SCENTRE GROUP

ASX Announcement

24 March 2016

Scentre Group (ASX: SCG / ADR: SCTRY)
Scentre Group Trust 1, Scentre Group Trust 2 and Scentre Group Trust 3
2015 Annual Reports

On 23 February 2016, Scentre Group released its 2015 results and Annual Financial Report.

Attached are the 2015 Annual Financial Reports for each of Scentre Group Trust 1, Scentre Group Trust 2 and Scentre Group Trust 3 which form part of the consolidated Scentre Group Annual Financial report. As Scentre Group operates as a co-ordinated economic entity, reference should be made to Scentre Group's results for an understanding of the results and operations of Scentre Group as a whole.

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SCENTRE GROUP TRUST 1, SCENTRE GROUP TRUST 2, SCENTRE GROUP TRUST 3 ANNUAL FINANCIAL REPORT 31 DECEMBER 2015

SCENTRE GROUP

Owner and Operator of Westfield in Australia and New Zealand

Scentre Group Trust 1 Annual Financial Report 31 December 2015

Scentre Management Limited ABN 41 001 670 579
AFSL No. 230329 as responsible entity of
Scentre Group Trust 1 ARSN 090 849 746

Scentre Group Trust 2 Annual Financial Report 31 December 2015

RE1 Limited ABN 80 145 743 862
AFSL No. 380202 as responsible entity of
Scentre Group Trust 2 ARSN 146 934 536

Scentre Group Trust 3 Annual Financial Report 31 December 2015

RE2 Limited ABN 41 145 744 065
AFSL No. 380203 as responsible entity of
Scentre Group Trust 3 ARSN 146 934 652

Directory

Scentre Group
Scentre Group Limited
ABN 66 001 671 496

Scentre Group Trust 1
ARSN 090 849 746
(responsible entity Scentre Management Limited
ABN 41 001 670 579, AFS Licence No 230329)

Scentre Group Trust 2
ARSN 146 934 536
(responsible entity RE1 Limited
ABN 80 145 743 862, AFS Licence No 380202)

Scentre Group Trust 3
ARSN 146 934 652
(responsible entity RE2 Limited
ABN 41 145 744 065, AFS Licence No 380203)

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Auditors
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Telephone: +61 3 9946 4471
Enquiries: 1300 730 458
Facsimile: +61 3 9473 2500
E-mail: web.queries@computershare.com.au
Website: www.computershare.com

ADR Registry
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Depositary Receipts Division
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New York, New York 10286
Telephone: +1 212 815 2293
Facsimile: +1 212 571 3050
Website: www.adrbny.com
Code: SCTRY

Listing
Australian Securities Exchange – SCG

Website
www.scentregroup.com

Annual Financial Report

SCENTRE GROUP TRUST 1
For the Financial Year ended 31 December 2015

Contents

Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	31 Dec 15 $million	31 Dec 14 $million
Revenue			
Property revenue	5	**582.8**	574.9
		582.8	574.9
Share of after tax profits of equity accounted entities			
Property revenue		**565.8**	588.3
Property revaluations		**363.2**	206.9
Property expenses, outgoings and other costs		**(151.0)**	(155.7)
Gain in respect of capital transactions		**0.4**	–
Net interest income		**0.8**	0.7
Tax benefit/(expense)		**11.5**	(17.2)
	15(a)	**790.7**	623.0
Expenses			
Property expenses, outgoings and other costs		**(152.8)**	(153.1)
Manager's service charge		**(10.4)**	(10.8)
Overheads		**(2.6)**	(3.2)
		(165.8)	(167.1)
Interest income	6(a)	**31.4**	53.2
Currency gain	7	**60.6**	15.3
Financing costs	6(b)	**(568.2)**	(328.5)
Gain in respect of capital transactions	8	**11.3**	–
Property revaluations		**396.6**	293.6
Income from other investments	3(b)	**–**	104.2
Charges and credits in respect of the Restructure and Merger	4	**–**	700.5
Profit before tax for the period		**1,139.4**	1,869.1
Tax benefit/(expense)	9	**–**	0.2
Profit after tax for the period		**1,139.4**	1,869.3
Profit after tax for the period attributable to:			
– Members of Scentre Group Trust 1		**1,117.5**	1,829.1
– External non controlling interests		**21.9**	40.2
Profit after tax for the period		**1,139.4**	1,869.3

		cents	cents
Basic earnings per unit	24(a)	**20.99**	34.35
Diluted earnings per unit	24(a)	**20.99**	34.35

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2015

	31 Dec 15 $million	31 Dec 14 $million
Profit after tax for the period	**1,139.4**	1,869.3
Other comprehensive income		
Movement in foreign currency translation reserve[(i)]		
– Realised and unrealised differences on the translation of investment in foreign operations, currency loans and asset hedging derivatives which qualify for hedge accounting	**(6.1)**	25.4
– Accumulated exchange differences transferred from foreign currency translation reserve on realisation of net investment in foreign operations	**(85.7)**	–
Movement in asset revaluation reserve[(i)]		
– Revaluation increment	**–**	212.5
– Accumulated asset revaluation reserve in respect of available for sale assets distributed to Westfield Corporation transferred to the income statement	**–**	(1,022.4)
Total comprehensive income for the period	**1,047.6**	1,084.8
Total comprehensive income attributable to:		
– Members of Scentre Group Trust 1	**1,025.7**	1,044.6
– External non controlling interests	**21.9**	40.2
Total comprehensive income for the period	**1,047.6**	1,084.8

(i) These items may be subsequently recycled to the profit and loss. In relation to the foreign currency translation reserve, the portion relating to the foreign operations may be recycled to the profit and loss depending on how the foreign operations are sold.

Balance Sheet

AS AT 31 DECEMBER 2015

	Note	31 Dec 15 $million	31 Dec 14 $million
Current assets			
Cash and cash equivalents	10(a)	**12.1**	14.3
Trade debtors		**1.0**	1.6
Derivative assets	11	**0.3**	0.8
Receivables	12	**1,114.8**	418.7
Other current assets		**16.0**	15.0
Total current assets		**1,144.2**	450.4
Non current assets			
Investment properties	13	**8,037.0**	7,814.7
Equity accounted investments	15(b)	**7,417.9**	7,507.1
Derivative assets	11	**687.5**	340.5
Other non current assets		**43.2**	41.1
Total non current assets		**16,185.6**	15,703.4
Total assets		**17,329.8**	16,153.8
Current liabilities			
Trade creditors		**52.9**	52.8
Payables and other creditors	16	**1,292.0**	1,304.7
Interest bearing liabilities	17	**291.2**	998.4
Other financial liabilities	18	**1,154.9**	–
Derivative liabilities	19	**9.8**	1.2
Total current liabilities		**2,800.8**	2,357.1
Non current liabilities			
Interest bearing liabilities	17	**7,886.7**	6,507.9
Other financial liabilities	18	**–**	1,409.1
Derivative liabilities	19	**172.8**	69.3
Total non current liabilities		**8,059.5**	7,986.3
Total liabilities		**10,860.3**	10,343.4
Net assets		**6,469.5**	5,810.4
Equity attributable to members of Scentre Group Trust 1			
Contributed equity	20(b)	**1,658.1**	1,658.1
Reserves	21	**41.9**	133.7
Retained profits	22	**4,502.9**	3,760.7
Total equity attributable to members of Scentre Group Trust 1		**6,202.9**	5,552.5
Equity attributable to external non controlling interests			
Contributed equity		**94.0**	94.0
Retained profits		**172.6**	163.9
Total equity attributable to external non controlling interests		**266.6**	257.9
Total equity		**6,469.5**	5,810.4

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	*Contributed Equity $million*	*Reserves $million*	*Retained Profits $million*	**31 Dec 15 Total $million**	*Contributed Equity $million*	*Reserves $million*	*Retained Profits $million*	31 Dec 14 Total $million
Changes in equity attributable to members of Scentre Group Trust 1									
Balance at the beginning of the period		*1,658.1*	*133.7*	*3,760.7*	**5,552.5**	*5,777.5*	*918.2*	*4,103.2*	10,798.9
– Profit after tax for the period[(i)]		–	–	*1,117.5*	**1,117.5**	–	–	*1,829.1*	1,829.1
– Other comprehensive income[(i)(ii)]		–	*(91.8)*	–	**(91.8)**	–	*(784.5)*	–	(784.5)
Transactions with owners in their capacity as owners:									
– Capital distribution to Westfield Corporation[(iii)]	20	–	–	–	**–**	*(4,119.3)*	–	–	(4,119.3)
– Accumulated retained profits attributable to Westfield Corporation[(iii)]	22	–	–	–	**–**	–	–	*(1,860.1)*	(1,860.1)
– Stapling distribution applied on behalf of investors to subscribe for units in Scentre Group Trust 2 and Scentre Group Trust 3 as part of the merger	20	–	–	–	**–**	*(2.8)*	–	–	(2.8)
– Issuance of units resulting from the Restructure and Merger	20	–	–	–	**–**	*2.7*	–	–	2.7
– Distributions paid or provided for		–	–	*(375.3)*	**(375.3)**	–	–	*(311.5)*	(311.5)
Closing balance of equity attributable to members of Scentre Group Trust 1		*1,658.1*	*41.9*	*4,502.9*	**6,202.9**	*1,658.1*	*133.7*	*3,760.7*	5,552.5
Changes in equity attributable to external non controlling interests									
Balance at the beginning of the period		*94.0*	–	*163.9*	**257.9**	*94.0*	–	*135.2*	229.2
Profit after tax for the period attributable to external non controlling interests[(i)]		–	–	*21.9*	**21.9**	–	–	*40.2*	40.2
Distributions paid or provided for		–	–	*(13.2)*	**(13.2)**	–	–	*(11.5)*	(11.5)
Closing balance of equity attributable to external non controlling interests		*94.0*	–	*172.6*	**266.6**	*94.0*	–	*163.9*	257.9
Total equity		*1,752.1*	*41.9*	*4,675.5*	**6,469.5**	*1,752.1*	*133.7*	*3,924.6*	5,810.4

(i) Total comprehensive income for the period amounts to a gain of $1,047.6 million (31 December 2014: $1,084.8 million).

(ii) Movement in reserves attributable to members of Scentre Group Trust 1 consists of the net exchange loss in respect of realised and unrealised differences on the translation of investment in foreign operations, currency loans and asset hedging derivatives which qualify for hedge accounting of $6.1 million (31 December 2014: net exchange gain of $25.4 million), accumulated exchange differences transferred from foreign currency translation reserve to the income statement on realisation of net investment in foreign operations of $85.7 million (31 December 2014: nil), and for the year ended 31 December 2014, revaluation gain of $212.5 million and accumulated asset revaluation reserve in respect of assets distributed to Westfield Corporation transferred to the income statement of $1,022.4 million.

(iii) For the year ended 31 December 2014, the net assets distributed to Westfield Corporation amounted to $5,979.4 million of which $4,119.3 million has been charged to contributed equity and $1,860.1 million has been charged to retained profits.

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	31 Dec 15 $million	31 Dec 14 $million
Cash flows from operating activities			
Receipts in the course of operations (including Goods and Services Tax (GST))		**655.9**	647.6
Payments in the course of operations (including GST)		**(173.2)**	(178.3)
Distributions/dividends received from equity accounted entities and other investments		**505.3**	355.7
Interest received from equity accounted entities		**12.6**	26.9
Income and withholding taxes refunded/(paid)		**–**	0.3
GST paid		**(45.8)**	(44.5)
Net cash flows from operating activities	10(b)	**954.8**	807.7
Cash flows from investing activities			
Capital expenditure on property investments		**(147.1)**	(144.1)
Proceeds from the disposition of property investments		**337.5**	–
Net inflows/(outflows) from investments in and loans to equity accounted entities		**350.1**	(139.2)
Payments for the purchase of other investments		**–**	(16.0)
Financing costs capitalised to qualifying development projects and construction in progress		**(6.8)**	(12.0)
Cash held by entities of Westfield Corporation deconsolidated during the period	3(b)	**–**	(11.5)
Net cash flows from/(used in) investing activities		**533.7**	(322.8)
Cash flows used in financing activities			
Net proceeds from/(repayments of) interest bearing liabilities and other financial liabilities		**724.5**	(240.7)
Loans received from/(advanced to) related entities		**(1,438.1)**	909.9
Payments of financing costs (excluding interest capitalised)			
– normal course of operations		**(395.6)**	(403.8)
– accelerated upon repayment of bonds and facilities on implementation of the Restructure and Merger		**–**	(29.1)
Interest received		**6.1**	52.9
Distributions paid		**(375.4)**	(311.5)
Distributions paid by controlled entities to external non controlling interests		**(12.2)**	(11.5)
Charges and credits in respect of the Restructure and Merger			
– Drawdown from bridging facilities		**–**	6,344.3
– Repayment of bonds and banking facilities		**–**	(3,656.9)
– Refinancing costs		**–**	(228.4)
– Stapling distributions		**–**	(2.8)
– Issuance of securities		**–**	2.7
– Net loans advanced to related entities		**–**	(2,922.4)
– Payment to Westfield Corporation		**–**	(51.0)
Net cash flows used in financing activities		**(1,490.7)**	(548.3)
Net decrease in cash and cash equivalents held		**(2.2)**	(63.4)
Add opening cash and cash equivalents brought forward		**14.3**	77.7
Effects of exchange rate changes on opening cash and cash equivalents brought forward		**–**	–
Cash and cash equivalents at the end of the period	10(a)	**12.1**	14.3

Index of Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

(a) Corporate information

This financial report of Scentre Group Trust 1 (SGT1) and its controlled entities (collectively the Trust) for the year ended 31 December 2015 was approved in accordance with a resolution of the Board of Directors of Scentre Management Limited as responsible entity of SGT1 (Responsible Entity) on 24 March 2016.

The nature of the operations and principal activities of the Trust are described in the Directors' Report.

(b) Statement of Compliance

This financial report complies with Australian Accounting Standards and International Financial Reporting Standards issued by the International Accounting Standards Board. The accounting policies adopted are consistent with those of the previous financial year except that the Trust has adopted the following new or amended standards which became applicable on 1 January 2015.

