealand centres are freestanding. Settlement of this transaction is scheduled to occur in two tranches. Tranche 1 settled on 12 July 2016 and comprised 6 properties for NZ$128.2 million. The majority of the proceeds of Tranche 1 were remitted to Australia at an effective exchange rate of NZ$1.04. The majority of these funds were used to assist with the funding of the post 30 June 2016 acquisitions (refer below).

Tranche 2 comprises the remaining 8 properties for NZ$139.2 million and is now unconditional and is expected to complete in late September 2016 through a put/call arrangement. The majority of the proceeds of Tranche 2 are expected to be used to repay NZ$ denominated debt.

At 30 June 2016 all of the New Zealand properties are classified for financial reporting purposes as a disposal group held for sale and a discontinued operation. For financial reporting purposes it is a requirement that the liabilities and equity of a disposal group classified as held for sale are presented separately from other liabilities and equity respectively in the balance sheet and the results of discontinued operation are presented separately on the face of the income statement.

Medium term notes

During July 2016 the Group issued another A$50.0 million medium term notes with an aggregate face value of $50.0 million. These notes were issued under the same terms as the original notes (with a coupon of 3.75% and expiry of April 2021) however the issue price was at a premium such that the effective interest rate is 3.50%p.a.

Post 30 June 2016 acquisitions

After 30 June 2016 and up to the date of this report the Group also completed 3 property acquisitions for $85.3 million. Details of the 3 properties acquired include:

Property	Type	State	Settlement Date	Cost[1] $m
Belmont Central	Neighbourhood	NSW	Jul-16	28.5
Jimboomba Junction	Neighbourhood	QLD	Jul-16	27.5
Muswellbrook Fair	Neighbourhood	NSW	Jul-16	29.3
				85.3

1. Cost excludes transaction costs.

Additionally in early August 2016 the Group exchanged contracts to purchase Annandale Central, a neighbourhood centre in Queensland, for $33.5 million (excluding transaction costs). This is expected to settle in early 2017.

Directors' Report
For the year ended 30 June 2016

Woolworths
On 25 July 2016 Woolworths announced an 'Update on Operating Model Review'. This announcement included that Woolworths Limited intended to close 17 Woolworths Supermarkets in Australia (out of 960 (in Australia and New Zealand)) and 5 Big W stores (out of 186) and that there are an additional 15 Woolworths Supermarkets in and 18 Big W stores in Australia which are not trading satisfactorily. Management understands that none of the Woolworths Supermarkets or Big W stores owned or managed by the Group are on the list for intended closure.

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

14. Rounding of amounts

In accordance with Legislative Instrument 2016/191 issued by the Australian Securities and Investments Commission relating to the rounding off of amounts in the financial statements amounts in the financial statements have been rounded to the nearest hundred thousand dollars in accordance with that Legislative Instrument, unless otherwise indicated.

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

Philip Marcus Clark AM
Chair
Sydney
15 August 2016

Auditor's Independence Declaration

Deloitte.

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

15 August 2016

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 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

DELOITTE TOUCHE TOHMATSU
DELOITTE TOUCHE TOHMATSU

AG Collinson
Partner
Chartered Accountants

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

Consolidated Statements of Profit or Loss

For the year ended 30 June 2016

	Notes	SCA Property Group		Retail Trust	
		30 Jun 2016 $m	30 Jun 2015 $m	**30 Jun 2016 $m**	30 Jun 2015 $m
Continuing operations					
Revenue					
Rental income		**180.7**	156.4	**180.7**	156.4
Other income		**–**	0.5	**–**	0.5
Fund management revenue		**1.2**	–	**–**	–
Insurance income	5	**5.0**	–	**5.0**	–
		186.9	156.9	**185.7**	156.9
Expenses					
Property expenses		**(56.0)**	(46.3)	**(56.0)**	(46.3)
Corporate costs		**(9.9)**	(9.2)	**(9.6)**	(9.2)
		121.0	101.4	**120.1**	101.4
Unrealised gain/(loss) including change in fair value through profit or loss					
– Investment properties	13	**26.9**	61.7	**26.9**	61.7
– Derivatives		**31.2**	52.1	**31.2**	52.1
– Financial assets		**–**	(2.3)	**–**	(2.3)
– Foreign exchange		**(7.5)**	(34.7)	**(7.5)**	(34.7)
– Share of net profit from associate	30	**0.6**	–	**0.6**	–
Transaction costs	6	**(0.1)**	(0.1)	**(0.1)**	(0.1)
Earnings before interest and tax (EBIT)		**172.1**	178.1	**171.2**	178.1
Interest income		**0.2**	0.3	**0.2**	0.3
Finance costs	7	**(22.7)**	(40.1)	**(22.7)**	(40.1)
Net profit before tax		**149.6**	138.3	**148.7**	138.3
Tax	8	**(0.4)**	(0.1)	**–**	(0.1)
Net profit after tax from continuing operations		**149.2**	138.2	**148.7**	138.2
Discontinued operations					
Net profit after tax from discontinued operation	9	**35.5**	12.3	**35.5**	12.3
Net profit after tax		**184.7**	150.5	**184.2**	150.5
Net profit after tax attributable to unitholders of:					
SCA Property Management Trust		**0.5**	–		
SCA Property Retail Trust (non-controlling interest)		**184.2**	150.5		
		184.7	150.5		

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

Consolidated Statements of Profit or Loss

For the year ended 30 June 2016

	Notes	SCA Property Group		Retail Trust	
		30 Jun 2016 Cents	30 Jun 2015 Cents	**30 Jun 2016 Cents**	30 Jun 2015 Cents
Distributions per stapled unit					
Distributions per unit	3	**12.2**	11.4	**12.2**	11.4
Basic earnings per stapled unit	4				
Continuing operations		**20.5**	21.0	**20.4**	21.0
Discontinued operation		**4.9**	1.9	**4.9**	1.9
Continuing and discontinuing		**25.4**	22.9	**25.3**	22.9
Diluted earnings per stapled unit	4				
Continuing operations		**20.4**	21.0	**20.3**	21.0
Discontinued operation		**4.9**	1.9	**4.9**	1.9
Continuing and discontinuing		**25.3**	22.9	**25.2**	22.9
Basic earnings per unit of each Trust	4				
SCA Property Management Trust		**0.1**	–		
SCA Property Retail Trust					
Continuing operations		**20.4**	21.0		
Discontinued operation		**4.9**	1.9		
Continuing and discontinuing		**25.3**	22.9		
Diluted earnings per unit of each Trust	4				
SCA Property Management Trust		**0.1**	–		
SCA Property Retail Trust					
Continuing operations		**20.3**	21.0		
Discontinued operation		**4.9**	1.9		
Continuing and discontinuing		**25.2**	22.9		

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

Consolidated Statements of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2016

	Notes	SCA Property Group		Retail Trust	
		30 Jun 2016 $m	30 Jun 2015 $m	**30 Jun 2016 $m**	30 Jun 2015 $m
Net profit after tax for the year		**184.7**	150.5	**184.2**	150.5
Other comprehensive income					
Items that may be classified subsequently to profit or loss					
Movement in foreign currency translation reserves:					
Net exchange differences on translation of foreign operations	17	**11.5**	(7.2)	**11.5**	(7.2)
Cash flow hedges:					
Effective portion of changes in fair value of cash flow hedges	17	**–**	1.0	–	1.0
Total comprehensive income		**196.2**	144.3	**195.7**	144.3
Total comprehensive profit for the period attributable to unitholders of:					
SCA Property Management Trust		**0.5**	–		
SCA Property Retail Trust (non-controlling interest)		**195.7**	144.3		
Total comprehensive income		**196.2**	144.3		

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

Consolidated Balance Sheets

As at 30 June 2016

		SCA Property Group		Retail Trust	
	Notes	**30 Jun 2016 $m**	30 Jun 2015 $m	**30 Jun 2016 $m**	30 Jun 2015 $m
Current assets					
Cash and cash equivalents	31	**3.8**	3.7	**2.4**	2.1
Receivables	10	**13.3**	8.0	**13.2**	7.9
Derivative financial instruments	11	**3.3**	3.2	**3.3**	3.2
Other assets	29	**5.7**	0.6	**5.5**	0.4
		26.1	15.5	**24.4**	13.6
Assets classified as held for sale	12	**–**	60.9	**–**	60.9
Assets of disposal group held for sale	9	**254.0**	–	**254.0**	–
Total current assets		**280.1**	76.4	**278.4**	74.5
Non-current assets					
Investment properties	13	**1,888.0**	1,895.4	**1,888.0**	1,895.4
Derivative financial instruments	11	**82.5**	46.7	**82.5**	46.7
Property, plant and equipment		**–**	0.1	**–**	–
Investment in associate	30	**8.1**	–	**8.1**	–
Other assets	29	**–**	2.4	**–**	2.4
Total non-current assets		**1,978.6**	1,944.6	**1,978.6**	1,944.5
Total assets		**2,258.7**	2,021.0	**2,257.0**	2,019.0
Current liabilities					
Payables	14	**23.0**	20.9	**29.2**	25.5
Distribution payable	3	**45.5**	41.8	**45.5**	41.8
Derivative financial instruments	11	**1.2**	0.1	**1.2**	0.1
Provisions		**1.5**	1.1	**–**	–
Liabilities of disposal group held for sale	9	**140.2**	–	**140.2**	–
Total current liabilities		**211.4**	63.9	**216.1**	67.4
Non-current liabilities					
Derivative financial instruments	11	**3.5**	0.1	**3.5**	0.1
Interest bearing liabilities	15	**634.7**	680.1	**634.7**	680.1
Provisions		**0.2**	0.1	**–**	0.1
Total non-current liabilities		**638.4**	680.3	**638.2**	680.3
Total liabilities		**849.8**	744.2	**854.3**	747.7
Net assets		**1,408.9**	1,276.8	**1,402.7**	1,271.3

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

Consolidated Balance Sheets

As at 30 June 2016

	Notes	30 Jun 2016 $m	30 Jun 2015 $m
Equity			
Equity Holders of Management Trust			
Contributed equity	16	**7.4**	**7.3**
Accumulated profit/ (loss)	18	**(1.2)**	(1.7)
Parent entity interest		**6.2**	5.6
Equity Holders of Retail Trust			
Contributed equity	16	**1,216.6**	1,192.4
Reserves	17	**17.0**	4.9
Accumulated profit/ (loss)	18	**169.1**	74.0
Non-controlling interest		**1,402.7**	1,271.3
Equity Holders of Management Trust		**6.2**	5.6
Equity Holders of Retail Trust		**1,402.7**	1,271.3
Total equity		**1,408.9**	1,276.8

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

Consolidated Statements of Changes in Equity

For the year ended 30 June 2016

		SCA Property Group				
	Notes	Contributed equity[1] $m	Accumulated profit/(loss) $m	Attributable to owners of parent $m	Non-controlling interests $m	Total $m
Balance at 1 July 2015		**7.3**	**(1.7)**	**5.6**	**1,271.2**	**1,276.8**
Net profit after tax		**–**	**0.5**	**0.5**	**184.2**	**184.7**
Other comprehensive income for the period, net of tax		**–**	**–**	**–**	**11.5**	**11.5**
Total comprehensive income		**–**	**0.5**	**0.5**	**195.7**	**196.2**
Transactions with unitholders in their capacity as equity holders:						
– Employee share based payments	17	**–**	**–**	**–**	**0.7**	**0.7**
– Equity issued	16	**0.1**	**–**	**0.1**	**24.2**	**24.3**
– Distributions paid and payable	3	**–**	**–**	**–**	**(89.0)**	**(89.0)**
		0.1	**–**	**0.1**	**(64.1)**	**(64.0)**
Balance at 30 June 2016		**7.4**	**(1.2)**	**6.2**	**1,402.9**	**1,408.9**
Balance at 1 July 2014		6.4	(1.7)	4.7	1,060.9	1,065.6
Net profit after tax for the period		–	–	–	150.5	150.5
Other comprehensive income for the period, net of tax		–	–	–	(6.2)	(6.2)
Total comprehensive income for the period		–	–	–	144.3	144.3
Transactions with unitholders in their capacity as equity holders:						
– Employee share based payments	17	–	–	–	0.8	0.8
– Equity issued	16	0.9	–	0.9	143.4	144.3
– Distributions payable	3	–	–	–	(78.1)	(78.1)
		0.9	–	0.9	66.1	67.0
Balance at 30 June 2015		7.3	(1.7)	5.6	1,271.2	1,276.8

1. Contributed equity is net of equity issue costs.

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

Consolidated Statements of Changes in Equity

For the year ended 30 June 2016

		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 2015		**1,192.4**	**–**	**3.8**	**1.1**	**74.0**	**1,271.3**
Net profit after tax		**–**	**–**	**–**	**–**	**184.2**	**184.2**
Other comprehensive income for the period, net of tax		**–**	**–**	**11.5**	**–**	**–**	**11.5**
Total comprehensive income/ (loss)		**–**	**–**	**11.5**	**–**	**184.2**	**195.7**
Transactions with unitholders in their capacity as equity holders:							
– Employee share based payments	17	**–**	**–**	**–**	**0.6**	**–**	**0.6**
– Equity issued	16	**24.2**	**–**	**–**	**–**	**–**	**24.2**
– Distributions paid and payable	3	**–**	**–**	**–**	**–**	**(89.0)**	**(89.0)**
		24.2	**–**	**–**	**0.6**	**(89.0)**	**(64.2)**
Balance at 30 June 2016		**1,216.6**	**–**	**15.3**	**1.7**	**169.1**	**1,402.7**
Balance at 1 July 2014		1,049.0	(1.0)	11.0	0.3	1.6	1,060.9
Net profit/ (loss) after tax for the period		–	–	–	–	150.5	150.5
Other comprehensive income for the period, net of tax		–	1.0	(7.2)	–	–	(6.2)
Total comprehensive income/ (loss) for the period		–	1.0	(7.2)	–	150.5	144.3
Transactions with unitholders in their capacity as equity holders:							
– Employee share based payments	17	–	–	–	0.8	–	0.8
– Equity issued	16	143.4	–	–	–	–	143.4
– Distributions payable	3	–	–	–	–	(78.1)	(78.1)
		143.4	–	–	0.8	(78.1)	66.1
Balance at 30 June 2015		1,192.4	–	3.8	1.1	74.0	1,271.3