– AASB 2014-1 Part A Annual Improvements to IFRS 2010-2012 Cycle; and

– AASB 2014-1 Part A Annual Improvements to IFRS 2011-2013 Cycle

For the financial period, the adoption of these amended standards had no material impact on the financial statements of the Trust.

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Trust for the year ended 31 December 2015. The impact of these new standards (to the extent relevant to the Trust) and interpretations is as follows:

– AASB 9 Financial Instruments (effective from 1 January 2018)

  This standard includes requirements to improve and simplify the approach for classification and measurement, impairment and hedge accounting of financial instruments compared with the requirements of AASB 139 Financial Instruments: Recognition and Measurement. The Trust is currently assessing the impact of this standard.

– IFRS 15 Revenue from Contracts with Customers (expected to be effective from 1 January 2018)

  This standard determines the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The Trust is currently assessing the impact of this standard.

– IFRS 16 Leases (effective from 1 January 2019)

  This standard contains requirements about lease classification and the recognition, measurement and presentation and disclosures of leases for lessees and lessors. The Trust is currently assessing the impact of this standard.

In addition to the above, further amendments to accounting standards have been proposed as a result of the revision of related standards and the Annual Improvement Projects (for non-urgent changes). These amendments are set out below:

– AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations (effective from 1 January 2016)

– AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective from 1 January 2016)

– AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012 2014 Cycle (effective from 1 January 2016)

– AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 (effective from 1 January 2016)

– AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality (effective from 1 July 2015)

These recently issued or amended standards are not expected to have a significant impact on the amounts recognised in these financial statements when they are restated on application of these new accounting standards.

(c) Basis of Accounting

This financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001 (Cth)*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. This financial report has also been prepared on a historical cost basis, except for investment properties, investment properties within equity accounted investments, derivative financial instruments, other investments and other financial liabilities. The carrying values of recognised assets and liabilities that are hedged with fair value hedges and are otherwise carried at cost are adjusted to record changes in the fair values attributable to the risks that are being hedged.

(d) Significant accounting judgements, estimates and assumptions

The preparation of the financial report requires management to make judgements, estimates and assumptions. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and other various factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements, in particular, Note 2: Summary of significant accounting policies, Note 13: Investment Properties and Note 36: Fair value of financial assets and liabilities. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the Trust's financial results or the financial position in future periods.

(e) Comparative information

Where applicable, certain comparative figures are restated in order to comply with the current period's presentation of the financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting for the Trust

Scentre Group was established through the Restructure and Merger which took place on 30 June 2014. The securities of each of Scentre Group Limited (SGL), SGT1, Scentre Group Trust 2 (SGT2) and Scentre Group Trust 3 (SGT3) are stapled and trade as one security on the Australian Securities Exchange (ASX) under the code SCG. The stapled securities of SGL, SGT1, SGT2 and SGT3 cannot be traded separately. The stapling transaction is referred to as the "Merger".

SGL previously controlled SGT1 as a result of the stapling transaction creating Westfield Group on 2 July 2004. SGL continues to control SGT1 post Merger and accordingly the net assets and results of SGT1 continue to be consolidated by SGL.

(b) Consolidation and classification

This financial report comprises the financial statements and notes to the financial statements of SGT1, and each of its controlled entities as from the date SGT1 obtained control until such time control ceased. SGT1 and its controlled entities are collectively referred to as the economic entity known as the Trust. Where entities adopt accounting policies which differ from those of SGT1, adjustments have been made so as to achieve consistency within the Trust.

In preparing the consolidated financial statements all inter-entity transactions and balances, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

i) Synchronisation of Financial Year

By an order dated 5 November 2001, made by the Australian Securities and Investment Commission (ASIC) pursuant to subsection 340(1) of the Act, the Directors of the Responsible Entity have been relieved from compliance with subsection 323D(3) of the Act insofar as that subsection requires them to ensure the financial year of the controlled entity Carindale Property Trust (CPT), coincides with the financial year of SGT1.

Notwithstanding that the financial year of CPT ends on 30 June, the consolidated financial statements have been prepared so as to include the accounts for a period coinciding with the financial year of SGT1 being 31 December.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Consolidation and classification (continued)

ii) Joint arrangements

Joint operations

The Trust has significant co-ownership interests in a number of properties through unincorporated joint ventures. These interests are held directly and jointly as tenants in common. The Trust has the rights to the individual assets and obligations arising from these interests and recognises their share of the net assets, liabilities, revenues and expenses of the operation.

Joint ventures

The Trust has significant co-ownership interests in a number of properties through property partnerships or trusts. These joint ventures are accounted for using the equity method of accounting.

The Trust and its joint ventures use consistent accounting policies. Investments in joint ventures are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Trust's share of net assets of the joint ventures. The consolidated income statement reflects the Trust's share of the results of operations of the joint ventures.

iii) Controlled entities

Where an entity either began or ceased to be a controlled entity during the reporting period, the results are included only from the date control commenced or up to the date control ceased. Non controlling interests are shown as a separate item in the consolidated financial statements.

(c) Investment properties

The Trust's investment properties include shopping centre investments, development projects and construction in progress.

The Trust's shopping centre investment properties represent completed centres comprising freehold and leasehold land, buildings and leasehold improvements.

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

Initially, shopping centre investment properties are measured at cost including transaction costs. Subsequent to initial recognition, the Trust's portfolio of shopping centre investment properties are stated at fair value. Gains and losses arising from changes in the fair values of shopping centre investment properties are included in the income statement in the year in which they arise. Any gains or losses on the sale of an investment property are recognised in the income statement in the year of sale.

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

The Trust's development projects and construction in progress include costs incurred for the current and future redevelopment and expansion of new and existing shopping centre investments. Development projects and construction in progress include capitalised construction and development costs, payments and advances to contractors and where applicable, borrowing costs incurred on qualifying developments.

Refer to Note 13 for further details on the methods and assumptions used in assessing the fair value of shopping centre investments, development projects and construction in progress and the list of independent valuers appointed by the Trust to carry out property appraisals for the current financial year. Refer to Note 15 of Scentre Group's Annual Financial Report for the capitalisation rate for each shopping centre investment.

(d) Foreign currencies

i) Translation of foreign currency transactions

The functional and presentation currencies of SGT1 and its Australian subsidiaries is Australian dollars. The functional currency of the New Zealand entities is New Zealand dollars. The presentation currency of the overseas entities is Australian dollars to enable the consolidated financial statements of the Trust to be reported in a common currency.

Foreign currency transactions are converted to Australian dollars at exchange rates ruling at the date of those transactions. Amounts payable and receivable in foreign currency at balance date are translated to Australian dollars at exchange rates ruling at that date. Exchange differences arising from amounts payable and receivable are treated as operating revenue or expense in the period in which they arise, except as noted below.

ii) Translation of accounts of foreign operations

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

(e) Revenue recognition

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

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

All other revenues are recognised on an accruals basis.

(f) Taxation

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

(i) Under current Australian income tax legislation Australian trusts forming part of the Trust are not liable to Australian income tax, including capital gains tax, provided that members are presently entitled to the income of each Australian Trust as determined in accordance with SGT1's constitution.

The Trust's New Zealand entities are subject to New Zealand tax on their earnings. Dividends paid by those entities to SGT1 may be subjected to New Zealand dividend withholding tax. Under current Australian income tax legislation, holders of the stapled securities of Scentre Group may be entitled to receive a foreign income tax offset for New Zealand withholding tax deducted from dividends paid by SGT1's New Zealand controlled entities to SGT1.

(ii) Deferred tax is provided on all temporary differences at balance sheet date on the differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the asset is disposed of at book value, based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance sheet date. Income taxes related to items recognised directly in equity are recognised in equity and not in the income statement.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Expenses

Expenses are brought to account on an accruals basis.

(h) 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 purchase 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 payable or receivable to government authorities is included as part of receivables or payables in the balance sheet.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(i) Financing costs

Financing costs include interest, amortisation of discounts or premiums relating to borrowings and other costs incurred in connection with the arrangement of borrowings. Financing costs are expensed as incurred unless they relate to a qualifying asset. A qualifying asset is an asset which generally takes more than 12 months to get ready for its intended use or sale. In these circumstances, the financing costs are capitalised to the cost of the asset. Where funds are borrowed by the Trust for the acquisition or construction of a qualifying asset, the financing costs are capitalised.

Refer to Note 2(k) for other items included in financing costs.

(j) Contributed equity

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

(k) Derivative and other financial instruments

The Trust utilises derivative financial instruments, including forward exchange contracts, currency and interest rate options and currency and interest rate swaps to manage the risks associated with foreign currency and interest rate fluctuations. Such derivative financial instruments are recognised at fair value.

Scentre Group has set defined policies and implemented a comprehensive hedging program to manage interest and exchange rate risks. Derivative instruments are transacted to achieve the economic outcomes in line with treasury policy and the hedging program. Derivative instruments are not transacted for speculative purposes. Accounting standards require compliance with documentation, designation and effectiveness parameters before a derivative financial instrument is deemed to qualify for hedge accounting treatment. These documentation, designation and effectiveness requirements cannot be met in all circumstances. As a result, derivatives instruments, other than currency derivatives that hedge net investments in foreign operations, are deemed not to qualify for hedge accounting and are recorded at fair value. Gains or losses arising from the movement in fair values are recorded in the income statement.

The fair value of derivatives has been determined with reference to market observable inputs for contracts with similar maturity profiles. The valuation is a present value calculation which incorporates interest rate curves, foreign exchange spot and forward rates, option volatilities and the credit quality of all counterparties.

Gains or losses arising from the movements in the fair value of currency derivatives which hedge net investments in foreign operations are recognised in the foreign currency translation reserve. Where a currency derivative, or portion thereof, is deemed an ineffective hedge for accounting purposes, gains or losses thereon are recognised in the income statement. On disposal of a net investment in foreign operations, the cumulative gains or losses recognised previously in the foreign currency translation reserve are transferred to the income statement.

The accounting policies adopted in relation to material financial instruments are detailed as follows:

i) Financial assets

Cash and cash equivalents

Cash and cash equivalents in the balance sheet 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.

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and at bank, short term money market deposits and bank accepted bills of exchange readily converted to cash, net of bank overdrafts and short term loans. Bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.

Receivables

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

ii) Financial liabilities

Payables

Trade and other payables and loan payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Trust prior to the end of the financial year that are unpaid and arise when the Trust becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 60 days.

Interest bearing liabilities

Interest bearing liabilities are recognised initially at the fair value of the consideration received less any directly attributable transaction costs. Subsequent to initial recognition, interest bearing liabilities are recorded at amortised cost using the effective interest rate method.

Interest bearing liabilities are classified as current liabilities where the liability has been drawn under a financing facility which expires within one year. Amounts drawn under financing facilities which expire after one year are classified as non current.

Financing costs for interest bearing liabilities are recognised as an expense on an accruals basis.

The fair value of the Trust's interest bearing borrowings as disclosed in Note 36 are determined as follows:

- Fair value of quoted notes and bonds is based on price quotations at the reporting date.
- The fair value of unquoted instruments, loans from banks, finance leases and other non current financial liabilities is estimated by discounting future cash flows using rates that approximate the Trust's borrowing rate at the balance date, for debt with similar maturity, credit risk and terms.

Other financial liabilities

Other financial liabilities pertain to property linked notes. Where there is a minimum distribution entitlement and/or the redemption terms include the settlement for cash on redemption, the instrument is classified as a financial liability and is designated as fair value through the income statement.

The fair value of property linked notes is determined by reference to the fair value of the underlying linked property investments.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Recoverable amount of assets

At each reporting date, the Trust assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Trust makes an estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

(m) Earnings per unit

Basic earnings per unit is calculated as net profit attributable to members divided by the weighted average number of ordinary units. Diluted earnings per unit is calculated as net profit attributable to members 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.

(n) Distribution of non cash assets

Distribution of non-cash assets are recorded at fair value in the financial statements. The fair value of net assets distributed is charged to contributed equity, reserves and retained profits.

(o) Rounding

In accordance with ASIC Class Order 98/100, the amounts shown in the financial report have been rounded to the nearest tenth of a million dollars, unless otherwise indicated. Amounts shown as 0.0 represent amounts less than $50,000 that have been rounded down.

NOTE 3 DETAILS OF THE RESTRUCTURE AND MERGER

(a) Background

On 30 June 2014, the Westfield Group implemented a restructure (Restructure and Merger), under which Westfield Group's Australian and New Zealand business including its vertically integrated retail operating platform, held through Westfield Holdings Limited and Westfield Trust, was separated from the Westfield Group's international business and merged with Westfield Retail Trust to create two new listed groups:

(i) Scentre Group – comprising the merged Australian and New Zealand business of Westfield Group and Westfield Retail Trust; and

(ii) Westfield Corporation – comprising Westfield Group's international business.

The Restructure and Merger was approved by Westfield Group securityholders on 29 May 2014, Westfield Retail Trust securityholders on 20 June 2014 and by the Supreme Court of New South Wales on 23 June 2014.

The Restructure and Merger was implemented in three main stages:

– A restructure stage, where Westfield Group's international business was transferred to Westfield Corporation Limited and WFD Trust, and shares in Westfield Corporation Limited and units in WFD Trust were distributed in-specie to Westfield Group securityholders and stapled to Westfield Group;

– A destapling stage, where the shares in Westfield Holdings Limited and the units in Westfield Trust were each destapled from the Westfield Group and from each other resulting in the formation of Westfield Corporation; and

– A merger stage, where the shares in Westfield Holdings Limited and the units in Westfield Trust were stapled to the units in each of Westfield Retail Trust 1 and Westfield Retail Trust 2, resulting in the formation of Scentre Group.

Westfield Holdings Limited, Westfield Trust, Westfield Retail Trust 1 and Westfield Retail Trust 2 were renamed as Scentre Group Limited, Scentre Group Trust 1, Scentre Group Trust 2 and Scentre Group Trust 3 respectively.

Accounting for Scentre Group

As a result of the Restructure and Merger, SGL, for accounting purposes, gained control of SGT2 and SGT3 and has consolidated SGT2 and SGT3 from 30 June 2014. Accordingly, this transaction is accounted for as a business combination by consolidating the fair value of the net assets of SGT2 and SGT3 on 30 June 2014 and the results of SGT2 and SGT3 from 30 June 2014.

Refer to Note 3(b) of Scentre Group's Annual Financial Report for further details regarding the business combination with Westfield Retail Trust.

Accounting for the establishment of Westfield Corporation and discontinued operations

As noted above, as part of the Restructure and Merger, Westfield Group's international business was transferred to Westfield Corporation Limited and WFD Trust, and shares in Westfield Corporation Limited and units in WFD Trust were distributed in-specie to Westfield Group securityholders and stapled to Westfield Group. Westfield Group's Australian and New Zealand business operations were then merged with those of Westfield Retail Trust.

Accordingly, as a result of implementation of the Restructure and Merger on 30 June 2014, SGL has ceased to consolidate the international business.

The results of Westfield Group's international business for the year ended 31 December 2014 are presented as discontinued operations within Scentre Group's Annual Financial Report.

Refer to Note 3(c) of Scentre Group's Annual Financial Report for further details regarding the discontinued operations.

NOTE 3 DETAILS OF THE RESTRUCTURE AND MERGER (CONTINUED)

(b) Transfer of other investments to Westfield Corporation

The Restructure and Merger was implemented on 30 June 2014 and the net assets relating to the international business summarised below were distributed to Westfield Corporation. Charges and credits in respect of the Restructure and Merger are detailed in Note 4.

Net assets distributed to Westfield Corporation on 30 June 2014

	$million
Assets	
Cash	11.5
Loans receivable including from Westfield Corporation Limited and Westfield America Trust	4,141.6
Other investments[(i)]	1,858.0
	6,011.1
Liabilities	
Other liabilities	31.7
	31.7
Net assets	**5,979.4**

(i) Prior to the Restructure and Merger, $102.1 million of accrued income and $2.1 million of dividend income was recognised from these investments.

	31 Dec 15 $million	31 Dec 14 $million
NOTE 4 CHARGES AND CREDITS IN RESPECT OF THE RESTRUCTURE AND MERGER		
Refinancing costs in respect of the Restructure and Merger	**–**	(255.3)
Transaction costs in respect of the Restructure and Merger	**–**	(66.6)
Accumulated asset revaluation reserve in respect of assets distributed to Westfield Corporation transferred to the income statement	**–**	1,022.4
	–	700.5
NOTE 5 PROPERTY REVENUE		
Shopping centre base rent and other property income	**596.7**	587.9
Amortisation of tenant allowances	**(13.9)**	(13.0)
	582.8	574.9
NOTE 6 INTEREST INCOME AND FINANCING COSTS		
(a) Interest income		
Interest income	**0.8**	1.4
Interest income from related entities	**30.6**	51.8
	31.4	53.2
(b) Financing costs		
Gross financing costs (excluding net fair value gain/(loss) on interest rate hedges that do not qualify for hedge accounting)		
– External	**(228.9)**	(235.4)
– Related entities	**(131.3)**	(89.8)
Financing costs capitalised to qualifying development projects and construction in progress	**6.8**	12.0
Financing costs	**(353.4)**	(313.2)
Net fair value gain/(loss) on interest rate hedges that do not qualify for hedge accounting	**(113.5)**	100.7
Finance leases interest expense	**(0.6)**	(0.4)
Interest expense on other financial liabilities	**(75.2)**	(77.9)
Net fair value loss on other financial liabilities	**(25.5)**	(37.7)
	(568.2)	(328.5)
NOTE 7 CURRENCY GAIN/(LOSS)		
Net fair value gain/(loss) and associated credit risk on currency derivatives that do not qualify for hedge accounting	**(25.1)**	15.3
Exchange differences (including amounts transferred from foreign currency translation reserve) on realisation of net investment in foreign operations	**85.7**	–
	60.6	15.3

	31 Dec 15 $million	31 Dec 14 $million

NOTE 8 GAIN IN RESPECT OF CAPITAL TRANSACTIONS

Asset dispositions		
– proceeds from asset dispositions	**337.5**	–
– less: carrying value of assets disposed and other capital costs	**(326.2)**	–
Gain in respect of asset dispositions	**11.3**	–

NOTE 9 TAXATION

Tax benefit/(expense)		
Current – underlying operations	**–**	0.2
	–	0.2

The prima facie tax on profit before tax is reconciled to the income tax expense provided in the financial statements as follows:

Profit before income tax	**1,139.4**	1,869.1
Prima facie tax expense at 30%	**(341.8)**	(560.7)
Trust income not taxable for the Trust – tax payable by unitholders	**344.1**	566.1
Tax rate differential on New Zealand foreign income	**1.4**	2.0
Tax on intra-group transactions	**(3.7)**	(7.2)
Tax benefit	**–**	0.2

NOTE 10 CASH AND CASH EQUIVALENTS

(a) Components of cash and cash equivalents		
Cash	**12.1**	14.3
Total cash and cash equivalents	**12.1**	14.3

(b) Reconciliation of profit after tax to net cash flows from operating activities		
Profit after tax	**1,139.4**	1,869.3
Property revaluations	**(396.6)**	(293.6)
Financing costs	**568.2**	328.5
Interest income	**(31.4)**	(53.2)
Currency gain	**(60.6)**	(15.3)
Share of after tax profits of equity accounted entities in excess of distributions/dividends received	**(285.4)**	(269.4)
Interest received from equity accounted entities	**12.6**	26.9
Gain in respect of capital transactions	**(11.3)**	–
Charges and credits in respect of the Restructure and Merger	**–**	(700.5)
Amortisation of tenant allowances	**13.9**	13.0
Decrease/(increase) in working capital attributable to operating activities	**6.0**	(98.0)
Net cash flows from operating activities	**954.8**	807.7

NOTE 11 DERIVATIVE ASSETS

Current		
Receivables on currency derivatives	**0.3**	0.8
	0.3	0.8

Non current		
Receivables on currency derivatives	**540.5**	183.8
Receivables on interest rate derivatives	**147.0**	156.7
	687.5	340.5

The Trust presents the fair value mark to market of its derivative assets and derivative liabilities on a gross basis. However, certain derivative assets and liabilities are subject to legally enforceable master netting arrangements. As at 31 December 2015, when these netting arrangements are applied to the derivative portfolio, the derivative assets of $687.8 million are reduced by $176.5 million to the net amount of $511.3 million (31 December 2014: derivative assets of $341.3 million reduced by $63.8 million to the net amount of $277.5 million).

	Note	**31 Dec 15 $million**	31 Dec 14 $million
NOTE 12 RECEIVABLES			
Current			
Interest bearing loans receivable from related entities	39(c)	**1,029.2**	294.4
Sundry debtors		**85.6**	124.3
		1,114.8	418.7
NOTE 13 INVESTMENT PROPERTIES			
Non current			
Shopping centre investments	14	**7,852.7**	7,701.6
Development projects and construction in progress		**184.3**	113.1
		8,037.0	7,814.7
Movement in total investment properties			
Balance at the beginning of the year		**7,814.7**	7,368.5
Disposal of properties		**(322.0)**	–
Redevelopment costs		**147.7**	156.6
Net revaluation increment		**396.6**	289.6
Balance at the end of the year[i]		**8,037.0**	7,814.7

(i) The fair value of investment properties at the end of the year of $8,037.0 million (31 December 2014: $7,814.7 million) comprises of investment properties at market value of $8,026.3 million (31 December 2014: $7,809.3 million) and ground leases included as finance leases of $10.7 million (31 December 2014: $5.4 million).

Investment properties are carried at the Directors' assessment of fair value. Investment properties include both shopping centre investments and development projects and construction in progress.

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

The Directors' assessment of fair value of each development project and construction in progress that meets the definition of an investment property, takes into account the expected costs to complete, the stage of completion, expected underlying income and yield of the developments. From time to time, during a development, the Directors may commission an independent valuation of the development project. On completion, the development projects are reclassified to shopping centre investments and an independent valuation is obtained.

Independent valuations are conducted in accordance with guidelines set by the International Valuation Standards Committee for Australian and New Zealand properties.

It is Scentre Group's policy to appoint a number of qualified independent valuers and that no individual valuer is appointed to appraise an individual property for greater than three consecutive years. The following qualified independent valuers were appointed by Scentre Group to carry out property appraisals for the current financial year:

Australian shopping centres
- CBRE Valuations Pty Limited
- CIVAS (NSW) Pty Limited (Colliers International)
- CIVAS (VIC) Pty Limited (Colliers International)
- Cushman & Wakefield (NSW) Pty Ltd
- Jones Lang LaSalle Advisory Services Pty Ltd
- Knight Frank Australia Pty Ltd
- Savills Valuations Pty Ltd
- Urbis Valuations Pty Ltd

New Zealand shopping centres
- CBRE Limited
- Colliers International New Zealand Limited
- Cushman & Wakefield
- Jones Lang La Salle Limited

The determination of a property valuation is judgemental. The key assumptions in the valuation are the estimated capitalisation rate and net operating income. Movements in capitalisation rate for each property would result in changes to the fair value. For example, an increase in capitalisation rate would result in a decrease in the fair value of the properties while a decrease in capitalisation rate would result in an increase in the fair value of the properties.

The property capitalisation rates for the year ended 31 December 2015 range from 4.62% to 8.38%. Refer to Note 15(a) and (b) of Scentre Group's Annual Financial Report for details of property capitalisation rates by shopping centre.

	31 Dec 15 $million	31 Dec 14 $million

NOTE 14 DETAILS OF SHOPPING CENTRE INVESTMENTS

Consolidated Australian shopping centres	**7,852.7**	7,701.6
Equity accounted Australian shopping centres	**6,743.2**	6,318.7
Equity accounted New Zealand shopping centres	**797.4**	1,332.3
	15,393.3	15,352.6

NOTE 15 DETAILS OF EQUITY ACCOUNTED INVESTMENTS

(a) Details of the Trust's share of equity accounted entities' net profit and comprehensive income

Shopping centre base rent and other property income	**580.1**	601.8
Amortisation of tenant allowances	**(14.3)**	(13.5)
Property revenue	**565.8**	588.3
Interest income	**1.3**	1.3
Revenue	**567.1**	589.6
Property expenses, outgoings and other costs	**(151.0)**	(155.7)
Financing costs	**(0.5)**	(0.6)
Gain in respect of capital transactions	**0.4**	–
Expenses	**(151.1)**	(156.3)
Share of profit before property revaluations and tax expense of equity accounted entities	**416.0**	433.3
Property revaluations	**363.2**	206.9
Share of profit before tax of equity accounted entities	**779.2**	640.2
Current tax expense	**(13.7)**	(14.7)
Deferred tax benefit/(expense)	**25.2**	(2.5)
Tax benefit/(expense)	**11.5**	(17.2)
Share of after tax profit of equity accounted entities	**790.7**	623.0
Other comprehensive income[(i)]	**(30.7)**	25.4
Share of total comprehensive income of equity accounted entities	**760.0**	648.4

(i) Relates to the net exchange difference on translation of equity accounted foreign operations.

(b) Details of the Trust's share of equity accounted entities' assets and liabilities

Cash and cash equivalents	**13.9**	12.3
Trade debtors and receivables	**18.2**	13.5
Shopping centre investments	**7,540.6**	7,651.0
Development projects and construction in progress	**100.4**	97.9
Other assets	**2.6**	2.2
Total assets	**7,675.7**	7,776.9
Payables	**(158.9)**	(134.1)
Interest bearing liabilities – finance leases	**(16.1)**	(22.9)
Deferred tax liabilities	**(82.8)**	(112.8)
Total liabilities	**(257.8)**	(269.8)
Net assets[(i)]	**7,417.9**	7,507.1

(i) The Trust's equity accounted investments include investments in Australia and New Zealand. The Trust's investment in its New Zealand equity accounted entities is represented by equity of $456.3 million (31 December 2014: $692.6 million) and long term loans of $250.9 million (31 December 2014: $528.3 million).

In November 2015, Scentre Group announced the sale of Queensgate and Chartwell in New Zealand. This transaction is subject to the approval of the Overseas Investment Office, New Zealand and is expected to settle in the first half of 2016.

(c) Equity accounted gain in respect of capital transactions

Asset dispositions		
– proceeds from asset dispositions	**597.8**	–
– less: carrying value of assets disposed and other capital costs	**(597.4)**	–
Gain in respect of asset dispositions	**0.4**	–

NOTE 15 DETAILS OF EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

	31 Dec 15 $million	31 Dec 14 $million
(d) Details of the Trust's aggregate share of equity accounted entities tax benefit/(expense)		
Current – underlying tax	**(13.7)**	(14.7)
Deferred tax	**25.2**	(2.5)
	11.5	(17.2)
The prima facie tax on profit before tax is reconciled to the income tax expense provided in the financial statements as follows:		
Profit before income tax	**779.2**	640.2
Prima facie tax expense at 30%	**(233.8)**	(192.1)
Trust income not assessable by the Trust – tax payable by unitholders	**211.7**	162.4
Tax rate differential on New Zealand foreign income	**1.4**	2.0
Tax on intra-group transactions	**3.7**	7.2
Deferred tax release on New Zealand capital transactions	**27.9**	–
Prior year over/(under) provision	**–**	1.6
Other items	**0.6**	1.7
Tax benefit/(expense)	**11.5**	(17.2)

Name of investments	Type of equity	Balance Date	Economic interest 31 Dec 15	Economic interest 31 Dec 14
(e) Equity accounted entities economic interest				
Australian investments (i)				
Bondi Junction	Trust units	31 Dec	**50.0%**	50.0%
Chatswood	Trust units	31 Dec	**50.0%**	50.0%
Doncaster	Trust units	31 Dec	**25.0%**	25.0%
Fountain Gate	Trust units	31 Dec	**50.0%**	50.0%
Garden City	Trust units	31 Dec	**50.0%**	50.0%
Hornsby	Trust units	31 Dec	**50.0%**	50.0%
Knox	Trust units	31 Dec	**25.0%**	25.0%
Kotara	Trust units	31 Dec	**50.0%**	50.0%
Mount Druitt (ii)	Trust units	30 Jun	**25.0%**	25.0%
North Rocks (iii)	Trust units	31 Dec	**–**	50.0%
Southland (ii)	Trust units	30 Jun	**25.0%**	25.0%
Sydney Central Plaza	Trust units	31 Dec	**50.0%**	50.0%
Tea Tree Plaza (ii)	Trust units	30 Jun	**31.3%**	31.3%
Tuggerah	Trust units	31 Dec	**50.0%**	50.0%
Warringah Mall	Trust units	31 Dec	**25.0%**	25.0%
New Zealand investments (i)				
Albany (iv)	Shares	31 Dec	**25.5%**	50.0%
Chartwell (vi)	Shares	31 Dec	**–**	50.0%
Glenfield (v)	Shares	31 Dec	**–**	50.0%
Manukau (iv)	Shares	31 Dec	**25.5%**	50.0%
Newmarket (iv)	Shares	31 Dec	**25.5%**	50.0%
Queensgate (vi)	Shares	31 Dec	**–**	50.0%
Riccarton (iv)	Shares	31 Dec	**25.5%**	50.0%
St Lukes (iv)	Shares	31 Dec	**25.5%**	50.0%
WestCity	Shares	31 Dec	**50.0%**	50.0%

(i) All equity accounted property partnerships, trusts and companies operate solely as retail property investors.