1. Contributed equity is net of equity raising costs.

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

Consolidated Statements of Cash Flows

For the year ended 30 June 2016

Continuing and discontinued operation		**SCA Property Group**		**Retail Trust**	
	Notes	**30 Jun 2016 $m**	30 Jun 2015 $m	**30 Jun 2016 $m**	30 Jun 2015 $m
Cash flows from operating activities					
Property and other income received (inclusive of GST)		**215.7**	188.5	**214.4**	188.5
Insurance Proceeds		**5.0**	–	**5.0**	–
Property expenses paid (inclusive of GST)		**(60.0)**	(50.9)	**(60.0)**	(50.9)
Corporate costs paid (inclusive of GST)		**(12.8)**	(10.6)	**(11.4)**	(10.8)
Rental guarantee income received		**–**	10.5	**–**	10.5
Interest received		**0.2**	0.3	**0.2**	0.3
Finance costs paid		**(29.8)**	(41.5)	**(29.8)**	(41.5)
Transaction costs paid		**(0.1)**	(0.1)	**(0.1)**	(0.1)
Taxes paid including GST		**(15.9)**	(14.5)	**(15.7)**	(14.5)
Net cash flow from operating activities	19	**102.3**	81.7	**102.6**	81.5
Cash flows from investing activities					
Payments for investment properties purchased and capital expenditure		**(172.3)**	(275.8)	**(172.3)**	(275.8)
Net proceeds from investment properties sold		**60.9**	16.2	**60.9**	16.2
Payments for plant and equipment		**–**	–	**–**	–
Loans to/(from) stapled equity		**–**	–	**–**	–
Distribution received from associate		**0.3**	–	**0.3**	–
Investments in associates		**(8.0)**	–	**(8.0)**	–
Net cash flow from investing activities		**(119.1)**	(259.6)	**(119.1)**	(259.6)
Cash flow from financing activities					
Proceeds from equity raising		**24.3**	146.2	**24.2**	145.3
Cost associated with equity raisings		**–**	(1.9)	**–**	(1.9)
Net proceeds from borrowings		**93.2**	406.3	**93.2**	406.3
Repayment of borrowings		**(15.0)**	(297.3)	**(15.0)**	(297.3)
Distributions paid		**(85.3)**	(72.6)	**(85.3)**	(72.6)
Net cash flow from financing activities		**17.2**	180.7	**17.1**	179.8
Net (decrease) / increase in cash and cash equivalents held		**0.4**	2.8	**0.6**	1.7
Cash and cash equivalents at the beginning of the year		**3.7**	0.9	**2.1**	0.4
Effects of exchange rate changes on cash and cash equivalents		**–**	–	**–**	–
Cash and cash equivalents at the end of the year		**4.1**	3.7	**2.7**	2.1

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

1. Corporate information

Shopping Centres Australasia Property Group (the Group) comprises the stapling of the units in two Australian managed investment schemes, Shopping Centres Australasia Property Management Trust (Management Trust) (ARSN 160 612 626) and Shopping Centres Australasia Property Retail Trust (Retail Trust) (ARSN 160 612 788) (collectively the Trusts).

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

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

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

The Directors of the Responsible Entity have authorised the Financial Report for issue on 15 August 2016.

2. Significant accounting policies

(a) Basis of preparation

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

These Financial Statements are combined financial statements and accompanying notes of both Shopping Centres Australasia Property Group and the Shopping Centres Australasia Property Retail Trust Group.

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

Historical cost convention

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

Going concern

These consolidated financial statements are prepared on the going concern basis. In preparing these consolidated financial statements the Directors note that the Group and Retail Trust are in a net current asset deficiency position (excluding the assets classified as a disposal group held for sale (refer note 9)), 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 2016 the Group and Retail Trust have the ability to drawdown funds to pay the distribution of $45.5 million on or about 31 August 2016, having available headroom on the Group's facilities of $93.2 million. Additionally since 30 June 2016 the Group also obtained additional funding by receiving NZ$128.2 million from the sale of New Zealand (refer note 9) and the Group expects to receive an additional amount of NZ$139.2 million in late September 2016 (refer note 9). Furthermore the Group in July 2016 increased the amount drawn under the Medium Term Note from $175.0 million to $225.0 million (refer note 15). The Group has also since 30 June 2016 completed a number of acquisitions of properties for $85.3 million (excluding transaction costs) (refer note 33).

Rounding

In accordance with Legislative Instrument 2016/191 issued by the Australian Securities and Investments Commission relating to the rounding off of amounts in the financial statements amounts in the financial statements have been rounded to the nearest hundred thousand dollars in accordance with that Legislative Instrument, unless otherwise indicated.

i. Statement of compliance

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

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

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

ii. New and amended accounting standards and interpretations

In the current year, the Group has applied amendments to AASBs issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2015, and therefore relevant for the current year end. These amendments are below. The application of these amendments does not have any material impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	The amendment completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn.

Application of new and revised Accounting Standards not yet effective
At the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not yet effective are listed below. The potential impact of these Standards and Interpretations has not yet been fully determined. The Group does not intend to adopt any of these announcements before their effective dates.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers', AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15', AASB 2015-8 'Amendments to Australian Accounting Standards – Effective date of AASB 15'	1 January 2018	30 June 2019
AASB 16 'Leases'	1 January 2019	30 June 2020
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	30 June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017

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

(b) Basis of consolidation

The consolidated Financial Statements of Shopping Centres Australasia Property Group incorporate the assets and liabilities of Shopping Centres Australasia Property Management Trust (the Parent) and all of its subsidiaries, including Shopping Centres Australasia Property Retail Trust and its subsidiaries. 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.

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.

Investments in associates
Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for in the consolidated balance sheet by using the equity method of accounting after initially being recognised at cost. Under the equity accounted method, the Group's share of the associates' post acquisition net profit after income tax expense is recognised in the consolidated statement of comprehensive income. Distributions received or receivable from associates are recognised in the consolidated financial report as a reduction of the carrying amount of the investment.

(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. For conditional exchanges, sales are recognised when the conditions are satisfied.

All other revenues are recognised on an accruals basis.

(d) Expenses
Expenses are brought to account on an accruals basis.

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

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

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

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

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

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

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

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

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

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

(h) Discontinued operation and disposal group held for sale
The Group has classified the New Zealand business as a discontinued operation. A discontinued operation represents a separate major line of business, or geographical area of operations, which is a component of the entity that has been disposed of or is classified as held for sale. There must also be a co-ordinated plan to dispose of this line of business or operation. The results of discontinued operation are presented separately on the face of the income statement.

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

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities and equity of a disposal group classified as held for sale are presented separately from other liabilities and equity respectively in the balance sheet.

Details of discontinued operation and disposal group are given at note 9.

(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) Investment properties

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

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

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

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

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

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

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

(m) 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.

(n) 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.

(o) 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).

(p) Employee benefits

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

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

(q) 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.

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

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

Derivative financial instruments are recognised initially at cost and remeasured at fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group does not designate any derivative financial instrument as hedging instruments.

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

Changes in fair value of derivatives is recognised in the profit and loss.

(s) 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.

(t) 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.

(u) 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.

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

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

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

Judgement – Classification and carrying value of investments
The SCA Property Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Critical judgements are made in assessing whether an investee entity is controlled or subject to significant influence or joint control. These judgements include an assessment of the nature, extent and financial effects of the Group's interest in joint arrangements and associates, including the nature and effects of its contractual relationship with the entity or with other investors. Associates are entities over which the Group has significant influence but not control.

Judgement – Disposal group held for sale
On 10 June 2016 the Group announced it entered into a sale contract with Stride Property Group (NZX: STR) for the sale of SCP's New Zealand properties. Settlement of this transaction is scheduled to occur in two tranches. Tranche 1 settled on 12 July 2016 and comprised 6 properties for NZ$128.2 million. Tranche 2 comprises the remaining 8 properties for NZ$139.2 million and is expected to complete in late September 2016 subject to a put and call agreement.

At 30 June 2016 the assets and liabilities associated with these properties have been classified as a disposal group held for sale and as a discontinued operation. In order to meet the criteria for being classified as a disposal group held for sale the Directors have concluded that the disposal group is available for immediate sale in its present conditions subject only to terms that are usual and customary for sale of such disposal group and that given the contractual sale was in place at 30 June 2016 and Tranche 1 settled on 12 July 2016 the Directors also formed the view that the sale was highly probable.

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 13.

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 13.

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 28. The value of derivatives may differ in future reporting periods due to the passing of time and / or changes in market rates including interest rates, foreign exchange rates and market volatility.

3. Distributions paid and payable

	Cents per unit	Total amount $m	Date of payment or expected date of payment
2016			
SCA Property Group			
Interim distribution[1]	**6.0**	**43.5**	29 January 2016
Final distribution[2]	**6.2**	**45.5**	31 August 2016
	12.2	**89.0**	
Retail Trust			
Interim distribution	**6.0**	**43.5**	29 January 2016
Final distribution	**6.2**	**45.5**	31 August 2016
	12.2	**89.0**	
2015			
SCA Property Group			
Interim distribution	5.6	36.3	30 January 2015
Final distribution	5.8	41.8	28 August 2015
	11.4	78.1	
Retail Trust			
Interim distribution	5.6	36.3	30 January 2015
Final distribution	5.8	41.8	28 August 2015
	11.4	78.1	

1. The interim distribution of 6.0 cents per stapled unit was declared on 16 December 2015 and was paid on 29 January 2016.
2. The 2016 final distribution of 6.2 cents per stapled unit was declared on 15 June 2016 and is expected to be paid on or about 31 August 2016. 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 DRP in place which was activated on 5 November 2014 for distributions paid after 14 November 2014. The DRP was not available for any of the distributions declared or paid prior to 14 November 2014. The first distribution that the DRP applied to was the distribution paid on 30 January 2015. The DRP was also applied to the distributions paid on 28 August 2015 and 29 January 2016.

The DRP issue price was determined at a discount of 1.0% to the arithmetic average of the daily volume weighted average market price of units traded on the ASX during the 10 business days commencing on the business day after the record date. The equity raised through the DRP on 28 August 2015 was $6.9 million by the issue of 3,278,549 units at a price of $2.09. The equity raised through the DRP on 29 January 2016 was $17.4 million by the issue of 8,523,042 units at a price of $2.04.

The DRP was suspended for the distribution declared in June 2016 and payable in August 2016.

4. Earnings per unit

	SCA Property Group		Retail Trust	
	30 Jun 2016	30 Jun 2015	**30 Jun 2016**	30 Jun 2015
Per stapled unit				
– Profit from continuing operations	**149.2**	138.2	**148.7**	138.2
– Profit from discontinued operation	**35.5**	12.3	**35.5**	12.3
Net profit after tax for the period ($ million)	**184.7**	150.5	**184.2**	150.5
Weighted average number of securities used as the denominator in calculating basic earnings per security below	**727,933,192**	658,019,274	**727,933,192**	658,019,274
Basic earnings per unit for net profit after tax (cents per unit)				
– Continuing operations	**20.5**	21.0	**20.4**	21.0
– Discontinued operation	**4.9**	1.9	**4.9**	1.9
– Continuing and discontinued earnings per security	**25.4**	22.9	**25.3**	22.9
Weighted average number of securities used as the denominator in calculating diluted earnings per security below	**730,769,785**	659,574,888	**730,769,785**	659,574,888
Diluted earnings per unit for net profit after tax (cents)				
– Continuing operations	**20.4**	21.0	**20.3**	21.0
– Discontinued operation	**4.9**	1.9	**4.9**	1.9
– Continuing and discontinued earnings per security	**25.3**	22.9	**25.2**	22.9

Per unit of SCA Property Management Trust

	30 Jun 2016	30 Jun 2015
Net profit after tax for the period ($ million)	**0.5**	–
Weighted average number of securities used as the denominator in calculating basic earnings per security below	**727,933,192**	658,019,274
Weighted average number of securities used as the denominator in calculating diluted earnings per security below	**730,769,785**	659,574,888
Basic earnings per unit for net profit after tax (cents)	**0.1**	–
Diluted earnings per unit for net profit after tax (cents)	**0.1**	–

5. Insurance income

	SCA Property Group		Retail Trust	
	30 Jun 2016 $m	30 Jun 2015 $m	**30 Jun 2016 $m**	30 Jun 2015 $m
Insurance income	**5.0**	–	**5.0**	–

In March 2016 the Whitsunday shopping centre was partially destroyed by fire. Management are working with our tenants and insurers to review options for the restatement of the destroyed area. To date $5.0 million has been recovered from the insurers. Discussions are ongoing regarding a claim by the Group from the insurers for an additional amount. To date no additional amount has been received and no agreement has been reached on the final likely accepted claim amount.

6. Transaction costs

	SCA Property Group		Retail Trust	
	30 Jun 2016 $m	30 Jun 2015 $m	**30 Jun 2016 $m**	30 Jun 2015 $m
Advisers and consultants fees	**0.1**	0.1	**0.1**	0.1

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

7. Finance costs

	SCA Property Group		Retail Trust	
	30 Jun 2016 $m	30 Jun 2015 $m	**30 Jun 2016 $m**	30 Jun 2015 $m
Interest expense	**22.7**	29.9	**22.7**	29.9
Swap termination	**–**	14.6	**–**	14.6
Other	**–**	2.2	**–**	2.2
	22.7	46.7	**22.7**	46.7

Swap termination costs in relation to the year ended 30 June 2015 relate to the restructuring of the interest rate swap book by terminating existing swaps following the A$ medium term fixed rate note issue during the year ended 30 June 2016 (30 June 2015: nil). Refer note 15.

Other finance costs for the year ended 30 June 2015 consists of expensing of non-cash upfront fees on termination of bilateral facilities following the receipt of funds from the US Notes (30 June 2016: nil). Refer note 15.

8. Taxation

	SCA Property Group		Retail Trust	
	30 Jun 2016 $m	30 Jun 2015 $m	**30 Jun 2016 $m**	30 Jun 2015 $m
Profit before income tax – continuing operations	**149.6**	138.3	**148.7**	138.3
Profit before income tax – discontinued operation	**37.6**	14.5	**37.6**	14.5
	187.2	152.8	**186.3**	152.8
Prima facie tax (expense) at 30%	**(56.2)**	(45.8)	**(55.8)**	(45.8)
Tax effect of income that are not assessable/ deductible in determining taxable profit	**53.5**	43.3	**53.5**	43.3
Tax effect of difference between Australian and foreign tax rates	**0.2**	0.2	**0.2**	0.2
	(2.5)	(2.3)	**(2.1)**	(2.3)
Tax expense is attributable to:				
Profit from continuing operations	**(0.4)**	(0.1)	**–**	(0.1)
Profit from discontinued operation	**(2.1)**	(2.2)	**(2.1)**	(2.2)
	(2.5)	(2.3)	**(2.1)**	(2.3)

9. Discontinued operation and disposal group held for sale

On 10 June 2016 the Group announced it entered into a sale contract with Stride Property Group (NZX: STR) for the sale of SCP's New Zealand properties. Settlement of this transaction is scheduled to occur in two tranches. Tranche 1 settled on 12 July 2016 and comprised 6 properties for NZ$128.2 million. Tranche 2 comprises the remaining 8 properties for NZ$139.2 million and is expected to complete in late September 2016 through a put/call agreement. At 30 June 2016 these properties are classified for financial reporting purposes as a disposal group held for sale (balance sheet) and a discontinued operation (profit and loss). The comparative profit and loss figures have been restated.

(a) Financial performance

The financial performance of the component of the Group classified as a discontinued operation at 30 June 2016 was:

	SCA Property Group		Retail Trust	
	30 Jun 2016	30 Jun 2015	**30 Jun 2016**	30 Jun 2015
	$m	$m	**$m**	$m
Revenue	**18.6**	18.9	**18.6**	18.9
Fair value adjustments on investment properties	**28.0**	6.2	**28.0**	6.2
Fair value adjustments on derivatives	**–**	(0.1)	**–**	(0.1)
Other Income	**0.2**	–	**0.2**	–
Property expenses	**(2.1)**	(1.9)	**(2.1)**	(1.9)
Corporate costs	**(2.0)**	(2.0)	**(2.0)**	(2.0)
Earnings before interest and tax (EBIT)	**42.7**	21.1	**42.7**	21.1
Interest income	**–**	–	**–**	–
Finance costs	**(5.1)**	(6.6)	**(5.1)**	(6.6)
Net profit before tax	**37.6**	14.5	**37.6**	14.5
Tax	**(2.1)**	(2.2)	**(2.1)**	(2.2)
Net profit after tax from discontinued operation	**35.5**	12.3	**35.5**	12.3
Cash flows from discontinued operation				
Net cash flows from operating activities	**7.5**	8.4	**7.5**	8.4
Net cash flows from investing activities	**0.1**	0.1	**0.1**	0.1
Net cash flows from financing activities	**(7.2)**	(7.9)	**(7.2)**	(7.9)
Net cash flows	**0.4**	0.6	**0.4**	0.6

(b) Assets and liabilities

The assets and liabilities of the components of the Group classified as a disposal group at each reporting date are in the table below. 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. After repayment of NZ$ denominated debt and repatriation of the settlement proceeds of Tranche 2 the accumulated foreign currency translation reserve (FTCR) gain of $15.3 million will be recognised in the profit and loss.

	30 Jun 2016
	$m
Assets	
Cash and cash equivalents	0.3
Receivables	0.5
Other assets	0.1
Investment properties	253.1
Total assets	**254.0**
Liabilities	
Payables	4.3
Interest bearing liabilities	135.9
Total liabilities	**140.2**
Net assets of disposal group	**113.8**

10. Receivables

	SCA Property Group		Retail Trust	
	30 Jun 2016	30 Jun 2015	**30 Jun 2016**	30 Jun 2015
	$m	$m	**$m**	$m
Current				
Rental receivable	**5.4**	4.3	**5.4**	4.3
Provision for doubtful debts	**(0.5)**	(0.6)	**(0.5)**	(0.6)
	4.9	3.7	**4.9**	3.7
Other receivables	**8.4**	4.3	**8.3**	4.2
Total receivables	**13.3**	8.0	**13.2**	7.9

Ageing of rental receivable[1]

	SCA Property Group		Retail Trust	
	30 Jun 2016	30 Jun 2015	**30 Jun 2016**	30 Jun 2015
	$m	$m	**$m**	$m
Current	**2.8**	2.7	**2.8**	2.7
30 days	**1.1**	0.6	**1.1**	0.6
60 days	**0.6**	0.3	**0.6**	0.3
90 days	**0.3**	0.2	**0.3**	0.2
120 days	**0.6**	0.5	**0.6**	0.5
Rental receivable	**5.4**	4.3	**5.4**	4.3

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.

11. Derivative financial instruments

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

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

	SCA Property Group		Retail Trust	
	30 Jun 2016	30 Jun 2015	**30 Jun 2016**	30 Jun 2015
	$m	$m	**$m**	$m
Current assets				
Interest rate swap contracts	**1.2**	1.2	**1.2**	1.2
Cross currency interest rate swap contracts	**2.1**	2.0	**2.1**	2.0
	3.3	3.2	**3.3**	3.2
Non-current assets				
Interest rate swap contracts	**11.8**	5.4	**11.8**	5.4
Cross currency interest rate swap contracts	**70.7**	41.3	**70.7**	41.3
	82.5	46.7	**82.5**	46.7
Current liabilities				
Interest rate swap contracts	**1.2**	0.1	**1.2**	0.1
Non-current liabilities				
Interest rate swap contracts	**3.5**	0.1	**3.5**	0.1

The interest rate swaps and cross currency interest rate swaps are to hedge financing facilities. Refer note 15 and note 28. As at 30 June 2016 the Group and the Retail Trust had no swaps designated as cash flow hedges (30 June 2015: nil).

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.

12. Assets classified as held for sale

	SCA Property Group		Retail Trust	
	30 Jun 2016 $m	30 Jun 2015 $m	**30 Jun 2016 $m**	30 Jun 2015 $m
Assets classified as held for sale	–	60.9	–	60.9

As at 30 June 2015, 5 properties were classified as held for sale as those properties were under a contract of sale. These properties were sold on 1 October 2015 at their 30 June 2015 book value.

During the year the Group established a funds management business comprising the management of SCA Unlisted Fund No 1 (SURF 1). The Group entered into a contract to sell 5 properties to establish SURF 1 in June 2015. These properties were: Woolworths Fairfield, Woolworths Griffith North, Dan Murphy's Burwood, Dan Murphy's Katoomba and Big W Inverell. The Group settled the sale of these properties to SURF 1 on 1 October 2015 for $60.9 million and retains a 24.4% interest in SURF 1. At 30 June 2015 these properties were classified for financial reporting purposes as held for sale.

13. Investment properties

	SCA Property Group		Retail Trust	
	30 Jun 2016 $m	30 Jun 2015 $m	**30 Jun 2016 $m**	30 Jun 2015 $m
Movement in total investment properties				
Opening balance	**1,895.4**	1,640.8	**1,895.4**	1,640.8
Acquisitions, and development expenditure	**164.4**	256.8	**164.4**	256.8
Disposals	**–**	(16.2)	**–**	(16.2)
Additions including tenant incentives, leasing fees and straight-lining of rental income net of amortisation	**9.3**	16.0	**9.3**	16.0
Unrealised gain/ (loss) on property valuations	**26.9**	61.7	**26.9**	61.7
Discontinued Operation *(refer note 9)*				
– Additions including tenant incentives, leasing fees and straight-lining of rental income net of amortisation on discontinued operation	**1.5**	–	**1.5**	–
– Unrealised gain/ (loss) on property valuations of disposal group held for sale (refer note 9)	**28.0**	6.2	**28.0**	6.2
– Effect of foreign currency exchange differences	**15.6**	(9.0)	**15.6**	(9.0)
– Assets classified as discontinued operation	**(253.1)**	–	**(253.1)**	–
Assets classified as held for sale	**–**	(60.9)	**–**	(60.9)
Closing balance	**1,888.0**	1,895.4	**1,888.0**	1,895.4

Property	State	Property Type	Book value cap rate[1] 30 Jun 2016	Book value discount rate 30 Jun 2016	Book value 30 Jun 2016 $m	Book value 30 June 2015 $m
Investment properties – Australia						
Sub-Regional						
Lilydale	VIC	Sub-Regional	6.75%	8.50%	**90.0**	88.0
Pakenham	VIC	Sub-Regional	7.00%	8.25%	**72.5**	72.5
Central Highlands	QLD	Sub-Regional	7.50%	8.50%	**61.7**	65.0
Whitsunday	QLD	Sub-Regional	8.00%	9.25%	**33.6**	47.0
Mt Gambier	SA	Sub-Regional	7.34%	8.42%	**63.7**	66.4
Murray Bridge	SA	Sub-Regional	7.50%	8.50%	**61.0**	63.3
Kwinana Marketplace	WA	Sub-Regional	7.50%	9.25%	**98.0**	93.0
Total Sub-Regional					**480.5**	495.2
Neighbourhood						
Berala	NSW	Neighbourhood	6.50%	7.50%	**23.0**	20.4
Cabarita	NSW	Neighbourhood	6.75%	7.50%	**19.5**	18.2
Cardiff	NSW	Neighbourhood	7.00%	7.75%	**20.0**	19.2
Goonellabah	NSW	Neighbourhood	7.25%	8.00%	**19.3**	17.8
Greystanes	NSW	Neighbourhood	6.50%	8.00%	**48.0**	44.3
Griffin Plaza[2]	NSW	Neighbourhood	7.50%	8.50%	**23.5**	–
Lane Cove	NSW	Neighbourhood	6.50%	8.25%	**48.5**	44.9
Leura	NSW	Neighbourhood	6.75%	7.75%	**15.1**	13.7
Lismore	NSW	Neighbourhood	7.50%	8.25%	**31.5**	27.2
Macksville	NSW	Neighbourhood	7.00%	8.50%	**11.8**	10.9
Merimbula	NSW	Neighbourhood	7.25%	8.00%	**15.7**	14.7
Mittagong Village	NSW	Neighbourhood	7.00%	8.00%	**9.1**	7.8
Moama Marketplace	NSW	Neighbourhood	7.50%	8.00%	**11.6**	11.6
Morisset	NSW	Neighbourhood	7.50%	8.25%	**16.2**	15.7
Northgate[2]	NSW	Neighbourhood	7.25%	8.00%	**14.8**	–
North Orange	NSW	Neighbourhood	7.00%	7.75%	**27.0**	26.0
Swansea	NSW	Neighbourhood	7.00%	7.50%	**13.5**	11.7
Ulladulla	NSW	Neighbourhood	7.00%	7.75%	**19.0**	17.3
West Dubbo	NSW	Neighbourhood	7.25%	8.25%	**14.6**	13.7
Albury	VIC	Neighbourhood	7.25%	8.25%	**20.4**	19.5
Ballarat	VIC	Neighbourhood	7.50%	7.00%	**18.0**	18.7
Cowes	VIC	Neighbourhood	7.50%	8.25%	**17.5**	17.5
Drouin	VIC	Neighbourhood	6.75%	7.75%	**13.4**	12.7
Epping North	VIC	Neighbourhood	6.25%	7.00%	**26.0**	23.2
Highett	VIC	Neighbourhood	6.75%	7.75%	**25.0**	23.6
Langwarrin	VIC	Neighbourhood	6.75%	7.75%	**21.0**	17.8
Ocean Grove	VIC	Neighbourhood	6.75%	7.25%	**33.5**	31.5
Warrnambool East	VIC	Neighbourhood	7.25%	8.25%	**12.5**	11.9
Warrnambool Target	VIC	Neighbourhood	7.75%	7.75%	**18.6**	19.6
Wonthaggi[2]	VIC	Neighbourhood	7.00%	8.25%	**45.4**	–
Wyndham Vale	VIC	Neighbourhood	6.75%	7.75%	**21.0**	18.7