(ii) Notwithstanding that the financial year of these investments ends on 30 June, the consolidated financial statements have been prepared so as to include the accounts for a period coinciding with the financial year of the Parent Entity being 31 December.

(iii) In September 2015, Scentre Group sold its 100% interest (Trust share: 50%) in this shopping centre.

(iv) In March 2015, Scentre Group entered into a joint venture agreement with GIC in respect of these properties held through the following entities in New Zealand: Riccarton Shopping Centre (1997) Limited, Manukau City Centre Limited, St Lukes Group (No. 2) Limited, St Lukes Square (1993) Limited, Albany Shopping Centre Limited and Albany Shopping Centre (No. 2) Limited. GIC acquired from Scentre Group a 49% (Trust share: 24.5%) ownership interest in each of these entities while Scentre Group retained a 51% (Trust share: 25.5%) interest.

(v) In November 2015, Scentre Group sold its 100% (Trust share: 50%) interest in this shopping centre.

(vi) In November 2015, Scentre Group sold its 100% (Trust share: 50%) interest in these shopping centres subject to the approval of the Overseas Investment Office in New Zealand.

	Note	31 Dec 15 $million	31 Dec 14 $million
NOTE 16 PAYABLES AND OTHER CREDITORS			
Current			
Payables and other creditors		**313.6**	259.1
Non interest bearing loan payable to related entities	39(c)	**978.4**	1,045.6
		1,292.0	1,304.7

	Note	31 Dec 15 $million	31 Dec 14 $million
NOTE 17 INTEREST BEARING LIABILITIES			
Current			
Unsecured			
Bank loans – uncommitted facility [(i)]		**6.0**	–
Finance leases		**0.1**	0.3
Loans payable to related entities	39(c)	**285.1**	998.1
		291.2	998.4
Non current			
Unsecured			
Bank loans [(ii)]			
– A$ denominated		**35.0**	1,115.0
Notes payable			
– US$ denominated [(iii)]		**3,225.4**	1,646.3
– £ denominated [(iv)]		**1,618.1**	761.2
– € denominated [(v)]		**2,385.6**	2,370.8
– A$ denominated [(vi)]		**400.0**	400.0
Finance leases		**10.6**	5.1
Secured			
Bank loans and mortgages [(vii)]			
– A$ denominated		**212.0**	209.5
		7,886.7	6,507.9
Total interest bearing liabilities		**8,177.9**	7,506.3
The maturity profile in respect of current and non current interest bearing liabilities is set out below:			
Due within one year		**291.2**	998.4
Due between one and five years		**2,767.8**	2,833.1
Due after five years		**5,118.9**	3,674.8
		8,177.9	7,506.3

(i) Drawings on the Trust's uncommitted facility may be refinanced by the Trust's non-current unsecured bank loan facilities.

(ii) These instruments are subject to negative pledge arrangements which require Scentre Group to comply with certain minimum financial and non-financial requirements.

(iii) Notes payable – US$

Guaranteed Senior Notes of US$2,350.0 million were on issue in the US 144A bond market by Scentre Group. The issues comprised US$750.0 million, US$500.0 million, US$600.0 million and US$500.0 million of fixed rate notes maturing 2019, 2021 and 2025 respectively. The Trust was assigned US$2,350.0 million. These notes are subject to negative pledge arrangements which require Scentre Group to comply with certain minimum financial and non-financial requirements.

(iv) Notes payable – £

Guaranteed Notes of £800.0 million were on issue in the European bond market by Scentre Group. The issues comprised £400.0 million of fixed rate notes maturing in 2022 and £400.0 million of fixed rate notes maturing in 2026. The Trust was assigned £800.0 million. These notes are subject to negative pledge arrangements which require Scentre Group to comply with certain minimum financial and non-financial requirements.

(v) Notes payable – €

Guaranteed Notes of €2,100.0 million were on issue in the European bond market by Scentre Group. The issues comprised €600.0 million, €500.0 million and €600.0 million of fixed rate notes maturing 2020, 2023 and 2024 respectively and €400.0 million of floating rate notes maturing 2018. The Trust was assigned €1,600.0 million comprising €600.0 million of fixed rate notes maturing in 2020, €600.0 million of fixed rate notes maturing in 2024 and €400.0 million of floating rate notes maturing in 2018. These notes are subject to negative pledge arrangements which require Scentre Group to comply with certain minimum financial and non-financial requirements.

(vi) Notes payable – A$

Guaranteed Notes of A$1,480.0 million were on issue in the Australian bond market by Scentre Group. The issues comprised $800.0 million, $150.0 million, $400.0 million and $30.0 million of fixed rate notes maturing 2016, 2019, 2021 and 2022 respectively, and $100.0 million of floating rate notes maturing in 2016. The Trust was assigned $400.0 million of fixed rate notes maturing in 2021. These notes are subject to negative pledge arrangements which require Scentre Group to comply with certain minimum financial and non-financial requirements.

(vii) Secured liabilities

The Trust consolidates 50% of the Carindale Property Trust and the borrowings are secured by a mortgage over the Carindale centre. The recorded fair value of the Carindale centre is $767.5m (31 December 2014: $748.6 million) compared to borrowings of $212.0 million (31 December 2014: $209.5 million).

The secured bank loans are subject to negative pledge arrangements which require Carindale Property Trust to comply with certain minimum financial and non-financial requirements.

The Trust maintains a range of interest bearing liabilities. The sources of funding are spread over various counterparties to minimise credit risk and the terms of the instruments are negotiated to achieve a balance between capital availability and the cost of debt. Refer to Note 32 for details relating to fixed rate debt and derivatives which hedge the floating rate liabilities.

NOTE 17 INTEREST BEARING LIABILITIES (CONTINUED)

	31 Dec 15 $million	31 Dec 14 $million
Summary of financing facilities		
Committed financing facilities available to the Trust:		
Total financing facilities at the end of the year	**11,255.2**	8,893.9
Total interest bearing liabilities	**(8,177.9)**	(7,506.3)
Total bank guarantees	**(0.3)**	(0.3)
Available financing facilities[(i)]	**3,077.0**	1,387.3
Cash	**12.1**	14.3
Financing resources available at the end of the year	**3,089.1**	1,401.6
Maturity profile of financing facilities		
Maturity profile in respect of the above financing facilities:		
Due within one year	**285.2**	998.4
Due between one year and five years	**5,851.2**	4,070.7
Due after five years	**5,118.8**	3,824.8
	11,255.2	8,893.9

(i) At 31 December 2015, total available financing facilities of $3,077.0 million are in excess of the Trust's net current liabilities of $1,656.6 million. At 31 December 2014, total available financing facilities of $1,387.3 million are in excess of $1,203.0 million of net current liabilities excluding net intercompany loans (net current liabilities of $1,906.7 million less net intercompany interest bearing liabilities of $703.7 million). Net current liabilities comprise current assets less current liabilities.

These facilities comprise secured floating rate facilities, fixed and floating rate notes and unsecured interest only floating rate facilities. Certain facilities are also subject to negative pledge arrangements which require Scentre Group to comply with specific minimum financial and non-financial requirements. These facilities exclude property linked notes set out in Note 18. Amounts which are denominated in foreign currencies are translated at exchange rates ruling at balance date.

The available financing facilities above totalling $3,077.0 million (31 December 2014: $1,387.3 million), are available to the Trust and other members of Scentre Group at year end. The Trust is able to draw on these financing facilities, provided they are unutilised by other members of Scentre Group. These are interest only unsecured multicurrency multioption facilities.

NOTE 18 OTHER FINANCIAL LIABILITIES

	31 Dec 15 $million	31 Dec 14 $million
Property linked notes		
Current	**1,154.9**	–
Non current	**–**	1,409.1
	1,154.9	1,409.1

The Property Linked Notes (Notes) are designed to provide returns based on the economic performance of the following Westfield Australian super regional and regional shopping centres: Parramatta, Hornsby and Burwood in Sydney, Southland in Melbourne, Tea Tree Plaza in Adelaide and Belconnen in the ACT (collectively the Westfield centres). The return under the Notes is based on a proportional interest, in respect of the relevant Westfield centre, as specified in the Note (Reference Property Interest). The coupon is payable semi annually on 15 March and 15 September each year for as long as the Note remains outstanding. The review date for each Note is 31 December 2016 and each fifth anniversary of that date. Redemption events under the Notes include non performance events by the Issuer, changes in tax laws and sale of the relevant Westfield centre. The Notes may also be redeemed by agreement at a Review Date.

The redemption value of a Note is effectively calculated as the market value of the Note holder's Reference Property Interest at the date of redemption and the final coupon (if applicable). The Notes were initially recorded at fair value and are subsequently remeasured at fair value each reporting period with gains or losses recorded through the income statement. The gains or losses recorded through the income statement are directly related to the revaluation of the relevant Westfield centre. The fair value of the Notes is determined by reference to the fair value of the relevant Westfield centre. On redemption, the obligation to pay the amount due on the Notes, can, in certain circumstances, be satisfied by the transfer of the underlying Reference Property Interest to the Note holder. The Notes are subordinated to all other secured and unsecured debt of Scentre Group. The Notes are guaranteed (on a subordinated basis) by SGL and Westfield America Management Limited as responsible entity of WAT. However, under the Implementation Deed in relation to the Restructure and Merger, WAT has the benefit of an indemnity from Scentre Group in the event liability under this guarantee arises.

In November 2015, $279.7 million of the Notes were repaid and terminated. As at 31 December 2015, $1,154.9 million Notes remain outstanding.

NOTE 19 DERIVATIVE LIABILITIES

	31 Dec 15 $million	31 Dec 14 $million
Current		
Payables on currency derivatives	**8.9**	0.6
Payables on interest rate derivatives	**0.9**	0.6
	9.8	1.2
Non current		
Payables on interest rate derivatives	**172.8**	69.3
	172.8	69.3

The Trust presents the fair value mark to market of its derivative assets and derivative liabilities on a gross basis. However, certain derivative assets and liabilities are subject to legally enforceable master netting arrangements. As at 31 December 2015, when these netting arrangements are applied to the derivative portfolio, the derivative liabilities of $182.6 million are reduced by $176.5 million to the net amount of $6.1 million (31 December 2014: derivative liabilities of $70.5 million reduced by $63.8 million to the net amount of $6.7 million).

	Note	31 Dec 15 No. of units	31 Dec 14 No. of units

NOTE 20 CONTRIBUTED EQUITY

(a) Number of units on issue

Balance at the beginning of the year		**5,324,296,678**	2,078,089,686
Conversion of units on issue on a 1.246 for 1 basis		**–**	511,253,525
Issuance of units resulting from the Restructure and Merger		**–**	2,734,953,467
Balance at the end of the year		**5,324,296,678**	5,324,296,678

Scentre Group stapled securities have the right to receive declared dividends from SGL and distributions from SGT1, SGT2 and SGT3 and, in the event of winding up SGL, SGT1, SGT2 and SGT3, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on stapled securities held.

Holders of Scentre Group stapled securities can vote their shares and units in accordance with the Act, either in person or by proxy, at a meeting of any of SGL, SGT1, SGT2 and SGT3 (as the case may be).

		31 Dec 15 $million	31 Dec 14 $million
(b) Movement in contributed equity attributable to members of SGT1			
Balance at the beginning of the year		**1,658.1**	5,777.5
Stapling distribution applied on behalf of investors to subscribe for units in Scentre Group Trust 2 and Scentre Group Trust 3 as part of the Restructure and Merger		**–**	(2.8)
Issuance of units resulting from the Restructure and Merger		**–**	2.7
Capital distribution to Westfield Corporation		**–**	(4,119.3)
Balance at the end of the year		**1,658.1**	1,658.1

NOTE 21 RESERVES

Foreign currency translation reserve		**41.9**	133.7
Asset revaluation reserve		**–**	–
Balance at the end of the year		**41.9**	133.7

(a) Movement in foreign currency translation reserve

The foreign currency translation reserve is to record net exchange differences arising from the translation of the net investments, including qualifying hedges, in foreign controlled and equity accounted entities.

Balance at the beginning of the year		**133.7**	108.2
Foreign exchange movement			
– realised and unrealised differences on the translation of investment in foreign operations, currency loans and asset hedging derivatives which qualify for hedge accounting [(i)]		**(6.1)**	25.5
– accumulated exchange differences transferred from foreign currency translation reserve on realisation of net investment in foreign operations		**(85.7)**	–
Balance at the end of the year		**41.9**	133.7

(i) Comprises net exchange loss on translation of foreign operations of $30.7 million (31 December 2014: gain of $25.5 million) and net realised and unrealised gain on currency loans and asset hedging derivatives which qualify for hedge accounting of $24.6 million (31 December 2014: nil).