Property	State	Property Type	Book value cap rate[1] 30 Jun 2016	Book value discount rate 30 Jun 2016	Book value 30 Jun 2016 $m	Book value 30 June 2015 $m
Investment properties – Australia (continued)						
Neighbourhood						
Ayr	QLD	Neighbourhood	7.50%	8.75%	**18.0**	18.9
Brookwater Village	QLD	Neighbourhood	6.75%	8.00%	**32.0**	31.0
Bushland Beach[2]	QLD	Neighbourhood	6.75%	7.50%	**7.1**	–
Carrara	QLD	Neighbourhood	7.00%	8.00%	**17.0**	16.5
Chancellor Park Marketplace	QLD	Neighbourhood	6.75%	7.75%	**38.5**	29.0
Collingwood Park	QLD	Neighbourhood	7.25%	8.50%	**10.5**	10.0
Coorparoo	QLD	Neighbourhood	6.50%	7.50%	**24.5**	22.8
Gladstone	QLD	Neighbourhood	7.25%	8.25%	**25.5**	26.5
Greenbank[2]	QLD	Neighbourhood	6.50%	8.00%	**23.0**	–
Mackay	QLD	Neighbourhood	7.00%	7.75%	**23.0**	21.9
Marian Town Centre[2]	QLD	Neighbourhood	7.00%	8.00%	**32.0**	–
Mission Beach	QLD	Neighbourhood	7.25%	8.50%	**10.4**	10.2
Mt Warren Park	QLD	Neighbourhood	6.75%	8.25%	**14.7**	14.4
The Markets	QLD	Neighbourhood	6.75%	8.50%	**33.5**	32.3
Woodford	QLD	Neighbourhood	7.25%	8.00%	**10.8**	10.5
Blakes Crossing	SA	Neighbourhood	7.25%	8.00%	**20.0**	19.6
Walkerville	SA	Neighbourhood	7.00%	8.00%	**20.7**	21.5
Busselton	WA	Neighbourhood	6.75%	7.50%	**22.5**	21.0
Treendale	WA	Neighbourhood	7.00%	8.00%	**30.9**	27.5
Burnie	TAS	Neighbourhood	8.50%	8.50%	**19.5**	20.0
Claremont Plaza	TAS	Neighbourhood	7.28%	8.50%	**31.2**	30.9
Glenorchy Central	TAS	Neighbourhood	7.75%	9.00%	**23.0**	21.0
Greenpoint	TAS	Neighbourhood	8.25%	9.00%	**13.5**	13.5
Kingston	TAS	Neighbourhood	7.29%	8.54%	**23.5**	23.5
Meadow Mews	TAS	Neighbourhood	7.50%	8.00%	**48.0**	44.0
New Town Plaza	TAS	Neighbourhood	7.75%	9.25%	**30.0**	30.0
Prospect Vale	TAS	Neighbourhood	7.50%	9.00%	**26.4**	26.8
Riverside	TAS	Neighbourhood	8.50%	9.00%	**7.6**	7.6
Shoreline	TAS	Neighbourhood	7.25%	8.75%	**30.5**	29.0
Sorell	TAS	Neighbourhood	7.25%	8.50%	**22.7**	22.5
Total Neighbourhood					**1,364.5**	1,152.2
Freestanding						
Katoomba Marketplace	NSW	Freestanding	6.75%	7.00%	**43.0**	40.0
Total Freestanding					**43.0**	40.0
Total investment properties Australia					**1,888.0**	1,687.4

Property	Property Type	Book value cap rate[1] 30 Jun 2016	Book value discount rate 30 Jun 2016	Book value 30 Jun 2016 $m	Book value 30 June 2015 $m
Investment properties – New Zealand[3]					
Neighbourhood					
Kelvin Grove	Neighbourhood	–	–	–	10.2
Newtown	Neighbourhood	–	–	–	18.8
St James	Neighbourhood	–	–	–	12.1
Takanini	Neighbourhood	–	–	–	30.3
Warkworth	Neighbourhood	–	–	–	15.2
Total Neighbourhood		–	–	–	86.6
Freestanding					
Bridge Street	Freestanding	–	–	–	13.7
Dunedin South	Freestanding	–	–	–	14.1
Hornby	Freestanding	–	–	–	14.7
Kerikeri	Freestanding	–	–	–	13.7
Nelson South	Freestanding	–	–	–	9.5
Rangiora East	Freestanding	–	–	–	11.7
Rolleston	Freestanding	–	–	–	13.4
Stoddard Road	Freestanding	–	–	–	17.7
Tawa	Freestanding	–	–	–	12.9
Total Freestanding		–	–	–	121.4
Total investment properties – New Zealand		–	–	–	208.0
Total investment properties portfolio				**1,888.0**	1,895.4

1. Capitalisation rate (or cap rate) is an approximation of the ratio between the net operating income produced by a property and its fair value. It excludes consideration of costs of acquisition or disposal.
2. Properties acquired during the year ended 30 June 2016.
3. Properties under contract of sale. Refer note 9.

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 rates, terminal yields and discount rates based on comparable market evidence and recent external valuation parameters are used to produce a capitalisation based valuation and a discounted cash flow valuation.

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

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

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

Independent valuations are performed by independent 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.

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

Category	Fair value hierarchy	Book value 30 June 2016 $m	Valuation technique	Key inputs used to measure fair value	Range of unobservable inputs
Completed portfolio	Level 3	1,888.0	Income capitalisation and DCF[1]	Capitalisation rate	6.25% – 8.50%
				Discount rate	7.00% – 9.25%

Category	Fair value hierarchy	Book value 30 June 2016 $m	Valuation technique	Key inputs used to measure fair value	Range of unobservable inputs
Completed portfolio	Level 3	1,895.4	Income capitalisation and DCF[1]	Capitalisation rate	7.00% – 8.75%
				Discount rate	7.75% – 9.75%

[1] Discounted cash flow.

All property investments are categorised as level 3 in the fair value hierarchy (refer note 28(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 investment properties (refer note 2(v)).

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

Sensitivity analysis

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

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

Other inputs or factors also impact a valuation. These factors are many and include: market rental reversion, current rental, property expenses, capital expenditure, and tenant incentives.

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

Sensitivity analysis – capitalisation rate

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

The following sensitivity analysis from the Australian investment properties (continuing operations and excluding the discontinued operation – refer note 9) shows the effect on profit/loss after tax and on equity of a 25 basis points (bps) increase/decrease in capitalisation rates at balance sheet date with all other variables held constant.

	Profit/loss after tax		**Equity**	
	25 bps increase $m	**25 bps decrease $m**	**25 bps increase $m**	**25 bps decrease $m**
30 June 2016				
SCA Property Group				
Investment properties	**(64.8)**	**69.5**	**(64.8)**	**69.5**
Retail Trust				
Investment properties	**(64.8)**	**69.5**	**(64.8)**	**69.5**
30 June 2015				
SCA Property Group				
Investment properties	(60.7)	65.8	(60.7)	65.8
Retail Trust				
Investment properties	(60.7)	65.8	(60.7)	65.8

14. Trade and other payables

	SCA Property Group		**Retail Trust**	
	30 Jun 2016 $m	30 Jun 2015 $m	**30 Jun 2016 $m**	30 Jun 2015 $m
Current				
Payables and other creditors[1]	**22.6**	20.9	**21.6**	20.1
Income tax payable	**0.4**	–	**0.2**	–
Payables to related parties	**–**	–	**7.4**	5.4
	23.0	20.9	**29.2**	25.5

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

15. Interest bearing liabilities

	SCA Property Group		Retail Trust	
	30 Jun 2016 $m	30 Jun 2015 $m	**30 Jun 2016 $m**	30 Jun 2015 $m
Unsecured Bank Bilateral Facilities[1]				
– A$ denominated	**210.0**	155.0	**210.0**	155.0
– NZ$ denominated (converted to A$)[1]	**–**	108.3	**–**	108.3
	210.0	263.3	**210.0**	263.3
Unsecured A$ Medium term note				
– A$ denominated	**175.0**	175.0	**175.0**	175.0
Unsecured US Notes				
– A$ denominated	**50.0**	50.0	**50.0**	50.0
– US$ denominated (converted to A$)	**202.0**	194.5	**202.0**	194.5
	252.0	244.5	**252.0**	244.5
Total unsecured debt outstanding	**637.0**	682.8	**637.0**	682.8
Less: unamortised establishment fees	**(2.3)**	(2.7)	**(2.3)**	(2.7)
Interest bearing liabilities	**634.7**	680.1	**634.7**	680.1
Add:				
– NZ$ denominated (converted to A$)	**135.9**	–	**135.9**	–
Total including liabilities associated with disposal group held for sale[1]	**770.6**	680.1	**770.6**	680.1

1. On 10 June 2016 the Group announced it entered into a sale contract with Stride Property Group (NZX: STR) for the sale of SCP's New Zealand properties. Consequently the New Zealand assets (including NZ$ cash) and liabilities (including NZ$ debt) have been treated as a disposal group with the total assets and total liabilities of the disposal group shown separately to the other assets and liabilities of the Group for 30 June 2016. For the year ended 30 June 2015 the NZ$ denominated cash and debt denominated was disclosed as part of the Group's cash and unsecured bilateral facilities drawn respectively.

Financing facilities and financing resources

The debt facilities are made up of Bilateral Bank Facilities, A$ medium term notes and US notes. The A$ medium term notes and US notes are fully drawn. Debt facilities are carried at amortised cost. Additional details of these debt facilities are below.

Bank bilateral facilities

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

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

One of the bilateral facilities can also be used for bank guarantees. As at 30 June 2016, in addition to the bilateral debt facilities drawn above, $10.0 million of the bilateral debt facilities available was used to support a $10.0 million bank guarantee (30 June 2015: $10.0 million).

The bank guarantee assists with the Responsible Entity's compliance with its Australian Financial Services Licence. Details of the bilateral facilities and the available financing resources are below.

	SCA Property Group		Retail Trust	
	30 Jun 2016	30 Jun 2015	**30 Jun 2016**	30 Jun 2015
	$m	$m	**$m**	$m
Financing facilities and financing resources[1]				
Bilateral bank facilities				
Committed Bilateral financing facilities available	**445.0**	420.0	**445.0**	420.0
Less: amounts drawn down				
– Continuing operations (AUD)	**(210.0)**	(155.0)	**(210.0)**	(155.0)
– Discontinuing operations (NZD)	**(135.9)**	(108.3)	**(135.9)**	(108.3)
Less: amounts utilised for bank guarantee	**(10.0)**	(10.0)	**(10.0)**	(10.0)
Total amounts drawn down	**(355.9)**	(273.3)	**(355.9)**	(273.3)
Net Bilateral facilities available	**89.1**	146.7	**89.1**	146.7
Add: cash and cash equivalents	**–**	3.7	**–**	2.1
– Continuing operations (AUD)	**3.8**	–	**2.3**	–
– Discontinuing operations (NZD)	**0.3**	–	**0.3**	–
Financing resources available	**93.2**	150.4	**91.7**	148.8

1. On 10 June 2016 the Group announced it entered into a sale contract with Stride Property Group (NZX: STR) for the sale of SCP's New Zealand properties. Consequently the New Zealand assets (including NZ$ cash) and liabilities (including NZ$ debt) have been treated as a disposal group with the total assets and total liabilities of the disposal group shown separately to the other assets and liabilities of the Group for 30 June 2016. For the year ended 30 June 2015 the NZ$ denominated cash and debt denominated was disclosed as part of the Group's cash and unsecured bilateral facilities drawn respectively.

A$ medium term note (A$ MTN)

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

During July 2016 the Group issued another tranche of medium term notes with an aggregate face value of $50.0 million for consideration of $50.6 million (including a premium of $0.6 million). These notes were issued under the same terms as the original notes (with a coupon of 3.75% and expiry of April 2021); the issue price was at a premium such that the effective interest rate is 3.50%.

US Notes

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

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

The value of the US$150.0 million notes are translated at the prevailing foreign exchange rate. At 30 June 2016 this was AUD 1.00 = USD 0.7425 which resulted in a translated value of the US$150.0 million notes of A$202.0 million (30 June 2015: $194.5 million).

The Group has economically hedged its exposure to the foreign exchange risk inherent in the carrying value of its US dollar borrowings by using cross currency interest rate swap contracts. Under the cross currency interest rate swap contracts, the Group has agreed to exchange specified principal and interest foreign currency amounts at agreed future dates at a specified exchange rate. Such contracts have enabled the Group to mitigate the risk of adverse movements in foreign exchange rates in relation to principal and interest payments arising under the US dollar note issue. Under these swaps the Group has and will receive fixed amounts in US dollars and pay variable interest rates (based on Australian BBSW). The foreign currency principal and interest amounts payable on the USD denominated US notes have been fully economically hedged by the use of cross currency interest rate swaps. The cross currency interest rate swaps also include an exchange of principal pursuant to which the US$150.0 million received in August 2014 has been swapped to A$159.8 million using an exchange rate of AUD 1.00 = USD 0.9387. On maturity the A$159.8 million will be swapped back to US$150.0 million.

The value of the US$ denominated debt of US$150.0 million converted at the prevailing spot rate at 30 June 2016 of 0.7425 was A$202.0 million (30 June 2015 at 0.7712 was A$194.5 million). The difference of $42.2 million (being the difference between the economically hedged value of $159.8 million and the prevailing spot value at 30 June 2016 of A$202.0 million) has been treated as an unrealised foreign exchange loss since inception. The amount attributable to the current year ended 30 June 2016 is $7.5 million which is based on the movement in the prevailing spot rate from 30 June 2015 to 30 June 2016. Additional information is below:

Date	Hedged or Prevailing spot exchange rate	USD Value USD$m	AUD Value A$m	Unrealised gain / (loss) A$m
Hedged FX rate	0.9387	$150.0	$159.8	–
30 June 2015	0.7712	$150.0	$194.5	($34.7)
30 June 2016	0.7425	$150.0	$202.0	($7.5)
			Cumulative	**($42.2)**

The cross currency interest rate swaps are valued for financial reporting purposes separately from the US notes. Refer note 28.

Unsecured Debt Usage and Maturity

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

30 Jun 2016 Unsecured Financing Facilities	Facility Limit $m	Drawn incl BG[1] $m	Undrawn $m	Facility Maturity Date
Bank Bilateral Facilities				
Bank bilateral	**25.0**	**–**	**25.0**	**Nov-18**
Bank bilateral	**25.0**	**25.0**	**–**	**Dec-18**
Bank bilateral	**25.0**	**10.0**	**15.0**	**Feb-19**
Bank bilateral	**75.0**	**75.0**	**–**	**Dec-19**
Bank bilateral[1]	**75.0**	**60.0**	**15.0**	**Dec-19**
Bank bilateral	**80.0**	**50.0**	**30.0**	**Dec-19**
	305.0	**220.0**	**85.0**	
A$ Medium term note				
A$ denominated	**175.0**	**175.0**	**–**	**Apr-21**
US Notes				
US$ denominated (converted to A$)	**134.7**	**134.7**	**–**	**Aug-27**
US$ denominated (converted to A$)	**67.3**	**67.3**	**–**	**Aug-29**
A$ denominated	**50.0**	**50.0**	**–**	**Aug-29**
	252.0	**252.0**	**–**	
Total unsecured financing facilities available and drawn (including bank guarantee[1]) used by continuing operations	**732.0**	**647.0**	**85.0**	
Bank bilateral (drawn in NZ$ and used by discontinued group (refer note 9))[2, 3]	**140.0**	**135.9**	**4.1**	**Dec-18**
Total unsecured financing facilities available and drawn available to the Group	**872.0**	**782.9**	**89.1**	

1. Drawn includes $10.0 million allocation of facility limit used for a $10.0 million bank guarantee.
2. On 10 June 2016 the Group announced it entered into a sale contract with Stride Property Group (NZX: STR) for the sale of SCP's New Zealand properties. Consequently the New Zealand assets (including NZ$ cash) and liabilities (including NZ$ debt) have been treated as a disposal group with the total assets and total liabilities of the disposal group (refer note 9) shown separately to the other assets and liabilities of the Group for 30 June 2016. For the year ended 30 June 2015 the NZ$ denominated cash and debt denominated was disclosed as part of the Group's cash and unsecured bilateral facilities drawn respectively.
3. Bank bilateral (drawn in NZ$) is a multicurrency facility limit available to be drawn in AU$ and/or NZ$ and is available to be used by the disposal group and / or the continuing group.

30 Jun 2015 Unsecured Debt Facilities	Facility Limit $m	Drawn[1] $m	Undrawn $m	Facility Maturity Date
Bank Bilateral Facilities				
Bank bilateral	25.0	–	25.0	Nov-17
Bank bilateral	75.0	75.0	–	Dec-17
Bank bilateral[1]	75.0	10.0	65.0	Dec-17
Bank bilateral	25.0	–	25.0	Nov-18
Bank bilateral (drawn in NZ$)	140.0	108.3	31.7	Dec-18
Bank bilateral	25.0	25.0	–	Dec-18
Bank bilateral	25.0	25.0	–	Dec-18
Bank bilateral	30.0	30.0	–	Dec-19
	420.0	273.3	146.7	
A$ Medium term note				
A$ denominated	175.0	175.0	–	Apr-21
US Notes				
US$ denominated (converted to A$)	129.7	129.7	–	Aug-27
US$ denominated (converted to A$)	64.8	64.8	–	Aug-29
A$ denominated	50.0	50.0	–	Aug-29
	244.5	244.5	–	
Total unsecured financing facilities	839.5	692.8	146.7	

1. Drawn includes $10.0 million allocation of facility limit used for a $10.0 million bank guarantee.

As at 30 June 2016 the total debt facilities available were $872.0 million (30 June 2015: $839.5 million).

Additional information on the cost of the interest bearing liabilities is in note 28.

Debt covenants

The Group is required to comply with certain financial covenants and obligations in respect of the interest bearing liabilities. The major financial covenants and obligations which are common across all types of interest bearing liabilities are summarised as follows:

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

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

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

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

The Group was in compliance with all of the financial covenants for the year ended and as at 30 June 2016.

Capital management – management gearing

The Group manages its debt by reference to its gearing ratio. Its gearing ratio is determined by:

- Finance debt, where the US notes US$ denominated debt is recorded as the A$ amount received and economically hedged in A$, net of cash, divided by
- Total tangible assets net of cash and derivatives.

As the US notes USD denominated debt has been fully economically hedged, for this purpose the US notes US$ denominated debt of US$150.0 million is recorded at its economically hedged value of A$159.8 million. This also results in management gearing being based on a constant currency basis.

The Group's gearing was 34.0% as at 30 June 2016 (30 June 2015: 33.3%).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

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

Gearing (management)[1]	30 Jun 2016 $m	30 Jun 2015 $m
Bilateral and A$ notes		
Unsecured bilateral facilities drawn	**–**	263.3
– Continuing operations (AUD)	**210.0**	–
– Discontinued operations (NZD)	**135.9**	–
Unsecured bilateral facilities used for bank guarantee	**10.0**	10.0
Unsecured A$ medium term notes	**175.0**	175.0
	530.9	448.3
US Notes		
US$ denominated notes – USD face value	**150.0**	150.0
Economically hedged exchange rate	**0.9387**	0.9387
US$ denominated notes – AUD equivalent	**159.8**	159.8
A$ denominated notes	**50.0**	50.0
Total US notes	**209.8**	209.8
Total debt and drawn AU$ equivalent	**740.7**	658.1
Less: cash and cash equivalents	**–**	(3.7)
– Continuing operations (AUD)	**(3.8)**	–
– Discontinuing operation (NZD)	**(0.3)**	–
Net debt for gearing	**736.6**	654.4
Total assets	**2,258.7**	2,021.0
Less: cash and cash equivalents	**–**	(3.7)
– Continuing operations (AUD)	**(3.8)**	–
– Discontinued operation (NZD)	**(0.3)**	–
Less: derivative value included in total assets	**(85.8)**	(49.9)
Net total assets for gearing	**2,168.8**	1,967.4
Gearing (management)	**34.0%**	33.3%

1. Unsecured bilateral facilities drawn and cash and cash equivalents, includes balances within the discontinued operation and disposal group held for sale (refer note 9).

16. Contributed equity

	SCA Property Group		Retail Trust	
	30 Jun 2016	30 Jun 2015	**30 Jun 2016**	30 Jun 2015
	$m	$m	**$m**	$m
Equity	**1,252.4**	1,228.1	**1,244.9**	1,220.7
Issue costs	**(28.4)**	(28.4)	**(28.3)**	(28.3)
	1,224.0	1,199.7	**1,216.6**	1,192.4
Equity of Management Trust				
Opening balance	**7.3**	6.4		
Equity raised through Distribution Reinvestment Plan January 2016	**0.1**	–		
Equity raised through unitholder purchase plan in April 2015	**–**	0.4		
Equity raised through institutional placement in June 2015	**–**	0.5		
Closing balance	**7.4**	7.3		
Equity of Retail Trust				
Opening balance	**1,192.4**	1,049.0	**1,192.4**	1,049.0
Equity raised through Distribution Reinvestment Plan – January 2015	**–**	4.1	**–**	4.1
Equity raised through Unitholder Purchase Plan – April 2015	**–**	61.7	**–**	61.7
Equity raised through institutional placement – June 2015	**–**	79.5	**–**	79.5
Equity raised through executive security based compensation arrangements – 3 July 2015	**–**	–	**–**	–
Equity raised through Distribution Reinvestment Plan August 2015	**6.9**	–	**6.9**	–
Equity raised through Distribution Reinvestment Plan January 2016	**17.4**	–	**17.3**	–
Issue costs	**–**	(1.9)	**–**	(1.9)
Closing balance	**1,216.6**	1,192.4	**1,216.6**	1,192.4
Balance at the end of the period is attributable to unit holders of:				
Shopping Centres Australasia Property Management Trust	**7.4**	7.3	**–**	–
Shopping Centres Australasia Property Retail Trust	**1,216.6**	1,192.4	**1,216.6**	1,192.4
	1,224.0	1,199.7	**1,216.6**	1,192.4

Units on Issue

	SCA Property Group		Retail Trust	
	30 Jun 2016	30 Jun 2015	**30 Jun 2016**	30 Jun 2015
	$m	$m	**$m**	$m
Opening balance	**721.5**	648.6	**721.5**	648.6
Equity issued for executive security based compensation arrangements – 3 July 2015	**0.1**	–	**0.1**	–
Equity raised through Distribution Reinvestment Plan – 28 Aug 2015	**3.3**	–	**3.3**	–
Equity raised through Distribution Reinvestment Plan – 29 Jan 2016	**8.5**	–	**8.5**	–
Equity raised through Distribution Reinvestment Plan – 30 January 2015	**–**	2.2	**–**	2.2
Equity raised through Unitholder Purchase Plan – 9 April 2015	**–**	31.1	**–**	31.1
Equity raised through institutional placement – 18 June 2015	**–**	39.6	**–**	39.6
Closing balance	**733.4**	721.5	**733.4**	721.5

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

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

Issue of units from distribution reinvestment plan (DRP)

The Group has a DRP in place which was activated on 5 November 2014 for distributions paid after 14 November 2014. The DRP was not available for any of the distributions declared or paid prior to 14 November 2014. The first distribution that the DRP applied to was the distribution paid on 30 January 2015. During the year the DRP was applied to the distributions paid on 28 August 2015 and 29 January 2016.

The DRP issue price was determined at a discount of 1.0% to the arithmetic average of the daily volume weighted average market price of units traded on the ASX during the 10 business days commencing on the business day after the record date. The equity raised through the DRP on 28 August 2015 was $6.9 million by the issue of 3,278,549 units at a price of $2.09. The equity raised through the DRP on 29 January 2016 was $17.4 million by the issue of 8,523,042 units at a price of $2.04.

The DRP was suspended for the distribution declared in June 2016 and payable in August 2016.

17. Reserves (net of income tax)

	Retail Trust	
	30 Jun 2016	30 Jun 2015
	$m	$m
Cash flow hedge reserve	**–**	–
Share based payment reserve	**1.7**	1.1
Foreign currency translation reserve	**15.3**	3.8
	17.0	4.9
Movements in reserves		
Cash flow hedge reserve		
Opening balance	**–**	(1.0)
Effective portion of changes in the fair value of cash flow hedges during the year	**–**	1.0
Closing balance	**–**	–
Share based payment reserve		
Balance at the beginning of the year	**1.1**	0.3
Employee share based payments	**0.7**	0.8
Transfer to share capital	**(0.1)**	–
Closing balance	**1.7**	1.1
Foreign currency translation reserve		
Opening balance	**3.8**	11.0
Translation differences arising during the year	**11.5**	(7.2)
Closing balance	**15.3**	3.8

Cash flow hedge reserve

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

Share based payment reserve

Refer note 24.

Foreign currency translation reserve

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

18. Accumulated profit and loss

	SCA Property Group		Retail Trust	
	30 Jun 2016	30 Jun 2015	**30 Jun 2016**	30 Jun 2015
	$m	$m	**$m**	$m
Opening balance	**72.3**	(0.1)	**74.0**	1.6
Net profit for the year	**184.7**	150.5	**184.2**	150.5
Distributions paid and payable (note 3)	**(89.0)**	(78.1)	**(89.0)**	(78.1)
Closing balance	**168.0**	72.3	**169.2**	74.0
Balance at the end of the year is attributable to unit holders of:				
Shopping Centres Australasia Property Management Trust	**(1.2)**	(1.7)		
Shopping Centres Australasia Property Retail Trust	**169.2**	74.0		
	168.0	72.3		

19. Notes to statements of cash flows

Reconciliation of profit to net cash flow from operating activities is below. Cash flow from continuing and discontinued operations have been treated collectively.

	SCA Property Group		Retail Trust	
	30 Jun 2016	30 Jun 2015	**30 Jun 2016**	30 Jun 2015
	$m	$m	**$m**	$m
Net profit after tax	**184.7**	150.5	**184.2**	150.5
Net unrealised (gain) / loss on change in fair value of investment properties	**(54.9)**	(67.9)	**(54.9)**	(67.9)
Net unrealised (gain) / loss on change in fair value of financial assets	**–**	2.3	**–**	2.3
Net unrealised (gain) / loss on change in fair value of derivatives	**(31.2)**	(52.0)	**(31.2)**	(52.0)
Net unrealised (gain) / loss on change in foreign exchange	**7.5**	34.7	**7.5**	34.7
Straight-lining of rental income and amortisation of incentives	**(1.3)**	(4.4)	**(1.3)**	(4.4)
Rental guarantee income received	**–**	10.5	**–**	10.5
(Decrease) / increase in payables	**6.4**	(8.7)	**5.8**	(9.1)
Non-cash financing expenses	**0.9**	2.2	**0.9**	2.2
Other non-cash items and movements in other assets	**(4.0)**	3.5	**(4.0)**	3.6
(Increase) / decrease in receivables	**(5.8)**	11.0	**(4.4)**	11.1
Net cash flow from operating activities	**102.3**	81.7	**102.6**	81.5

20. Operating leases

All the investment properties (refer note 13) are subject to operating leases.

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

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

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

Minimum lease payments receivable under non-cancellable operating leases of investment properties (excluding those properties held in the disposal group – refer to note 9) are as follows.

	SCA Property Group		Retail Trust	
	30 Jun 2016 $m	30 Jun 2015 $m	**30 Jun 2016 $m**	30 Jun 2015 $m
Within one year	**157.0**	165.5	**157.0**	165.5
Between one and five years	**512.2**	573.4	**512.2**	573.4
After five years	**895.1**	1,205.4	**895.1**	1,205.4
	1,564.3	1,944.3	**1,564.3**	1,944.3

There was $1.2 million of percentage or turnover rent recognised as income in the current year (30 June 2015: $1.1 million).