(b) Movement in asset revaluation reserve

The asset revaluation reserve is to record unrealised increments and decrements in value of assets held as available for sale.

Balance at the beginning of the year		**–**	810.0
Revaluation of unlisted investments in group entities		**–**	212.4
Accumulated asset revaluation reserve in respect of available for sale assets distributed to Westfield Corporation transferred to the income statement		**–**	(1,022.4)
Balance at the end of the year		**–**	–

NOTE 22 RETAINED PROFITS

Movement in retained profits

Balance at the beginning of the year		**3,760.7**	4,103.2
Profit after tax for the period		**1,117.5**	1,829.1
Distributions paid	25(b)	**(375.3)**	(311.5)
Retained earnings attributable to Westfield Corporation		**–**	(1,860.1)
Balance at the end of the year		**4,502.9**	3,760.7

NOTE 23 SHARE BASED PAYMENTS

Performance Rights – Short Term Incentives (STI) and Long Term Incentives (LTI) issued to employees of related entities

As at 31 December 2015, there were 11,270,150 (31 December 2014: 11,558,902) Performance Rights issued to employees of related entities of Scentre Group. Under the stapling arrangement each of SGT1, SGT2, SGT3 and SGL are required to issue securities/units on the vesting of the Performance Rights. At 31 December 2015, the 11,270,150 (31 December 2014: 11,558,902) Performance Rights issued to employees of related entities were convertible to 11,270,150 (31 December 2014: 11,558,902) Scentre Group stapled securities. The full disclosure of Scentre Group's Performance Rights are in Scentre Group's Annual Financial Report.

	31 Dec 15 No. of rights	31 Dec 14 No. of rights
Vesting profile – Performance Rights – STI and LTI (Issued to employees of related entities)		
2015	**–**	3,970,210
2016	**4,990,047**	5,419,404
2017	**4,267,245**	1,063,720
2018	**2,012,858**	1,105,568
	11,270,150	11,558,902

NOTE 24 EARNINGS PER UNIT

	31 Dec 15 cents	31 Dec 14 cents
(a) Summary of earnings per unit		
Basic earnings per unit	**20.99**	34.35
Diluted earnings per unit	**20.99**	34.35

(b) Income and unit data

The following reflects the income and unit data used in the calculations of basic and diluted earnings per unit:

	$million	$million
Earnings used in calculating basic earnings per unit[i]	**1,117.5**	1,829.1
Adjustment to earnings on options which are considered dilutive	**–**	–
Earnings used in calculating diluted earnings per unit	**1,117.5**	1,829.1

(i) Refer to the income statement for details of the profit after tax attributable to members of the Trust.

	No. of units	No. of units
Weighted average number of ordinary units used in calculating basic earnings per unit	**5,324,296,678**	5,324,296,678
Security options which are dilutive	**–**	–
Adjusted weighted average number of ordinary units used in calculating diluted earnings per unit	**5,324,296,678**	5,324,296,678

(c) Conversions, calls, subscription or issues after 31 December 2015

There have been no conversions to, calls of, subscriptions for, or issuance of new or potential ordinary units since the reporting date and before the completion of this report.

NOTE 25 DISTRIBUTIONS

	31 Dec 15 $million	31 Dec 14 $million
(a) Final distribution paid		
4.35 cents per unit, estimated to be fully taxable (31 December 2014: 2.85 cents per unit, 15% tax deferred)	**231.6**	151.7
	231.6	151.7

Interim distributions of 4.20 cents were paid on 31 August 2015. Final distributions were paid on 29 February 2016. The record date for the final distributions was 5pm, 15 February 2016. Scentre Group does not operate a Distribution Reinvestment Plan.

(b) Distributions paid during the year		
Distribution in respect of the 6 months to 30 June 2015	**223.6**	–
Distribution in respect of the 6 months to 31 December 2014	**151.7**	–
Distribution in respect of the 6 months to 30 June 2014	**–**	109.1
Distribution in respect of the 6 months to 31 December 2013	**–**	202.4
Total distributions paid	**375.3**	311.5

	31 Dec 15 $million	31 Dec 14 $million

NOTE 26 LEASE COMMITMENTS

Operating lease receivables

The following is prepared on a proportionate basis which includes both consolidated and equity accounted lease commitments.

Substantially all of the property owned and leased by the Trust are leased to third party retailers. Lease terms vary between retailers and some leases include percentage rental payments based on sales revenue.

Future minimum rental revenues under non cancellable operating retail property leases:

	31 Dec 15 $million	31 Dec 14 $million
Due within one year	**790.5**	858.9
Due between one and five years	**1,921.0**	2,117.9
Due after five years	**1,117.3**	1,280.4
	3,828.8	4,257.2

These amounts do not include percentage rentals which may become receivable under certain leases on the basis of retailer sales in excess of stipulated minimums and do not include recovery of outgoings.

NOTE 27 CAPITAL EXPENDITURE COMMITMENTS

The following is prepared on a proportionate basis which includes both consolidated and equity accounted capital expenditure commitments.

Estimated capital expenditure committed at balance date but not provided for in relation to development projects:

	31 Dec 15 $million	31 Dec 14 $million
Due within one year	**266.1**	70.6
Due between one and five years	**56.8**	7.5
Due after five years	**–**	–
	322.9	78.1

NOTE 28 CONTINGENT LIABILITIES

The following is prepared on a proportionate basis which includes both consolidated and equity accounted contingent liabilities.

	31 Dec 15 $million	31 Dec 14 $million
Performance guarantees	**3.1**	3.1
Guaranteed borrowings of associates of the Responsible Entity	**3,140.4**	5,278.4
	3,143.5	5,281.5

The Trust has provided guarantees in respect of certain Westfield Corporation United Kingdom joint venture operations, borrowing facilities and derivatives counterparties. Under the Restructure and Merger Implementation Deed, the Trust and Westfield Corporation have cross indemnified each other for any claims that may be made or payment that may be required under such contracts or guarantees.

The Trust's obligation in respect of performance guarantees may be called on at any time dependent upon the performance or non performance of certain third parties.

From time to time, in the normal course of business, the Trust is involved in lawsuits. The Directors believe that the ultimate outcome of such pending litigation will not materially affect the results of operations or the financial position of the Trust.

NOTE 29 SEGMENT REPORTING

Geographic segments

The Trust has investments in a portfolio of shopping centres across Australia and New Zealand.

The Trust's income and expenses as well as the details of segment assets and liabilities have been prepared on a proportionate format on a geographic basis. The proportionate format presents the net income from and net assets in equity accounted properties on a gross format whereby the underlying components of net income and net assets are disclosed separately as revenues, expenses, assets and liabilities.

The proportionate format is used by management in assessing and understanding the performance and results of operations of the Trust as it allows management to observe and analyse revenue and expense results and trends on a portfolio-wide basis. Management of the Trust considers given that the assets underlying both the consolidated and the equity accounted components of the statutory income statement are similar (that is, Australian and New Zealand shopping centres), all centres are under common management and therefore the drivers of their results are similar, the proportionate format provides a more useful way to understand the performance of the portfolio as a whole than the statutory format. This is because the proportionate format aggregates both revenue and expense items across the whole portfolio, rather than netting the income and expense items for equity accounted centres and only reflecting their performance as a single item of profit or loss, as the statutory format requires.

NOTE 29 SEGMENT REPORTING (CONTINUED)

(a) Income and expenses

	Australia		New Zealand		Total	
	31 Dec 15 $million	31 Dec 14 $million	**31 Dec 15 $million**	31 Dec 14 $million	**31 Dec 15 $million**	31 Dec 14 $million
Revenue						
Property revenue	**1,045.2**	1,026.1	**103.4**	137.1	**1,148.6**	1,163.2
	1,045.2	1,026.1	**103.4**	137.1	**1,148.6**	1,163.2
Expenses						
Property expenses, outgoings and other costs	**(273.6)**	(270.3)	**(30.2)**	(38.5)	**(303.8)**	(308.8)
Manager's service charge	**(10.4)**	(10.8)	**–**	–	**(10.4)**	(10.8)
	(284.0)	(281.1)	**(30.2)**	(38.5)	**(314.2)**	(319.6)
Segment result	**761.2**	745.0	**73.2**	98.6	**834.4**	843.6
Overheads					**(2.6)**	(3.2)
Interest income					**32.7**	54.5
Currency gain					**60.6**	15.3
Financing costs					**(568.7)**	(329.1)
Gain in respect of capital transactions					**11.7**	–
Income from other investments					**–**	104.2
Property revaluations					**759.8**	500.5
Tax benefit/(expense)					**11.5**	(17.0)
External non controlling interests					**(21.9)**	(40.2)
Charges and credits in respect of the Restructure and Merger					**–**	700.5
Net profit attributable to members of SGT1[i]					**1,117.5**	1,829.1

[i] Net profit attributable to members of SGT1 was $1,117.5 million (31 December 2014: $1,829.1 million). Net profit after tax for the period which includes profit attributable to external non controlling interests of $21.9 million (31 December 2014: $40.2 million) was $1,139.4 million (31 December 2014: $1,869.3 million).

(b) Assets and liabilities

	Australia 31 Dec 15	Australia 31 Dec 14	New Zealand 31 Dec 15	New Zealand 31 Dec 14	Total 31 Dec 15	Total 31 Dec 14
Total segment assets	**16,754.1**	15,030.8	**833.5**	1,392.8	**17,587.6**	16,423.6
Total segment liabilities	**10,741.7**	9,913.8	**376.4**	699.4	**11,118.1**	10,613.2
Total segment net assets	**6,012.4**	5,117.0	**457.1**	693.4	**6,469.5**	5,810.4
Equity accounted investments included in segment assets	**6,842.6**	6,384.3	**833.1**	1,392.6	**7,675.7**	7,776.9
Equity accounted investments included in segment liabilities	**131.9**	98.1	**125.9**	171.7	**257.8**	269.8
Additions to segment non current assets during the year	**296.2**	344.5	**10.3**	11.8	**306.5**	356.3

NOTE 29 SEGMENT REPORTING (CONTINUED)

(c) Reconciliation of segment results

The Trust's segment income and expenses as well as the details of segment assets and liabilities have been prepared on a proportionate format. The composition of the Trust's consolidated and equity accounted details are provided below:

31 December 2015	Consolidated $million	Equity Accounted $million	Total $million
Revenue			
Property revenue	582.8	565.8	1,148.6
	582.8	**565.8**	**1,148.6**
Expenses			
Property expenses, outgoings and other costs	(152.8)	(151.0)	(303.8)
Manager's service charge	(10.4)	–	(10.4)
	(163.2)	**(151.0)**	**(314.2)**
Segment result	**419.6**	**414.8**	**834.4**
Overheads	(2.6)	–	(2.6)
Interest income	31.4	1.3	32.7
Currency gain	60.6	–	60.6
Financing costs	(568.2)	(0.5)	(568.7)
Gain in respect of capital transactions	11.3	0.4	11.7
Property revaluations	396.6	363.2	759.8
Tax benefit	–	11.5	11.5
External non controlling interests	(21.9)	–	(21.9)
Net profit attributable to members of SGT1	**326.8**	**790.7**	**1,117.5**
Cash and cash equivalents	12.1	13.9	26.0
Trade debtors and receivables	1,115.8	18.2	1,134.0
Shopping centre investments	7,852.7	7,540.6	15,393.3
Development projects and construction in progress	184.3	100.4	284.7
Other assets	747.0	2.6	749.6
Total assets	**9,911.9**	**7,675.7**	**17,587.6**
Interest bearing liabilities	8,177.9	16.1	8,194.0
Other financial liabilities	1,154.9	–	1,154.9
Deferred tax liabilities	–	82.8	82.8
Other liabilities	1,527.5	158.9	1,686.4
Total liabilities	**10,860.3**	**257.8**	**11,118.1**
Net assets	**(948.4)**	**7,417.9**	**6,469.5**

NOTE 29 SEGMENT REPORTING (CONTINUED)

(c) Reconciliation of segment results (continued)

31 December 2014	Consolidated $million	Equity Accounted $million	Total $million
Revenue			
Property revenue	574.9	588.3	1,163.2
	574.9	**588.3**	**1,163.2**
Expenses			
Property expenses, outgoings and other costs	(153.1)	(155.7)	(308.8)
Manager's service charge	(10.8)	–	(10.8)
	(163.9)	**(155.7)**	**(319.6)**
Segment result	**411.0**	**432.6**	**843.6**
Overheads	(3.2)	–	(3.2)
Interest income	53.2	1.3	54.5
Currency gain	15.3	–	15.3
Financing costs	(328.5)	(0.6)	(329.1)
Income from other investments	104.2	–	104.2
Property revaluations	293.6	206.9	500.5
Tax benefit/(expense)	0.2	(17.2)	(17.0)
External non controlling interests	(40.2)	–	(40.2)
Charges and credits in respect of the Restructure and Merger	700.5	–	700.5
Net profit attributable to members of SGT1	**1,206.1**	**623.0**	**1,829.1**
Cash and cash equivalents	14.3	12.3	26.6
Trade debtors and receivables	420.3	13.5	433.8
Shopping centre investments	7,701.6	7,651.0	15,352.6
Development projects and construction in progress	113.1	97.9	211.0
Other assets	397.4	2.2	399.6
Total assets	**8,646.7**	**7,776.9**	**16,423.6**
Interest bearing liabilities	7,506.3	22.9	7,529.2
Other financial liabilities	1,409.1	–	1,409.1
Deferred tax liabilities	–	112.8	112.8
Other liabilities	1,428.0	134.1	1,562.1
Total liabilities	**10,343.4**	**269.8**	**10,613.2**
Net assets	**(1,696.7)**	**7,507.1**	**5,810.4**

NOTE 30 CAPITAL RISK MANAGEMENT

The Trust seeks to manage its capital requirements to maximise value to members through the mix of debt and equity funding, while ensuring that Trust entities:

- comply with capital and distribution requirements of their constitutions and/or trust deeds;
- comply with capital requirements of relevant regulatory authorities;
- maintain strong investment grade credit ratings; and
- continue to operate as going concerns.