21. Capital commitments

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

	SCA Property Group		Retail Trust	
	30 Jun 2016 $m	30 Jun 2015 $m	**30 Jun 2016 $m**	30 Jun 2015 $m
Within one year	**133.2**	–	**133.2**	–
Between one and five years	**–**	45.6	**–**	45.6
	133.2	45.6	**132.2**	45.6

The 30 June 2016 balance relates to:

- **Bushland Beach (QLD)** ($18.0 million): prior to 30 June 2016 the Group acquired a neighbourhood shopping centre and adjacent development land, known as Bushland Beach Plaza, for a purchase price of $7.1 million (excluding acquisition costs) and the Group entered into a development management agreement with a recognised developer to develop an expanded neighbourhood shopping centre anchored by a Coles supermarket for an additional $18.0 million. The additional $18.0 million is expected to be spent during FY 17.
- **Muswellbrook Fair (NSW)** ($27.8 million): prior to 30 June 2016 a deposit was paid of $1.5 million to acquire the neighbourhood centre at Muswellbrook. Upon completion the remaining balance due was $27.8 million (prior to settlement adjustments and stamp duty). This property completed in July 2016.
- **Clemton Park (NSW)** ($45.6 million): on completion of the development via a put and call option arrangement. Under this arrangement in December 2014 the Group paid $2.4 million for the option. On completion of the development of the property the Group will acquire it for $48.0 million less the amount already paid of $2.4 million. The completion of the development is expected to be in 2017. Refer note 29. (30 June 2015: $45.6 million).
- **Greenbank (QLD)** ($10.0 million): During the year the Group entered into a conditional agreement to acquire Greenbank neighbourhood shopping centre for $23.0 million (excluding transaction costs). This transaction settled in January 2016. This acquisition includes a call option for the Group to acquire ten hectares of adjacent development land for $10.0 million exercisable at any time within 5 years from the date of acquisition. This exercise amount has been treated as current as the Group may exercise this option at its sole discretion within 12 months although there is no immediate expectation of exercise (and the vendor has a put option which is exercisable in December 2020 if the call option is not exercised by that time).
- **Annandale (QLD)** ($31.8 million): Additionally in early August 2016 the Group exchanged contracts to purchase Annandale Central, a neighbourhood centre in Queensland, for $33.5 million (excluding transaction costs). A deposit of $1.7 million has been paid in August 2016 with the remainder of $31.8 million (excluding transaction costs) due on settlement. This is expected to settle in early 2017.

The 30 June 2015 balance relates to Clemton Park.

22. Segment reporting – continuing operations and discontinued operation

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. The Management Trust operates only within one segment, Australia. No segmental reporting is shown for Shopping Centres Australasia Property Retail Trust as this is not required under AASB 8.

	Australia		New Zealand		Unallocated		Total	
	30 Jun 2016	30 Jun 2015	**30 Jun 2016**	30 Jun 2015	**30 Jun 2016**	30 Jun 2015	**30 Jun 2016**	30 Jun 2015
	$m	$m	**$m**	$m	**$m**	$m	**$m**	$m
Income and expenses								
Revenue								
Rental income[1]	**180.7**	156.4	**18.8**	18.9	**–**	–	**199.5**	175.3
Other property income	**–**	0.5	**–**	–	**–**	–	**–**	0.5
Funds Management Income	**1.2**	–	**–**	–	**–**	–	**1.2**	–
Insurance Income	**5.0**	–	**–**	–	**–**	–	**5.0**	–
	186.9	156.9	**18.8**	18.9	**–**	–	**205.7**	175.8
Expenses								
Property expenses	**(56.0)**	(46.3)	**(2.1)**	(1.9)	**–**	–	**(58.1)**	(48.2)
Corporate costs	**–**	–	**–**	–	**(11.9)**	(11.2)	**(11.9)**	(11.2)
	(56.0)	(46.3)	**(2.1)**	(1.9)	**(11.9)**	(11.2)	**(70.0)**	(59.4)
Segment result	**130.9**	110.6	**16.7**	17.0	**(11.9)**	(11.2)	**135.7**	116.4
Fair value adjustments on investment properties	**26.9**	61.7	**28.0**	6.2	**–**	–	**54.9**	67.9
Fair value adjustments on derivatives	**–**	–	**–**	–	**31.2**	52.0	**31.2**	52.0
Fair value adjustments on financial assets	**–**	(2.3)	**–**	–	**–**	–	**–**	(2.3)
Fair value adjustments from associate	**0.6**	–	**–**	–	**–**	–	**0.6**	–
Foreign exchange	**–**	–	**–**	–	**(7.5)**	(34.7)	**(7.5)**	(34.7)
Transaction costs	**–**	–	**–**	–	**(0.1)**	(0.1)	**(0.1)**	(0.1)
Interest income	**–**	–	**–**	–	**0.2**	0.3	**0.2**	0.3
Financing costs	**–**	–	**–**	–	**(27.8)**	(46.7)	**(27.8)**	(46.7)
Tax	**–**	–	**–**	–	**(2.5)**	(2.3)	**(2.5)**	(2.3)
Net profit/ (loss) after tax for the year attributable to unitholders	**158.4**	170.0	**44.7**	23.2	**(18.4)**	(42.7)	**184.7**	150.5
Assets and liabilities								
Segment assets	**2,004.7**	1,761.7	**254.0**	208.0	**–**	51.4	**2,258.7**	2,021.1
Segment liabilities	**(709.6)**	(19.5)	**(140.2)**	(2.4)	**–**	(722.3)	**(849.8)**	(744.2)

1. For the purposes of segment reporting $96.9 million in rental income (30 June 2015: $97.9 million) was from a single customer.

23. Key management personnel compensation

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

	30 Jun 2016	30 Jun 2015
	$	$
Short term benefits	**3,163,458**	3,077,279
Post-employment benefits	**190,279**	146,896
Share-based payment	**875,819**	748,423
Termination benefits	**–**	–
Long term benefits	**96,782**	23,022
	4,326,338	3,995,620

The key management personnel during the year were:

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

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24. Share based payments

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

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

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

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

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

In addition certain non key management personnel have also been granted 74,508 rights during the year (30 June 2015: 62,200).

The table below summarises the rights issued to key management personnel. These rights have a nil exercise price and awards are subject to meeting performance criteria. Where the performance criteria are met, details of the stapled securities that may be issued are below. No stapled securities were granted, issued, vested, exercised or forfeited during the year except for 100,000 in respect of SPR's for Mr Mellowes.

Type and eligibility	Vesting Conditions[1]	Share price at a grant date	Grant date	Testing date	Vesting date	Maximum number of stapled securities or maximum value of securities to be issued	Fair vale at grant date
STIP (FY16) (Mr Mellowes)	Non-market	$2.00	Oct-15	Jun-16	Jul-18	$492,188	$1.00 per $1.00
STIP (FY16) (Mr Fleming)	Non-market	$2.00	Oct-15	Jun-16	Jul-18	$150,000	$1.00 per $1.00
LTIP (FY16 – FY18) (tranche 1) (Messrs Mellowes, Fleming, Lamb)	Relative TSR[2]	$2.00	Oct-15	Sep-18	Jul-19	181,307	$1.00 per unit
LTIP (FY16 – FY18) (tranche 2) (Messrs Mellowes, Fleming, Lamb)	Non-market	$2.00	Oct-15	Jun-18	Jul-19	181,307	$2.00 per unit
LTIP (FY16 – FY18) (tranche 3) (Messrs Mellowes, Fleming, Lamb)	Non-market	$2.00	Oct-15	Jun-18	Jul-19	181,307	$2.00 per unit
STIP (FY15) (Mr Mellowes)	Non-market	$1.70	Sep-14	Aug-15	Jul-17	$206,000	$0.95 per $1.00
STIP (FY15) (Mr Fleming)	Non-market	$1.70	Sep-14	Aug-15	Jul-17	$115,000	$0.95 per $1.00
LTIP (FY15 – FY17) (tranche 1) (Messrs Mellowes, Fleming)	Relative TSR[2]	$1.70	Sep-14	Jul-17	Jul-18	203,014	$0.75 per unit
LTIP (FY15 – FY17) (tranche 1) (Mr Lamb)	Relative TSR[2]	$1.83	Sep-14	Jul-17	Jul-18	19,434	$0.80 per unit

Type and eligibility	Vesting Conditions[1]	Share price at a grant date	Grant date	Testing date	Vesting date	Maximum number of stapled securities or maximum value of securities to be issued	Fair vale at grant date
LTIP (FY15 – FY17) (tranche 2) (Messrs Mellowes, Fleming)	Non-market	$1.70	Sep-14	Jul-17	Jul-18	203,014	$1.44 per unit
LTIP (FY15 – FY17) (tranche 2) (Mr Lamb)	Non-market	$1.83	Sep-14	Jul-17	Jul-18	19,434	$1.54 per unit
LTIP (FY15 – FY17) (tranche 3) (Messrs Mellowes, Fleming)	Non-market	$1.70	Sep-14	Jul-17	Jul-18	203,014	$1.44 per unit
LTIP (FY15 – FY17) (tranche 3) (Mr Lamb)	Non-market	$1.83	Sep-14	Jul-17	Jul-18	19,434	$1.54 per unit

1. Service and non-market conditions include financial and non-financial targets along with a deferred vesting period.
2. TSR is Total Shareholder Return measured against a comparator group.

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.

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 $0.7 million (30 June 2015: $0.8 million).

Key inputs to the pricing models include:

	30 June 2016	30 June 2015
Volatility	**20%**	20%
Dividend yield	**6.0%**	6.0%
Risk-free interest rate	**1.79% – 1.94%**	2.71% – 2.85%

25. Other related party disclosures

The Retail Trust has a current payable of $7.4 million to the Management Trust (30 June 2015: $5.4 million). This is non-interest bearing and repayable at call.

Additionally, Shopping Centres Australasia Property Group RE Limited (the Company), the Responsible Entity of the Retail Trust and a wholly owned subsidiary of Management Trust, makes payments on behalf of the Retail Trust from time to time. These payments are incurred by the Company in properly performing or exercising its powers or duties in relation to the Retail Trust. The Company has a right of indemnity from the Retail Trust, for any liability incurred by the Company in properly performing or exercising any of its powers or duties in relation to the Retail Trust. The amount reimbursed during the year under this agreement was $11.4 million (30 June 2015: $11.2 million).

26. Parent entity

	Management Trust[1]		Retail Trust[1,2]	
	30 Jun 2016	30 Jun 2015	**30 Jun 2016**	30 Jun 2015
	$m	$m	**$m**	$m
Current assets	**–**	–	**24.4**	78.7
Non-current assets	**7.3**	7.3	**1,978.6**	1,734.4
Total assets	**7.3**	7.3	**2,003.0**	1,813.1
Current liabilities	**–**	–	**75.9**	62.8
Non-current liabilities	**–**	–	**638.2**	571.9
Total liabilities	**–**	–	**714.1**	634.7
Contributed equity	**7.3**	7.3	**1,216.6**	1,192.4
Reserves	**–**	–	**17.0**	4.9
Accumulated profit / (loss)	**–**	–	**53.4**	(18.9)
Total equity	**7.3**	7.3	**1,287.0**	1,178.4
Net profit/ (loss) after tax	**–**	–	**169.4**	138.3
Other comprehensive income	**–**	–	**–**	–
Total comprehensive income	**–**	–	**169.4**	138.3
Commitments for the acquisition of property by the parent	**–**	–	**133.2**	45.6

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 2016 the Group and Retail Trust have the ability to drawdown funds to pay the distribution on 31 August 2016, having as at 30 June 2016 $93.2 million of cash and undrawn financing facilities (refer note 15 and 33).

27. Subsidiaries

Name of subsidiaries	Place of incorporation and operation	Ownership interest 30 June 2016	Ownership interest 30 June 2015
Subsidiaries of Shopping Centres Australasia Property Management Trust			
Shopping Centres Australasia Property Operations Pty Ltd	Australia	**100.0%**	100.0%
Shopping Centres Australasia Property Holdings Pty Ltd	Australia	**100.0%**	100.0%
Shopping Centres Australasia Property Group RE Ltd	Australia	**100.0%**	100.0%
Shopping Centres Australasia Property Group Trustee NZ Ltd	New Zealand	**100.0%**	100.0%
Shopping Centres Australasia Property NZ Retail Trust	New Zealand	**0.1%**	0.1%
Shopping Centres Australasia Property Retail Trust	Australia	**–**[1]	–[1]
SCA Unlisted Retail Fund RE Limited[2]	Australia	**100.0%**	100.0%
Subsidiaries and associates of Shopping Centres Australasia Property Retail Trust			
Shopping Centres Australasia Property NZ Retail Trust	New Zealand	**99.9%**	99.9%
SCA Unlisted Retail Fund 1 [2, 3]	Australia	**24.4%**	100.0%

1. Shopping Centres Australasia Property Retail Trust is considered a subsidiary of Shopping Centres Australasia Property Management Trust due to stapling even though there is no ownership or shareholding interest.
2. SCA Unlisted Retail Fund RE Limited and SCA Unlisted Retail Fund 1 were formed during the year ended 30 June 2015.
3. When SCA Unlisted Retail Fund 1 was formed Shopping Centres Australasia Property Retail Trust ownership interest was 100.0%. On 1 October 2015 SCA Unlisted Retail Fund 1 commenced operations with the allotment of 32.6m units at $1.00 each. Shopping Centres Australasia Property Retail Trust subscribed for and was allotted 7,959,000 or 24.4% units on this date and is classified as an associate.

28. Financial instruments – continuing operations

On 10 June 2016 the Group announced it entered into a sale contract with Stride Property Group (NZX: STR) for the sale of SCP's New Zealand properties. Settlement of this transaction is scheduled to occur in two tranches. Tranche 1 settled on 12 July 2016 and comprised 6 properties for NZ$128.2 million. The majority of the proceeds of Tranche 1 were remitted to Australia at an effective exchange rate of 1.04.

Tranche 2 comprises the remaining 8 properties for NZ$139.2 million and is expected to complete in late September 2016 through a put/call arrangement. The majority of the proceeds of Tranche 2 are expected to be used to repay NZ$ denominated debt.

At 30 June 2016 all of the New Zealand properties are classified for financial reporting purposes as a disposal group held for sale. Refer note 9. This note does not include consideration of balances denominated in NZ dollars unless specifically noted.