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

- sufficient funds and financing facilities, on a cost effective basis are available to implement the Trust's property development and business acquisition strategies;
- financing facilities for unforeseen contingencies are maintained; and
- distributions to members are maintained within the stated distribution policy.

The Trust is able to alter its capital mix by issuing new units and hybrid units, establishing a distribution reinvestment plan and electing to have the distribution reinvestment underwritten, adjusting the amount of distributions paid to members, activating a security buyback program, divesting assets or adjusting the timing of capital expenditure for its property redevelopment pipeline.

The Trust also protects its equity in assets by taking out insurance.

NOTE 31 FINANCIAL RISK MANAGEMENT

The Trust's principal financial instruments comprise cash, receivables, payables, interest bearing liabilities, other financial liabilities, other investments and derivative financial instruments.

The Trust manages its exposure to key financial risks in accordance with Scentre Group's treasury risk management policies. These policies have been established to manage the key financial risks such as interest rate, foreign exchange, counterparty credit and liquidity.

Scentre Group's treasury risk management policies are established to identify and analyse the risks faced by the Trust, to set appropriate risk limits and controls to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Trust's activities. Scentre Group, through its training and procedures, has developed a disciplined and constructive control environment in which relevant treasury and finance personnel understand their roles and obligations in respect of the Trust's treasury management objectives.

Scentre Group has an established Board approved risk management framework including policies, procedures, limits and allowed types of derivative financial instruments. The Board has established an Audit and Risk Committee comprising three independent Directors. The Audit and Risk Committee reviews and oversees management's compliance with these policies, procedures and limits. The Audit and Risk Committee is assisted in its oversight role by Scentre Group's Executive Committee.

Scentre Group uses different methods to measure and manage different types of risks to which the Trust is exposed. These include monitoring levels of exposure to interest rates, foreign exchange, liquidity and credit risk. The Trust enters into derivative financial instruments, principally interest rate swaps, interest rate options, cross currency swaps, forward exchange contracts and currency options. The purpose of these transactions is to manage the interest rate and currency risks arising from the Trust's operations, cash flows, interest bearing liabilities and its net investments in foreign operations. Scentre Group seeks to deal only with creditworthy counterparties and these assessments are regularly reviewed. Liquidity risk is monitored through the use of future rolling cash flow forecasts.

NOTE 32 INTEREST RATE RISK MANAGEMENT

The Trust is exposed to interest rate risk on its borrowings and derivative financial instruments. This risk is managed by the Trust by maintaining an appropriate mix between fixed and floating rate interest bearing liabilities. Fixed rate debt is achieved either through fixed rate debt funding or through the use of derivative financial instruments approved by the Board. These activities are evaluated regularly to determine that the Trust is not exposed to interest rate movements that could adversely impact its ability to meet its financial obligations and to comply with its borrowing covenants.

Summary of interest rate positions at balance date

The Trust has interest rate risk on borrowings which are typically floating rate debt or notional borrowings entered into under currency derivatives. The exposures at reporting date together with the interest rate risk management transactions are as follows:

(i) Interest payable and receivable exposures

	Note	**31 Dec 15 $million**	31 Dec 14 $million
Principal amounts of all interest bearing liabilities:			
Current interest bearing liabilities	17	**291.2**	998.4
Non current interest bearing liabilities	17	**7,886.7**	6,507.9
Share of equity accounted entities interest bearing liabilities	15(b)	**16.1**	22.9
Cross currency swaps			
– A$	33(ii)	**6,665.0**	4,589.6
Principal amounts subject to interest rate payable exposure		**14,859.0**	12,118.8
Principal amounts of all interest bearing assets:			
Loans receivable from related entities			
– A$	12	**1,029.2**	294.4
Cross currency swaps			
– US$2,350.0 million (31 December 2014: US$1,350.0 million)	33(ii)	**3,225.4**	1,646.3
– £800.0 million (31 December 2014: £400.0 million)	33(ii)	**1,618.1**	761.2
– €1,600.0 million (31 December 2014: €1,600.0 million)	33(ii)	**2,385.6**	2,370.7
Cash	10(a)	**12.1**	14.3
Share of equity accounted entities cash	15(b)	**13.9**	12.3
Principal amounts subject to interest rate receivable exposure		**8,284.3**	5,099.2
Principal amounts of net interest bearing liabilities subject to interest rate payable exposure		**6,574.7**	7,019.6

NOTE 32 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(i) Interest payable and receivable exposures (continued)

	Note	31 Dec 15 $million	31 Dec 14 $million
Principal amounts of fixed interest rate liabilities:			
Fixed rate loans			
– A$	32(ii)	**400.0**	400.0
– US$2,350.0 million (31 December 2014: US$1,350.0 million)	32(ii)	**3,225.4**	1,646.3
– £800.0 million (31 December 2014: £400.0 million)	32(ii)	**1,618.1**	761.2
– €1,200.0 million (31 December 2014: €1,200.0 million)	32(ii)	**1,789.2**	1,778.0
Fixed rate derivatives			
– A$	32(ii)	**6,334.5**	4,184.0
– NZ$225.0 million (31 December 2014: NZ$250.0 million)	32(ii)	**211.0**	238.7
Interest rate options			
– A$	32(iii)	**–**	750.0
– NZ$70.0 million (31 December 2014: NZ$70.0 million)	32(iii)	**65.6**	66.8
Principal amounts on which interest rate payable exposure has been hedged		**13,643.8**	9,825.0
Principal amounts of fixed interest rate assets:			
Fixed rate derivatives			
– US$2,350.0 million (31 December 2014: US$1,350.0 million)	32(ii)	**3,225.4**	1,646.3
– £800.0 million (31 December 2014: £400.0 million)	32(ii)	**1,618.1**	761.2
– €1,200.0 million (31 December 2014: €1,200.0 million)	32(ii)	**1,789.2**	1,778.0
Principal amounts on which interest rate receivable exposure has been hedged		**6,632.7**	4,185.5
Principal amounts on which net interest rate payable exposure has been hedged		**7,011.1**	5,639.5

At 31 December 2015, the Trust has fixed 107% of its net interest payable exposure by way of fixed rate borrowings, interest rate swaps and interest rate options of varying durations. The additional 7% is exposed to floating rates on a principal of $436.4 million, at an average interest rate of 3.6%, including margin (31 December 2014: 80% hedged with floating exposure of $1,380.1 million at an average rate of 4.0%). After excluding net intercompany loan receivables of $744.1 million (31 December 2014: net intercompany loan payables of $703.7 million), the net interest payable exposure would be 96% hedged (31 December 2014: 89%). Changes to the fair value of derivatives due to interest rate movements are set out in Notes 32(ii) and 32(iii).

Interest rate sensitivity		31 Dec 15 $million	31 Dec 14 $million
The sensitivity of interest expense to changes in floating interest rates is as follows:	Interest rate movement	(Increase)/decrease in interest expense	
	-2.0%	**(8.7)**	27.6
	-1.0%	**(4.4)**	13.8
	-0.5%	**(2.2)**	6.9
	0.5%	**2.2**	(6.9)
	1.0%	**4.4**	(13.8)
	2.0%	**8.7**	(27.6)

NOTE 32 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(ii) Fixed rate debt and interest rate swaps

Notional principal or contract amounts and contracted rates of the Trust's consolidated and share of equity accounted fixed rate debt and interest rate swaps:

	Interest rate swaps		**Fixed rate borrowings**		Interest rate swaps		Fixed rate borrowings	
Fixed rate debt and swaps contracted as at the reporting date and outstanding at	**31 Dec 15 Notional principal amount million**	**31 Dec 15 Average rate**	**31 Dec 15 Principal amount million**	**31 Dec 15 Average rate including margin**	31 Dec 14 Notional principal amount million	31 Dec 14 Average rate	31 Dec 14 Principal amount million	31 Dec 14 Average rate including margin
A$ payable								
31 December 2014	**–**	**–**	**–**	**–**	A$(4,184.0)	2.97%	A$(400.0)	4.50%
31 December 2015	**A$(6,334.5)**	**2.80%**	**A$(400.0)**	**4.50%**	A$(5,074.5)	2.94%	A$(400.0)	4.50%
31 December 2016	**A$(6,979.5)**	**2.80%**	**A$(400.0)**	**4.50%**	A$(3,969.5)	3.00%	A$(400.0)	4.50%
31 December 2017	**A$(7,018.5)**	**2.81%**	**A$(400.0)**	**4.50%**	A$(3,498.5)	3.01%	A$(400.0)	4.50%
31 December 2018	**A$(7,005.0)**	**2.82%**	**A$(400.0)**	**4.50%**	A$(2,285.0)	3.01%	A$(400.0)	4.50%
31 December 2019	**A$(5,490.0)**	**2.77%**	**A$(400.0)**	**4.50%**	A$(770.0)	2.90%	A$(400.0)	4.50%
31 December 2020	**A$(3,720.0)**	**2.83%**	**A$(400.0)**	**4.50%**	–	–	A$(400.0)	4.50%
31 December 2021	**A$(2,260.0)**	**3.06%**	**–**	**–**	–	–	–	–
31 December 2022	**A$(750.0)**	**3.10%**	**–**	**–**	–	–	–	–
£ receivable/(payable)								
31 December 2014	**–**	**–**	**–**	**–**	£400.0	3.88%	£(400.0)	3.88%
31 December 2015	**£800.0**	**3.13%**	**£(800.0)**	**3.13%**	£400.0	3.88%	£(400.0)	3.88%
31 December 2016	**£800.0**	**3.13%**	**£(800.0)**	**3.13%**	£400.0	3.88%	£(400.0)	3.88%
31 December 2017	**£800.0**	**3.13%**	**£(800.0)**	**3.13%**	£400.0	3.88%	£(400.0)	3.88%
31 December 2018	**£800.0**	**3.13%**	**£(800.0)**	**3.13%**	£400.0	3.88%	£(400.0)	3.88%
31 December 2019	**£800.0**	**3.13%**	**£(800.0)**	**3.13%**	£400.0	3.88%	£(400.0)	3.88%
31 December 2020	**£800.0**	**3.13%**	**£(800.0)**	**3.13%**	£400.0	3.88%	£(400.0)	3.88%
31 December 2021	**£800.0**	**3.13%**	**£(800.0)**	**3.13%**	£400.0	3.88%	£(400.0)	3.88%
31 December 2022	**£400.0**	**3.88%**	**£(400.0)**	**3.88%**	£400.0	3.88%	£(400.0)	3.88%
31 December 2023	**£400.0**	**3.88%**	**£(400.0)**	**3.88%**	£400.0	3.88%	£(400.0)	3.88%
31 December 2024	**£400.0**	**3.88%**	**£(400.0)**	**3.88%**	£400.0	3.88%	£(400.0)	3.88%
31 December 2025	**£400.0**	**3.88%**	**£(400.0)**	**3.88%**	£400.0	3.88%	£(400.0)	3.88%
US$ receivable/(payable)								
31 December 2014	**–**	**–**	**–**	**–**	US$1,350.0	2.88%	US$(1,350.0)	2.88%
31 December 2015	**US$2,350.0**	**2.85%**	**US$(2,350.0)**	**2.85%**	US$1,350.0	2.88%	US$(1,350.0)	2.88%
31 December 2016	**US$2,350.0**	**2.85%**	**US$(2,350.0)**	**2.85%**	US$1,350.0	2.88%	US$(1,350.0)	2.88%
31 December 2017	**US$2,350.0**	**2.85%**	**US$(2,350.0)**	**2.85%**	US$1,350.0	2.88%	US$(1,350.0)	2.88%
31 December 2018	**US$2,350.0**	**2.85%**	**US$(2,350.0)**	**2.85%**	US$1,350.0	2.88%	US$(1,350.0)	2.88%
31 December 2019	**US$1,600.0**	**3.07%**	**US$(1,600.0)**	**3.07%**	US$600.0	3.50%	US$(600.0)	3.50%
31 December 2020	**US$1,600.0**	**3.07%**	**US$(1,600.0)**	**3.07%**	US$600.0	3.50%	US$(600.0)	3.50%
31 December 2021	**US$1,100.0**	**3.39%**	**US$(1,100.0)**	**3.39%**	US$600.0	3.50%	US$(600.0)	3.50%
31 December 2022	**US$1,100.0**	**3.39%**	**US$(1,100.0)**	**3.39%**	US$600.0	3.50%	US$(600.0)	3.50%
31 December 2023	**US$1,100.0**	**3.39%**	**US$(1,100.0)**	**3.39%**	US$600.0	3.50%	US$(600.0)	3.50%
31 December 2024	**US$1,100.0**	**3.39%**	**US$(1,100.0)**	**3.39%**	US$600.0	3.50%	US$(600.0)	3.50%

NOTE 32 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(ii) Fixed rate debt and interest rate swaps (continued)

	Interest rate swaps		**Fixed rate borrowings**		Interest rate swaps		Fixed rate borrowings	
Fixed rate debt and swaps contracted as at the reporting date and outstanding at	**31 Dec 15 Notional principal amount million**	**31 Dec 15 Average rate**	**31 Dec 15 Principal amount million**	**31 Dec 15 Average rate including margin**	31 Dec 14 Notional principal amount million	31 Dec 14 Average rate	31 Dec 14 Principal amount million	31 Dec 14 Average rate including margin
€ receivable/(payable)								
31 December 2014	**–**	**–**	**–**	**–**	€1,200.0	1.88%	€(1,200.0)	1.88%
31 December 2015	**€1,200.0**	**1.88%**	**€(1,200.0)**	**1.88%**	€1,200.0	1.88%	€(1,200.0)	1.88%
31 December 2016	**€1,200.0**	**1.88%**	**€(1,200.0)**	**1.88%**	€1,200.0	1.88%	€(1,200.0)	1.88%
31 December 2017	**€1,200.0**	**1.88%**	**€(1,200.0)**	**1.88%**	€1,200.0	1.88%	€(1,200.0)	1.88%
31 December 2018	**€1,200.0**	**1.88%**	**€(1,200.0)**	**1.88%**	€1,200.0	1.88%	€(1,200.0)	1.88%
31 December 2019	**€1,200.0**	**1.88%**	**€(1,200.0)**	**1.88%**	€1,200.0	1.88%	€(1,200.0)	1.88%
31 December 2020	**€600.0**	**2.25%**	**€(600.0)**	**2.25%**	€600.0	2.25%	€(600.0)	2.25%
31 December 2021	**€600.0**	**2.25%**	**€(600.0)**	**2.25%**	€600.0	2.25%	€(600.0)	2.25%
31 December 2022	**€600.0**	**2.25%**	**€(600.0)**	**2.25%**	€600.0	2.25%	€(600.0)	2.25%
31 December 2023	**€600.0**	**2.25%**	**€(600.0)**	**2.25%**	€600.0	2.25%	€(600.0)	2.25%
NZ$ payable								
31 December 2014	**–**	**–**	**–**	**–**	NZ$(250.0)	3.81%	–	–
31 December 2015	**NZ$(225.0)**	**3.91%**	**–**	**–**	NZ$(125.0)	4.09%	–	–
31 December 2016	**NZ$(205.0)**	**3.74%**	**–**	**–**	NZ$(55.0)	4.07%	–	–
31 December 2017	**NZ$(170.0)**	**3.63%**	**–**	**–**	NZ$(20.0)	3.70%	–	–
31 December 2018	**NZ$(150.0)**	**3.62%**	**–**	**–**	–	–	–	–
31 December 2019	**NZ$(150.0)**	**3.62%**	**–**	**–**	–	–	–	–
31 December 2020	**NZ$(100.0)**	**3.68%**	**–**	**–**	–	–	–	–

The Trust's interest rate swaps do not meet the accounting requirements to qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement as a component of interest expense. At 31 December 2015, the aggregate fair value is a payable of $25.6 million (31 December 2014: receivable of $89.4 million). The change in fair value for the year ended 31 December 2015 was $115.0 million (31 December 2014: $94.6 million).