(a) Capital management

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

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

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

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

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

The Group's debt financial covenants are detailed in note 15.

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

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

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

The gearing ratio at 30 June 2016 was 34.0% (30 June 2015: 33.3%). Refer note 15 for additional information.

(b) Financial risk management

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

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

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

(b)(i) Financial risk management –credit

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

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

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

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

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

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

	SCA Property Group		Retail Trust	
	30 Jun 2016	30 Jun 2015	**30 Jun 2016**	30 Jun 2015
	$m	$m	**$m**	$m
Cash and cash equivalents	**3.8**	3.7	**2.4**	2.1
Receivables	**13.3**	8.0	**13.2**	7.9
Derivative financial instruments	**85.8**	49.9	**85.8**	49.9
	102.9	61.6	**101.4**	59.9

The maximum exposure of the Group to credit risk as at 30 June 2016 and 30 June 2015 is the carrying amount of the financial assets in its statement of Consolidated Balance Sheets.

Receivables relate to tenant and managing agent receivables. Receivables are reviewed regularly throughout the year. A provision for doubtful debts is made where collection is deemed uncertain. Part of the Group's policy is to hold collateral as security for tenants via bank guarantees (or less frequently collateral such as deposits or cash and personal guarantees). There were no significant financial assets from major tenants that were past due at 30 June 2016 or 30 June 2015. Refer also note 8.

(b)(ii) Financial risk management – liquidity

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

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

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

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

Non-derivative financial instruments

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

	1 year or less	2 – 3 years	4 – 5 years	More than 5 years	Total
	$m	$m	$m	$m	$m
30 Jun 2016					
SCA Property Group					
Payables	**23.0**	**–**	**–**	**–**	**23.0**
Distribution payable	**45.5**	**–**	**–**	**–**	**45.5**
Interest bearing liabilities	**25.5**	**85.3**	**399.2**	**332.6**	**842.6**
	94.0	**85.3**	**399.2**	**332.6**	**911.1**
Retail Trust					
Payables	**29.2**	**–**	**–**	**–**	**29.2**
Distribution payable	**45.5**	**–**	**–**	**–**	**45.5**
Interest bearing liabilities	**25.5**	**85.3**	**399.2**	**332.6**	**842.6**
	100.2	**85.3**	**399.2**	**332.6**	**917.3**

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

Derivative financial instruments

The following tables show the undiscounted cash flows required to discharge the Group's and Retail Trust's derivative financial instruments in place at 30 June 2016 at the rates as at the reporting date. Foreign currencies have been converted at exchange rates at the reporting date.

	1 year or less $m	1 – 2 years $m	3 – 5 years $m	More than 5 years $m	Total $m
30 Jun 2016					
SCA Property Group					
Interest rate swaps – net	**–**	**(0.3)**	**1.7**	**8.6**	**10.0**
Cross currency interest rate swaps – net	**2.8**	**5.9**	**5.4**	**57.0**	**71.1**
	2.8	**5.6**	**7.1**	**65.6**	**81.1**
Retail Trust					
Interest rate swaps – net	**–**	**(0.3)**	**1.7**	**8.6**	**10.0**
Cross currency interest rate swaps – net	**2.8**	**5.9**	**5.4**	**57.0**	**71.1**
	2.8	**5.6**	**7.1**	**65.6**	**81.1**

	1 year or less $m	1 – 3 years $m	3 – 5 years $m	More than 5 years $m	Total $m
30 Jun 2015					
SCA Property Group					
Interest rate swaps – net	1.1	3.1	1.2	1.6	7.0
Cross currency interest rate swaps – net	2.0	3.3	0.9	27.6	33.8
	3.1	6.4	2.1	29.2	40.8
Retail Trust					
Interest rate swaps – net	1.1	3.1	1.2	1.6	7.0
Cross currency interest rate swaps – net	2.0	3.3	0.9	27.6	33.8
	3.1	6.4	2.1	29.2	40.8

(b)(iii) Financial risk management – market risk

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

Foreign exchange risk

Foreign exchange risk arises when anticipated transactions or recognised assets and liabilities are denominated in a currency that is not the Group's presentation currency, being Australian dollars. The Group has currency exposure to the New Zealand dollar (NZD) and the United States dollar (USD).

Foreign exchange risk – New Zealand dollar

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

On 10 June 2016 the Group announced it entered into a sale contract with Stride Property Group (NZX: STR) for the sale of SCP's New Zealand properties. Settlement of this transaction is scheduled to occur in two tranches. Tranche 1 settled on 12 July 2016 and comprised 6 properties for NZ$128.2 million. The majority of the proceeds of Tranche 1 were remitted to Australia at an effective exchange rate of 1.04.

Tranche 2 comprises the remaining 8 properties for NZ$139.2 million and is expected to complete in late September 2016 through a put/call arrangement. The majority of the proceeds of Tranche 2 are expected to be used to repay NZ$ denominated debt.

At 30 June 2016 all of the New Zealand properties are classified for financial reporting purposes as a disposal group held for sale.

Foreign exchange risk – United States Dollar

The Group's and the Retail Trust's exposure to the United States dollar is through borrowing in USD denominated debt via the US notes issued during the year ended 30 June 2015. The debt and interest payments are fully economically hedged. Refer below and the US notes are discussed at note 15.

Cross currency interest rate swap contracts

The Group has reduced its future exposure to the foreign exchange risk inherent in the carrying value of its US dollar borrowings (refer US note issue discussed above and note 15) by using cross currency interest rate swaps.

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

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

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

	1 year or less	2 – 3 years	4 – 5 years	More than 5 years	Total
	$m	$m	$m	$m	$m
30 Jun 2016					
SCA Property Group					
Buy US dollar – interest					
Amount (AUD)	**6.7**	**13.4**	**13.4**	**48.0**	**81.6**
Exchange rate	**0.9387**	**0.9387**	**0.9387**	**0.9387**	**0.9387**
Amount (USD)	**6.3**	**12.6**	**12.6**	**45.1**	**76.6**
Buy US dollar – Principal					
Amount (AUD)	**–**	**–**	**–**	**159.8**	**159.8**
Exchange Rate	**0.9387**	**0.9387**	**0.9387**	**0.9387**	**0.9387**
Amount (USD)	**–**	**–**	**–**	**150.0**	**150.0**
Retail Trust					
Buy US dollar – interest					
Amount (AUD)	**6.7**	**13.4**	**13.4**	**48.0**	**81.6**
Exchange rate	**0.9387**	**0.9387**	**0.9387**	**0.9387**	**0.9387**
Amount (USD)	**6.3**	**12.6**	**12.6**	**45.1**	**76.6**
Buy US dollar – Principal					
Amount (AUD)	**–**	**–**	**–**	**159.8**	**159.8**
Exchange rate	**0.9387**	**0.9387**	**0.9387**	**0.9387**	**0.9387**
Amount (USD)	**–**	**–**	**–**	**150.0**	**150.0**

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

Sensitivity analysis – foreign exchange risk

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

	Profit/ loss after tax		Equity	
	Effect of 10% increase in A$ exchange rate $m	Effect of 10% decrease in A$ exchange rate $m	Effect of 10% increase in A$ exchange rate $m	Effect of 10% decrease in A$ exchange rate $m
30 Jun 2016				
SCA Property Group				
A$ equivalent of foreign exchange balances denominated in USD	**(5.7)**	**6.9**	**(5.7)**	**6.9**
Retail Trust				
A$ equivalent of foreign exchange balances denominated in USD	**(5.7)**	**6.9**	**(5.7)**	**6.9**
30 Jun 2015				
SCA Property Group				
A$ equivalent of foreign exchange balances denominated in USD	(17.9)	14.0	(17.9)	14.0
Retail Trust				
A$ equivalent of foreign exchange balances denominated in USD	(17.9)	14.0	(17.9)	14.0

Interest rate risk

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

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

Hedging activities are evaluated regularly.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. Exposure to cash and cash equivalents is limited to $3.8 million (30 June 2015: $3.7 million).

Interest rate swap contracts

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

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

Additionally the Group has fixed rate borrowings in the form of A$ and US$ US notes and the A$ medium term note.

The requirements under Australian accounting standards in respect of documentation, designation and effectiveness for hedge accounting cannot be met in all circumstances. As a result the Group does not apply hedge accounting for any derivatives as at 30 June 2016.

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

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

	SCA Property Group					
	Interest rate	Floating interest rate	Fixed interest rate			Total
			Less than 1 year	1 – 5 years	More than 5 years	
	(% p.a.)	$m	$m	$m	$m	$m
30 Jun 2016						
Financial assets						
Cash and cash equivalents	1.7%	3.8	–	–	–	3.8
Financial liabilities						
Interest bearing liabilities						
Denominated in AUD – floating	3.3%	(210.0)	–	–	–	(210.0)
Denominated in AUD – fixed (MTN)	3.8%	–	–	(175.0)	–	(175.0)
Denominated in AUD – fixed (USPP)	6.0%	–	–	–	(50.0)	(50.0)
Denominated in USD – fixed (USPP)	4.2%	–	–	–	(202.0)	(202.0)
Total financial liabilities		(210.0)	–	(175.0)	(252.0)	(637.0)
Total net financial liabilities		(206.2)	–	(175.0)	(252.0)	(633.2)

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

	Retail Trust					
	Interest rate	Floating interest rate	Fixed interest rate			Total
			Less than 1 year	1 – 5 years	More than 5 years	
	(% p.a.)	$m	$m	$m	$m	$m
30 Jun 2016						
Financial assets						
Cash and cash equivalents	1.7%	2.4	–	–	–	2.4
Financial liabilities						
Interest bearing liabilities						
Denominated in AUD – floating	3.3%	(210.0)	–	–	–	(210.0)
Denominated in AUD – fixed	3.8%	–	–	(175.0)	–	(175.0)
Denominated in AUD – fixed (USPP)	6.0%	–	–	–	(50.0)	(50.0)
Denominated in USD – fixed (USPP)	4.2%	–	–	–	(202.0)	(202.0)
Total financial liabilities		(210.0)	–	(175.0)	(252.0)	(637.0)
Total net financial liabilities		(207.6)	–	(175.0)	(252.0)	(634.6)

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

As at 30 June 2016	June 2017 $m	June 2018 $m	June 2019 $m	June 2020 $m	June 2021 $m	June 2022 $m
Denominated in AU$						
Interest rate swaps (fixed)	**325.0**	**325.0**	**325.0**	**175.0**	**–**	**–**
Average fixed rate	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**–**	**–**
Interest rate swaps (floating)	**50.0**	**50.0**	**50.0**	**50.0**	**50.0**	**50.0**

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

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

The Retail Trust's exposure to interest rate risk and the effective interest rates on financial assets and liabilities at 30 June 2015 are in the table below.

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

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

June 2015	June 2016 $m	June 2017 $m	June 2018 $m	June 2019 $m	June 2020 $m	June 2021 $m
Denominated in AU$						
Interest rate swaps (fixed)	**175.0**	**175.0**	**–**	**–**	**–**	**–**
Average fixed rate	**1.9%**	**1.9%**	**–**	**–**	**–**	**–**
Interest rate swaps (floating)	**50.0**	**50.0**	**50.0**	**50.0**	**50.0**	**50.0**
Denominated in NZ$ and in NZ$						
Interest rate swaps (fixed)	**43.8**	**–**	**–**	**–**	**–**	**–**
Average fixed rate	**3.3%**	**–**	**–**	**–**	**–**	**–**

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 excludes discontinued operation.

	Profit/loss after tax[1]		Equity	
	100bp higher $m	100bp lower $m	100bp higher $m	100bp lower $m
30 Jun 2016				
SCA Property Group				
Effect of market interest rate movement	**(22.7)**	**22.9**	**(22.7)**	**22.9**
Retail Trust				
Effect of market interest rate movement	**(22.7)**	**22.9**	**(22.7)**	**22.9**
30 Jun 2015				
SCA Property Group				
Effect of market interest rate movement	(25.4)	25.6	(25.4)	25.6
Retail Trust				
Effect of market interest rate movement	(25.4)	25.6	(25.4)	25.6

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

(c) Accounting classifications and fair values

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

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

The Directors consider that the carrying amounts of other financial assets and financial liabilities, which are recognised at amortised cost in the Consolidated Financial Statements, approximates their fair values other than the US notes and the A$ medium term notes. The amortised cost of the US notes, converted to AUD for the USD denominated notes at the prevailing foreign exchange rate at 30 June 2016 (which was AUD 1.00 = USD 0.7425 (30 June 2015: 0.7712), is $252.0 million (30 June 2015: $244.5 million) (refer Note 15). The amortised cost of the A$ medium term notes is $175.0 million. The fair value of the US notes and A$ medium term notes can be different to the carrying value. The fair value, additionally, takes into account movements in the underlying base interest rates and credit spreads for similar financial instruments including extrapolated yield curves over the tenor of the notes. On this basis the estimated fair value of the US notes and the A$ medium term notes is $223.0 million and $177.2 million (30 June 2015: $248.7 million and $170.0 million respectively).

The following table represents financial assets and liabilities that were measured and recognised at fair value at 30 June 2016 and 30 June 2015.

	SCA Property Group		Retail Trust	
	30 Jun 2016 **$m**	30 Jun 2015 $m	**30 Jun 2016** **$m**	30 Jun 2015 $m
Assets				
Derivatives that qualify as effective under hedge account rules:				
– Cash flow hedges	**–**	–	**–**	–
Other derivatives	**85.8**	49.9	**85.8**	49.9
	85.8	49.9	**85.8**	49.9
Liabilities				
Derivatives that qualify as effective under hedge account rules:				
– Cash flow hedges	**–**	–	**–**	–
Other derivatives	**4.7**	0.2	**4.7**	0.2
	4.7	0.2	**4.7**	0.2

Fair value hierarchy

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

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

There were no transfers between levels during the year.