Fair value sensitivity		**31 Dec 15 $million**	31 Dec 14 $million
The sensitivity of fair value of interest rate swaps to changes in interest rates is as follows:	Interest rate movement	(Increase)/decrease in interest expense	
	-2.0%	**256.8**	392.3
	-1.0%	**105.5**	162.2
	-0.5%	**48.7**	90.2
	0.5%	**(51.5)**	(75.2)
	1.0%	**(87.3)**	(146.4)
	2.0%	**(151.1)**	(277.7)

All fixed rate borrowings are carried at amortised cost, therefore increases or decreases arising from changes in fair value have not been recorded in these financial statements.

NOTE 32 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(iii) Interest rate options

Notional principal of the Trust's consolidated and equity accounted interest rate options:

Interest rate options contracted as at the reporting date and outstanding at	**Interest rate options** 31 Dec 15 Notional principal amount million	31 Dec 15 Average strike rates	Interest rate options 31 Dec 14 Notional principal amount million	31 Dec 14 Average strike rates
A$ payable caps				
31 December 2014	–	–	A$(700.0)	2.60%
A$ payable collar				
31 December 2014	–	–	A$(50.0)	2.53%-4.00%
NZ$ payable collar				
31 December 2014	–	–	NZ$(70.0)	4.45%-5.25%
31 December 2015	**NZ$(70.0)**	**3.39%-5.25%**	NZ$(70.0)	3.39%-5.25%
31 December 2016	**NZ$(70.0)**	**3.39%-5.25%**	NZ$(70.0)	3.39%-5.25%
31 December 2017	**NZ$(70.0)**	**3.39%-5.25%**	NZ$(70.0)	3.39%-5.25%
31 December 2018	**NZ$(70.0)**	**3.39%-5.25%**	NZ$(70.0)	3.39%-5.25%
A$ swaptions [(i)]				
31 December 2014	–	–	A$(600.0)	3.00%

(i) During the year, these swaptions were either lapsed or terminated.

The Trust's interest rate options do not meet the accounting requirements to qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement as a component of interest expense. At 31 December 2015, the aggregate fair value is a payable of $1.1 million (31 December 2014: $2.7 million). The change in fair value for the year ended 31 December 2015 was $1.6 million (31 December 2014: $2.7 million).

Fair value sensitivity		**31 Dec 15 $million**	31 Dec 14 $million
The sensitivity of fair value of interest rate options to changes in interest rates is as follows:	Interest rate movement	(Increase)/decrease in interest expense	
	-2.0%	**(3.6)**	(4.0)
	-1.0%	**(1.7)**	(1.6)
	-0.5%	**(0.8)**	(0.8)
	0.5%	**0.5**	3.2
	1.0%	**0.9**	14.0
	2.0%	**1.5**	39.1

NOTE 33 EXCHANGE RATE RISK MANAGEMENT

The Trust is exposed to exchange rate risk on its foreign currency earnings, its distribution, its foreign currency denominated shopping centre assets and other assets. The Trust manages these exposures by entering into foreign currency derivative instruments and by borrowing in foreign currencies.

Summary of foreign exchange balance sheet positions at balance date

The Trust's foreign exchange exposure at reporting date together with the foreign exchange risk management transactions which have been entered into to manage these exposures are as follows:

	Note	**31 Dec 15 million**	31 Dec 14 million
Foreign currency net investments			
New Zealand Dollar			
NZ$ net assets		**NZ$761.6**	NZ$1,300.2
NZ$ borrowings		**NZ$(272.6)**	NZ$(568.3)
NZ$ currency swaps	33(i)	**NZ$(332.5)**	NZ$(290.0)
NZ$ denominated net assets		**NZ$156.5**	NZ$441.9
US Dollar			
US$ borrowings		**US$(2,350.0)**	US$(1,350.0)
US$ cross currency swaps	33(ii)	**US$2,350.0**	US$1,350.0
US$ denominated net assets		**–**	–
British Pound			
£ net assets		**–**	£0.6
£ borrowings		**£(818.3)**	£(418.1)
£ cross currency swaps	33(ii)	**£800.0**	£400.0
£ denominated net assets		**£(18.3)**	£(17.5)
Euro			
€ borrowings		**€(1,600.0)**	€(1,600.0)
€ cross currency swaps	33(ii)	**€1,600.0**	€1,600.0
€ denominated net assets		**–**	–

The Trust's foreign currency net assets are subject to exchange rate risk. Gains and losses arising from translation of the Trust's foreign currency denominated net assets, and, where applicable, associated hedging instruments, where the Trust has satisfied the accounting requirements to qualify for hedge accounting treatment, are reflected in the foreign currency translation reserve.

Where the Trust does not satisfy the hedge accounting requirements, the changes in fair value are reflected in the income statement as either foreign exchange gains or losses as appropriate.

Foreign currency sensitivity		**31 Dec 15 $million**	31 Dec 14 $million
The sensitivity of NZ$ denominated net assets to changes in the year end A$/NZ$1.0665 rate (31 December 2014: 1.0472) is as follows:	A$/NZ$ Currency movement		Gain/(loss) to foreign currency translation reserve
	– 20 cents	**33.9**	99.6
	– 10 cents	**15.2**	44.6
	– 5 cents	**7.2**	21.2
	+ 5 cents	**(6.6)**	(19.2)
	+ 10 cents	**(12.6)**	(36.8)
	+ 20 cents	**(23.2)**	(67.7)
The sensitivity of £ denominated net assets to changes in the year end A$/£0.4944 rate (31 December 2014: 0.5255) is as follows:	A$/£ Currency movement		Gain/(loss) to income statement
	– 20 pence	**(25.1)**	(20.4)
	– 10 pence	**(9.4)**	(7.8)
	– 5 pence	**(4.2)**	(3.5)
	+ 5 pence	**3.4**	2.9
	+ 10 pence	**6.2**	5.3
	+ 20 pence	**10.7**	9.2

NOTE 33 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

(i) Net investment hedges of the Trust's foreign currency assets and liabilities

The following table details the foreign currency swaps outstanding at reporting date. These contracts have been designated and qualify as hedges of net investment of foreign operations, other than as noted below.

Foreign exchange contracts as at the reporting date and outstanding at	Weighted average exchange rate		Amount receivable/(payable) million			
	31 Dec 15	31 Dec 14	**31 Dec 15**	**31 Dec 15**	31 Dec 14	31 Dec 14
Contracts to receive A$ and pay NZ$						
31 December 2014	**–**	1.0517	**–**	**–**	A$275.7	NZ$(290.0)
31 December 2015	**1.0979**	–	**A$302.9**	**NZ$(332.5)**	–	–

The NZ$ payable exposure is an effective net investment hedge and is recorded directly in the foreign currency translation reserve. At 31 December 2015, the aggregate fair value is a payable of $8.5 million (31 December 2014: receivable of $0.1 million). The change in fair value for the year ended 31 December 2015 was $8.6 million (31 December 2014: $0.1 million).

Foreign currency sensitivity		**31 Dec 15 $million**	31 Dec 14 $million
The sensitivity of fair value of foreign exchange contracts to changes in the year end A$/NZ$1.0665 rate (31 December 2014: 1.0472) is as follows:	A$/NZ$ Currency movement	Gain/(loss) to foreign currency translation reserve	
	– 20 cents	**(71.6)**	(63.5)
	– 10 cents	**(32.1)**	(28.3)
	– 5 cents	**(15.3)**	(13.5)
	+ 5 cents	**13.9**	12.5
	+ 10 cents	**26.6**	23.9
	+ 20 cents	**48.9**	44.0

NOTE 33 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

(ii) Other foreign currency derivatives in respect of the Trust's foreign currency assets and liabilities

The following table details the other foreign currency derivatives outstanding at reporting date. These contracts do not qualify as hedges of net investments of foreign operations.

Cross currency swaps contracted as at the reporting date and outstanding at	Weighted average exchange rate		Amount receivable/(payable) million			
	31 Dec 15	31 Dec 14	**31 Dec 15**	**31 Dec 15**	31 Dec 14	31 Dec 14
US$						
Contracts to receive US$ and pay A$						
31 December 2014	**–**	0.8745	**–**	**–**	A$(1,543.8)	US$1,350.0
31 December 2015	**0.8270**	0.8745	**A$(2,841.5)**	**US$2,350.0**	A$(1,543.8)	US$1,350.0
31 December 2016	**0.8270**	0.8745	**A$(2,841.5)**	**US$2,350.0**	A$(1,543.8)	US$1,350.0
31 December 2017	**0.8270**	0.8745	**A$(2,841.5)**	**US$2,350.0**	A$(1,543.8)	US$1,350.0
31 December 2018	**0.8270**	0.8745	**A$(2,841.5)**	**US$2,350.0**	A$(1,543.8)	US$1,350.0
31 December 2019	**0.8009**	0.8571	**A$(1,997.7)**	**US$1,600.0**	A$(700.0)	US$600.0
31 December 2020	**0.8009**	0.8571	**A$(1,997.7)**	**US$1,600.0**	A$(700.0)	US$600.0
31 December 2021	**0.8155**	0.8571	**A$(1,348.9)**	**US$1,100.0**	A$(700.0)	US$600.0
31 December 2022	**0.8155**	0.8571	**A$(1,348.9)**	**US$1,100.0**	A$(700.0)	US$600.0
31 December 2023	**0.8155**	0.8571	**A$(1,348.9)**	**US$1,100.0**	A$(700.0)	US$600.0
31 December 2024	**0.8155**	0.8571	**A$(1,348.9)**	**US$1,100.0**	A$(700.0)	US$600.0
£						
Contracts to receive £ and pay A$						
31 December 2014	**–**	0.5491	**–**	**–**	A$(728.5)	£400.0
31 December 2015	**0.5311**	0.5491	**A$(1,506.2)**	**£800.0**	A$(728.5)	£400.0
31 December 2016	**0.5311**	0.5491	**A$(1,506.2)**	**£800.0**	A$(728.5)	£400.0
31 December 2017	**0.5311**	0.5491	**A$(1,506.2)**	**£800.0**	A$(728.5)	£400.0
31 December 2018	**0.5311**	0.5491	**A$(1,506.2)**	**£800.0**	A$(728.5)	£400.0
31 December 2019	**0.5311**	0.5491	**A$(1,506.2)**	**£800.0**	A$(728.5)	£400.0
31 December 2020	**0.5311**	0.5491	**A$(1,506.2)**	**£800.0**	A$(728.5)	£400.0
31 December 2021	**0.5311**	0.5491	**A$(1,506.2)**	**£800.0**	A$(728.5)	£400.0
31 December 2022	**0.5491**	0.5491	**A$(728.5)**	**£400.0**	A$(728.5)	£400.0
31 December 2023	**0.5491**	0.5491	**A$(728.5)**	**£400.0**	A$(728.5)	£400.0
31 December 2024	**0.5491**	0.5491	**A$(728.5)**	**£400.0**	A$(728.5)	£400.0
31 December 2025	**0.5491**	0.5491	**A$(728.5)**	**£400.0**	A$(728.5)	£400.0
€						
Contracts to receive € and pay A$						
31 December 2014	**–**	0.6904	**–**	**–**	A$(2,317.3)	€1,600.0
31 December 2015	**0.6904**	0.6904	**A$(2,317.3)**	**€1,600.0**	A$(2,317.3)	€1,600.0
31 December 2016	**0.6904**	0.6904	**A$(2,317.3)**	**€1,600.0**	A$(2,317.3)	€1,600.0
31 December 2017	**0.6904**	0.6904	**A$(2,317.3)**	**€1,600.0**	A$(2,317.3)	€1,600.0
31 December 2018	**0.6904**	0.6904	**A$(1,738.1)**	**€1,200.0**	A$(1,738.1)	€1,200.0
31 December 2019	**0.6904**	0.6904	**A$(1,738.1)**	**€1,200.0**	A$(1,738.1)	€1,200.0
31 December 2020	**0.6903**	0.6903	**A$(869.2)**	**€600.0**	A$(869.2)	€600.0
31 December 2021	**0.6903**	0.6903	**A$(869.2)**	**€600.0**	A$(869.2)	€600.0
31 December 2022	**0.6903**	0.6903	**A$(869.2)**	**€600.0**	A$(869.2)	€600.0
31 December 2023	**0.6903**	0.6903	**A$(869.2)**	**€600.0**	A$(869.2)	€600.0

At 31 December 2015, none of the above described foreign currency derivatives qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement. At 31 December 2015, the aggregate fair value is a receivable of $540.5 million (31 December 2014: $183.8 million). The change in fair value for the year ended 31 December 2015 was $356.7 million (31 December 2014: $238.4 million).