	Level 1 **$m**	**Level 2** **$m**	**Level 3** **$m**	**Total** **$m**
30 Jun 2016				
SCA Property Group				
Financial assets carried at fair value				
Interest rate swaps	**–**	**13.0**	**–**	**13.0**
Cross currency swaps	**–**	**72.8**	**–**	**72.8**
	–	**85.8**	**–**	**85.8**
Financial liabilities carried at fair value				
Interest rate swaps	**–**	**4.7**	**–**	**4.7**
Retail Trust				
Financial assets carried at fair value				
Interest rate swaps	**–**	**13.0**		**13.0**
Cross currency swaps	**–**	**72.8**	**–**	**72.8**
	–	**85.8**	**–**	**85.8**
Financial liabilities carried at fair value				
Interest rate swaps	**–**	**4.7**	**–**	**4.7**

	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
30 Jun 2015				
SCA Property Group				
Financial assets carried at fair value				
Interest rate swaps	–	6.6	–	6.6
Cross currency swaps	–	43.3	–	43.3
	–	49.9	–	49.9
Financial liabilities carried at fair value				
Interest rate swaps	–	0.2	–	0.2
Retail Trust				
Financial assets carried at fair value				
Interest rate swaps	–	6.6	–	6.6
Cross currency swaps	–	43.3	–	43.3
	–	49.9	–	49.9
Financial liabilities carried at fair value				
Interest rate swaps	–	0.2	–	0.2

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

Interest rate derivatives are financial instruments that use valuation techniques with only observable market inputs and are included in Level 2 above.

The Group does not have any Level 3 financial instruments other than the asset identified at note 29.

29. Other assets

Other assets include:

- **Clemton Park (NSW):** $2.4 million relates to the amount paid for the call option in December 2014 when the Group agreed to purchase Clemton Park on completion of the development via a put and call option arrangement. On completion of the development SCP will acquire it for $48.0 million less the amount already paid of $2.4 million. The completion of the development is expected to be in calendar year 2017. The option is classified as a derivative valued at fair value through profit or loss. No revaluations occurred since initial recognition of the $2.4 million. The Directors have adopted a fair value of the option based on an appropriate valuation model including a number of unobservable inputs. Revaluations in future periods will also involve a fair value method based on unobservable inputs. Unobservable inputs are categorised as level 3 in the fair value hierarchy (refer note 28(c) for additional information in relation to the fair value hierarchy) and are consistent with those used to value investment properties.
- **Muswellbrook Fair (NSW)**: prior to 30 June 2016 a deposit was paid of $1.5 million to acquire the neighbourhood centre at Muswellbrook. Upon completion the remaining balance due was $27.8 million (prior to settlement adjustments and stamp duty). This property completed in July 2016.
- **Other:** $1.8 million relates to prepayments and other amounts.

30. Investment in associate

On 1 October 2015 the Retail Trust acquired 7,959,000 units in the SCA Unlisted Retail Fund 1 (SURF 1) at $1.00 each. SURF 1 is an unlisted closed end property fund investing in five retail properties purchased from the Group on 1 October 2015. The Group recognises its 24.4% interest in SURF 1 as an associate using the equity method of accounting.

	SCA Property Group		Retail Trust	
	30 Jun 2016	30 Jun 2015	**30 Jun 2016**	30 Jun 2015
	$m	$m	**$m**	$m
Total investment in associate	**8.1**	–	**8.1**	–

	SCA Property Group		Retail Trust	
	30 Jun 2016	30 Jun 2015	**30 Jun 2016**	30 Jun 2015
	$m	$m	**$m**	$m
Movement in investment in associate				
Opening balance	**–**	–	**–**	–
Acquisitions to equity accounted investment	**8.0**	–	**8.0**	–
Share of profits after income tax	**0.6**	–	**0.6**	–
Distributions received or receivable	**(0.5)**	–	**(0.5)**	–
Closing balance	**8.1**	–	**8.1**	–

31. Cash and cash equivalents

	SCA Property Group		Retail Trust	
	30 Jun 2016	30 Jun 2015	**30 Jun 2016**	30 Jun 2015
	$'000	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	**3.8**	3.7	**2.4**	2.1
Reconciliation to consolidated statements of cashflows				
Cash and cash equivalents – continuing operations	**3.8**	3.7	**2.4**	2.1
Cash and cash equivalents – discontinued operation	**0.3**	–	**0.3**	–
Cash and cash equivalents at the end of the year as per consolidated statements of cashflows	**4.1**	3.7	**2.7**	2.1

32. Auditors' remuneration – continuing and discontinued operation

	SCA Property Group		Retail Trust	
	30 Jun 2016	30 Jun 2015	**30 Jun 2016**	30 Jun 2015
	$'000	**$'000**	**$'000**	**$'000**
Audit and review of the financial statements	**243.0**	252.2	**243.0**	252.2
Assurance and compliance services	**36.0**	37.8	**36.0**	37.8
Other	**12.0**	13.2	**12.0**	13.2
	291.0	303.2	**291.0**	303.2

The auditor of the Group is Deloitte Touche Tohmatsu.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

33. Subsequent events

New Zealand – disposal

On 10 June 2016 the Group announced it entered into a sale contract with Stride Property Group (NZX: STR) for the sale of SCP's New Zealand properties. The sale is consistent with the Group's strategy of divesting freestanding assets, as 9 of the 14 New Zealand centres are freestanding. Settlement of this transaction is scheduled to occur in two tranches. Tranche 1 settled on 12 July 2016 and comprised 6 properties for NZ$128.2 million. The majority of the proceeds of Tranche 1 were remitted to Australia at an effective exchange rate of NZ$1.04. The majority of these funds were used to assist with the funding of the Post 30 June 2016 acquisitions (refer below).

Tranche 2 comprises the remaining 8 properties for NZ$139.2 million and is now unconditional and is expected to complete in late September 2016 through a put/call arrangement. The majority of the proceeds of Tranche 2 are expected to be used to repay NZ$ denominated debt.

At 30 June 2016 all of the New Zealand properties are classified for financial reporting purposes as a disposal group held for sale and a discontinued operation. For financial reporting purposes it is a requirement that the liabilities and equity of a disposal group classified as held for sale are presented separately from other liabilities and equity respectively in the balance sheet and the results of discontinued operation are presented separately on the face of the income statement.

Medium term notes

During July 2016 the Group issued another A$50.0 million medium term notes with an aggregate face value of $50.0 million. These notes were issued under the same terms as the original notes (with a coupon of 3.75% and expiry of April 2021) however the issue price was at a premium such that the effective interest rate is 3.50%p.a.

Post 30 June 2016 acquisitions

After 30 June 2016 and up to the date of this report the Group also completed 3 property acquisitions for $85.3 million. Details of the 3 properties acquired include:

Property	Type	State	Settlement Date	Cost[1] $m
Belmont Central	Neighbourhood	NSW	Jul- 16	28.5
Jimboomba Junction	Neighbourhood	QLD	Jul- 16	27.5
Muswellbrook Fair	Neighbourhood	NSW	Jul- 16	29.3
				85.3

1. Cost excludes transaction costs.

Additionally in early August 2016 the Group exchanged contracts to purchase Annandale Central, a neighbourhood centre in Queensland, for $33.5 million (excluding transaction costs). This is expected to settle in early 2017.

Woolworths

On 25 July 2016 Woolworths announced an 'Update on Operating Model Review'. This announcement included that Woolworths Limited intended to close 17 Woolworths Supermarkets in Australia (out of 960 (in Australia and New Zealand)) and 5 Big W stores (out of 186) and that there are an additional 15 Woolworths Supermarkets in and 18 Big W stores in Australia which are not trading satisfactorily. Management understands that none of the Woolworths Supermarkets or Big W stores owned or managed by the Group are on the list for intended closure.

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

Directors Declaration

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 82 to 130 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 2016 and of their performance, for the year ended 30 June 2016; and

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

(iii) 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 2016.

Signed in accordance with a resolution of the Directors.

Philip Marcus Clark AM
Chair
Sydney
15 August 2016

Deloitte.

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

We have audited the accompanying financial report as set out on pages 82 to 131 which comprises:

- the consolidated balance sheet as at 30 June 2016, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement 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 consolidated stapled entity Shopping Centres Australasia Property Management Trust ("SCA Property Management Trust", the "Group"). 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, including Shopping Centres Australasia Retail Trust ("SCA Property Retail Trust") and the entities it controlled at the year's end or from time to time during the financial year; and

- the consolidated balance sheet as at 30 June 2016, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement 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 consolidated entity SCA Property Retail Trust. The consolidated entity, 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.

Deloitte.

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 SCA Property Management Trust and SCA Property Retail Trust, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report 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 2016 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, 15 August 2016

SECURITY ANALYSIS

Distribution of equity securities as at 24 August 2016

Number of securities held by security holders	No. of holders	Ordinary securities held	% of issued securities
1 to 1,000	51,319	21,866,904	2.98
1,001 to 5,000	11,714	27,529,944	3.75
5,001 to 10,000	5,229	38,414,976	5.23
10,001 to 100,000	4,243	95,416,015	13.00
100,001 and Over	139	550,896,387	75.04
Total	**72,644**	**734,124,226**	**100**

SCP only has ordinary stapled securities on issue and as at 24 August 2016 there were a total of 72,644 holders.
The total number of securityholders with less than a marketable parcel of 218 (using the closing price for SCP securities on 24 August 2016) securities is 4,583 holders and they hold 395,653 securities.

Top 20 registered equity security holders as at 24 August 2016

Name	Units	% of units
HSBC Nominees (Australia) Limited	179,128,453	24.40
JP Morgan Nominees Australia Limited	108,586,840	14.79
Citicorp Nominees Pty Limited	77,043,181	10.49
National Nominees Limited	59,310,645	8.08
BNP Paribas Noms Pty Ltd	25,760,110	3.51
RBC Investor Services Australia Nominees Pty Limited	21,466,679	2.92
Citicorp Nominees Pty Limited	9,013,226	1.23
Karatal Holdings Pty Ltd	5,160,715	0.70
BNP Paribas Nominees Pty Ltd	4,702,800	0.64
AMP Life Limited	3,826,929	0.52
BNP Paribas Nominees Pty Ltd	3,813,697	0.52
Navigator Australia Ltd	3,668,302	0.50
Nulis Nominees (Australia) Limited	3,588,839	0.49
RBC Investor Services Australia Nominees Pty Limited	3,183,256	0.43
HSBC Custody Nominees (Australia) Limited	2,366,261	0.32
Moelis Australia Asset Management Ltd	2,276,945	0.31
Bond Street Custodians Limited	1,775,869	0.24
Warbont Nominees Pty Ltd	1,394,998	0.19
Sandhurst Trustees Ltd	1,350,000	0.18
Netwealth Investments Limited	1,302,133	0.18
Total	**518,719,878**	**70.66**
Balance of register	**215,404,348**	**29.34**

Substantial security holders notices as at 24 August 2016

Ordinary securities	Date of change	Securities held	%
Mondrian Investment Partners Limited	25/07/16	73,918,397	10.08
The Vanguard Group Inc	08/03/16	58,501,046	7.98

Voting rights as at 24 August 2016

The voting rights attaching to ordinary stapled securities (being the only class of equity securities SCP has on issue) are:

– On a show of hands, each member of a registered scheme has one vote; and

– On a poll, each member of the scheme has one vote for each dollar of the value of the total interests they have in the scheme.

INVESTOR RELATIONS

Investor relations

SCA Property Group (SCP or the Group) was listed on the ASX on 26 November 2012 and commenced trading on 19 December 2012 on a normal settlement basis under the ASX code 'SCP'. At listing the Group had more than 400,000 unitholders, and since that time the register has changed significantly with the number of unitholders as at 24 August 2016 being less than 74,000.

Company website

All unitholders can access important information on the Group's website at www.scaproperty.com.au. It includes all presentations, webcasts, market updates and ASX announcements and links to the online registry, as well as this annual report.

SCP only sends printed copies of the annual report to unitholders that have elected to receive a hard copy. In the interests of sustainability and reducing paper consumption, we strongly encourage unitholders to download the electronic version of this report.

Annual taxation statement

SCP sends an annual taxation statement to unitholders in August each year. This statement provides a breakdown of the tax components of the Group's distribution of the preceding financial year. It also contains important information for completing unitholder taxation returns, and unitholders should retain this as part of their taxation records.

Contact the registry

Unitholders seeking information about their holding or distribution payments can contact the registry.

1300 318 976 (toll free within Australia)
+ 61 1300 318 976 (outside of Australia)

The Registrar
Link Market Services
Locked Bag A14
Sydney South NSW 1235
Australia

Registered office

Level 5, 50 Pitt Street,
Sydney NSW 2000
Australia

Phone +61 2 8243 4900

Complaints officer

In accordance with our complaints handling procedure, if you wish to make a complaint, please forward your correspondence to:

Complaints Officer
SCA Property Group
Level 5, 50 Pitt Street,
Sydney NSW 2000
Australia

Unitholder register details

You can visit the register at https://investorcentre.linkmarketservices.com.au/Login/Login to view your holdings, access information and make changes. Log on using your SRN or HIN and the postcode of your registered address.

SCP encourages unitholders to update their personal details on the register, including providing a tax file number (TFN) or Australian business number (ABN), and an email address to receive electronic communication. We will make all future distribution payments by direct credit, so we also ask that unitholders provide their banking details.

On the online register, you can:

– Check your current balance
– Choose your preferred annual report options
– Update your address details
– Provide your email address
– Provide or update your banking instructions
– Register your TFN or ABN
– Check transaction and distribution history
– Download a variety of instruction forms
– Subscribe to email announcements

Property Group

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