NOTE 33 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

(ii) Other foreign currency derivatives in respect of the Trust's foreign currency assets and liabilities (continued)

Foreign currency sensitivity		**31 Dec 15 $million**	31 Dec 14 $million
The sensitivity of fair value of cross currency swaps to changes in the year end A$/US$0.7286 rate (31 December 2014: 0.8200) is as follows:	A$/US$ Currency movement	Gain/(loss) to income statement	
	– 20 cents	**1,169.4**	517.8
	– 10 cents	**491.7**	222.9
	– 5 cents	**227.7**	104.2
	+ 5 cents	**(198.2)**	(91.4)
	+ 10 cents	**(371.2)**	(169.7)
	+ 20 cents	**(659.6)**	(301.8)
The sensitivity of fair value of cross currency swaps to changes in the year end A$/£0.4944 rate (31 December 2014: 0.5255) is as follows:	A$/£ Currency movement	Gain/(loss) to income statement	
	– 20 pence	**1,043.9**	450.3
	– 10 pence	**389.6**	172.2
	– 5 pence	**172.9**	77.1
	+ 5 pence	**(140.4)**	(60.9)
	+ 10 pence	**(255.3)**	(109.7)
	+ 20 pence	**(435.1)**	(187.1)
The sensitivity of fair value of cross currency swaps to changes in the year end A$/€0.6707 rate (31 December 2014: 0.6749) is as follows:	A$/€ Currency movement	Gain/(loss) to income statement	
	– 20 cents	**977.7**	975.0
	– 10 cents	**403.2**	402.7
	– 5 cents	**185.4**	185.2
	+5 cents	**(158.2)**	(153.9)
	+10 cents	**(294.9)**	(285.4)
	+20 cents	**(521.3)**	(503.4)

The foreign currency receivable exposures above are matched to the foreign currency borrowings in Note 17, therefore the income statement is not affected by any movements in exchange rates in relation to these contracts.

NOTE 34 CREDIT AND LIQUIDITY RISK MANAGEMENT

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Trust. Credit limits have been established to ensure that the Trust deals only with approved counterparties and that counterparty concentration risk is addressed and the risk of loss is mitigated. Counterparty exposure is measured as the aggregate of all obligations of any single legal entity or economic entity to the Trust, after allowing for appropriate set offs which are legally enforceable. A maximum credit limit is allocated to each counterparty based on its credit rating. The counterparty credit risk associated with investment instruments is assessed based on its outstanding face value.

At 31 December 2015, the aggregate credit risk in respect of cash and cash equivalents is $26.0 million (31 December 2014: $26.6 million).

At 31 December 2015, the aggregate credit risk in respect of loan receivables is $1,029.2 million (31 December 2014: $294.4 million), which was with related entities within Scentre Group.

At 31 December 2015, the aggregate credit risk in respect of derivative financial instruments is $687.8 million (31 December 2014: $341.3 million) which was entirely with a related entity within Scentre Group.

The Trust undertakes active liquidity and funding risk management to enable it to have sufficient funds available to meet its financial obligations as and when they fall due, working capital and expected committed capital expenditure requirements. The Trust prepares and monitors rolling forecasts of liquidity requirements on the basis of expected cash flow.

Interest bearing liabilities and funding facilities and their maturity profiles are set out in Note 17.

NOTE 35 INTEREST BEARING LIABILITIES, INTEREST AND DERIVATIVE CASH FLOW MATURITY PROFILE

	31 Dec 15 $million	31 Dec 14 $million
Interest bearing liabilities and interest		
Maturity profile of the principal amounts of current and non current interest bearing liabilities (refer to Note 17) together with the aggregate future estimated nominal interest thereon, is set out below:		
Due within one year	**(257.0)**	(1,222.7)
Due between one and five years	**(3,564.0)**	(3,447.9)
Due after five years	**(5,622.3)**	(4,123.3)
	(9,443.3)	(8,793.9)
Comprising:		
– principal amounts of current and non current interest bearing liabilities	**(8,177.9)**	(7,506.3)
– aggregate future estimated nominal interest	**(1,265.4)**	(1,287.6)
	(9,443.3)	(8,793.9)
Derivatives		
Maturity profile of the estimated future nominal cash flows in respect of interest and currency derivative contracts is set out below:		
Due within one year	**(112.3)**	(90.5)
Due between one and five years	**(116.7)**	(231.4)
Due after five years	**243.1**	(48.1)
	14.1	(370.0)

Contingent liabilities are set out in Note 28 and are not included in the amounts shown above.

NOTE 36 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Set out below is a comparison by category of carrying amounts and fair values of the Trust's financial instruments.

		Fair value		Carrying amount	
	Fair value hierarchy	31 Dec 15 $million	31 Dec 14 $million	31 Dec 15 $million	31 Dec 14 $million
Consolidated assets					
Cash and cash equivalents		**12.1**	14.3	**12.1**	14.3
Trade debtors [(i)]		**1.0**	1.6	**1.0**	1.6
Receivables					
– Interest bearing loans receivable [(ii)]	Level 2	**1,029.2**	294.4	**1,029.2**	294.4
– Other receivables [(i)]		**85.6**	124.3	**85.6**	124.3
Derivative assets [(ii)]	Level 2	**687.8**	341.3	**687.8**	341.3
Consolidated liabilities					
Payables [(i)]		**1,344.9**	1,357.5	**1,344.9**	1,357.5
Interest bearing liabilities [(ii)]					
– Fixed rate debt	Level 2	**6,996.3**	4,752.4	**7,032.7**	4,585.5
– Floating rate debt	Level 2	**1,146.9**	2,907.1	**1,145.2**	2,920.8
Other financial liabilities [(ii)]	Level 2	**–**	1,409.1	**–**	1,409.1
Derivative liabilities [(ii)]	Level 2	**182.6**	70.5	**182.6**	70.5

(i) These financial assets and liabilities are not subject to interest rate risk and the fair values approximates carrying amounts.

(ii) These financial assets and liabilities are subject to interest rate and market risks, the basis of determining the fair value is set out in the fair value hierarchy below.

Determination of fair value

The Trust uses the following hierarchy for determining and disclosing the fair value of a financial instrument. The valuation techniques comprise:

Level 1: the fair value is calculated using quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: the fair value is estimated using inputs other than quoted prices that are observable, either directly (as prices) or indirectly (derived from prices).

Level 3: the fair value is estimated using inputs that are not based on observable market data.

In assessing the fair value of the Trust's financial instruments, consideration is given to the available market data and if the market for a financial instrument changes then the valuation technique applied will change accordingly.

During the year, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

NOTE 36 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

	Property linked notes[i] 31 Dec 15 $million	Property linked notes[i] 31 Dec 14 $million
Level 3 fair value movements		
Balance at the beginning of the year	**1,409.1**	1,371.4
Repayment of other financial liabilities	**(279.7)**	–
Net fair value gain/loss included in financing costs in the income statement	**25.5**	37.7
Balance at the end of the year	**1,154.9**	1,409.1

[i] The fair value of the property linked notes has been determined by reference to the fair value of the relevant Westfield shopping centres (refer Note 18).

Investment properties are considered Level 3, refer to Note 13: Investment Properties for relevant fair value disclosures.

NOTE 37 PARENT ENTITY

The Parent Entity financial information is presented in accordance with the amendments to the Corporations Regulations 2001 and the Corporations Amendment Regulations 2010 (No. 6). Summary data of the Parent Entity is disclosed as follows:

	31 Dec 15 $million	31 Dec 14 $million
(a) Assets		
Current assets	**1,278.8**	585.5
Non current assets	**15,326.8**	14,479.2
Total assets	**16,605.6**	15,064.7
(b) Liabilities		
Current liabilities	**2,570.4**	1,745.8
Non current liabilities	**7,832.3**	7,766.4
Total liabilities	**10,402.7**	9,512.2
(c) Total equity		
Contributed equity	**1,658.1**	1,658.1
Reserves	**5,945.6**	5,536.9
Retained profits	**(1,400.8)**	(1,642.5)
Total equity	**6,202.9**	5,552.5
(d) Comprehensive income		
Profit after tax for the period	**617.0**	508.9
Other comprehensive income	**408.7**	535.7
Total comprehensive income for the period	**1,025.7**	1,044.6
(e) Contingent liabilities		
Performance guarantees	**0.1**	0.1
Guaranteed borrowings of associates of the Responsible Entity	**3,140.4**	5,278.4
Total contingent liabilities	**3,140.5**	5,278.5

The Parent Entity has access to available financing facilities at the end of the financial year of $3,077.0 million (31 December 2014: 1,387.3 million) which are in excess of the Parent Entity's net current liabilities of $1,291.6 million (31 December 2014: $1,160.3 million). Net current liabilities comprise current assets less current liabilities.

NOTE 38 AUDITOR'S REMUNERATION

	31 Dec 15 $'000	31 Dec 14 $'000
Amounts received or due and receivable by the auditor of the Parent Entity and any other entity in the Trust for:		
– Audit or review of the financial reports	**573**	707
– Assurance and compliance services	**409**	348
	982	1,055
Amounts received or due and receivable by affiliates of the auditor of the Parent Entity for:		
– Audit or review of the financial reports	**128**	101
– Assurance and compliance services	**19**	18
	147	119
	1,129	1,174

NOTE 39 RELATED PARTY DISCLOSURES

Information required to be disclosed concerning relationships, transactions and balances with related parties of the Trust is set out in this Note unless disclosed elsewhere in this financial report.

The Trust forms part of Scentre Group and the related party disclosures for Scentre Group have the same applicability to it. As such while the related party disclosures below make reference to Scentre Group, they also relate to the Trust.

Nature of relationship with related parties

Key Management Personnel of the Trust

Refer to Note 40 for details of Key Management Personnel.

Other Related Parties

Prior to the Restructure and Merger implemented on 30 June 2014, Westfield America Trust (WAT) was considered to be a related party of the Trust as it was a stapled entity of the former Westfield Group (now the restructured Scentre Group) during the 2014 financial year. WAT is not a related party of the Trust for the 2015 financial year.

Prior to the Restructure and Merger implemented on 30 June 2014, Westfield Corporation was a related party of Scentre Group as it formed part of the former Westfield Group (now the restructured Scentre Group) during the 2014 financial year. Westfield Corporation is not a related party of Scentre Group for the 2015 financial year.

Prior to the Restructure and Merger implemented on 30 June 2014, Westfield Retail Trust (WRT) was considered to be a related party of the former Westfield Group (now the restructured Scentre Group). From 30 June 2014, Westfield Retail Trust is part of Scentre Group.

LFG Services Pty Limited (LFG), its related entities and other entities controlled by members of the Lowy family are considered to be related parties of Scentre Group. This is due to LFG being under the control or significant influence of certain Directors of Scentre Group, being Mr Frank Lowy and Mr Steven Lowy.

The Lowy Institute for International Policy (the Lowy Institute) is considered to be a related party of Scentre Group. This is due to the entity being under the control or significant influence of certain Directors of Scentre Group, being Mr Frank Lowy and Mr Steven Lowy.

SGL, SGT2 and SGT3 are considered to be related parties of the Trust, as their securities are stapled to the securities of SGT1 to form Scentre Group.

Transactions and their terms and conditions with related parties

Transactions with Key Management Personnel of the Trust

Refer to Note 40 for details of Key Management Personnel.

Transactions with Other Related Parties

Scentre Group has established protocols governing transactions with other related parties which are overseen by the Audit and Risk Committee.

(a) Current arrangements with LFG and the Lowy Institute

In 2012 Scentre Group has entered into a leasing agreement with LFG to provide office space at Westfield Sydney. Scentre Group charged LFG $1,851,408 (31 December 2014: $1,391,449) for lease of office space at Westfield Sydney on commercial arm's length terms.

During the financial year, Scentre Group provided development services to LFG and the Lowy Institute totalling $536,388 (31 December 2014: $7,682). The amount charged was on commercial arm's length terms.

There were no amounts payable to or receivable from LFG and the Lowy Institute at 31 December 2015 and 2014.

No provision for doubtful debts has been recognised or bad debts incurred with respect to amounts payable or receivable from LFG and the Lowy Institute for the year ended 31 December 2015 and 2014.

(b) Former arrangements prior to the Restructure and Merger with LFG and the Lowy Institute (which ceased from 30 June 2014)

Scentre Group's aircraft interchange agreement and aircraft operation, maintenance, crew sharing and hangar facility agreements with LFG were terminated at the time of the Restructure and Merger on 30 June 2014.

For the year ended 31 December 2014, LFG utilised 86.7 hours of Westfield Group's aircraft which was offset by Westfield Group's business use of the LFG aircraft for an equivalent number of hours.

In addition to the interchange agreement, there were arrangements between Westfield Group and LFG in relation to the use of Westfield Group's aircraft by LFG and use of LFG's aircraft by Westfield Group. These arrangements, including rates, were at arm's length. For the year ended 31 December 2014, Westfield Group incurred costs amounting to $409,043 in relation to the use of the LFG aircraft in excess of the interchange agreement. Amounts charged were payable on 30 day terms.

Westfield Group also had aircraft operation, maintenance, crew sharing, and hangar facility agreements with LFG. For the year ended 31 December 2014, Westfield Group charged LFG $963,738 in relation to the provision of aircrew, aircraft maintenance, aircraft services and use of the hangar facility, which amounts were payable on seven day terms.

As a result of the Restructure and Merger, Scentre Group is no longer responsible for providing communication, security and other services to LFG and the Lowy Institute. In the prior year ended 31 December 2014, Scentre Group charged LFG and the Lowy Institute $892,807 for service costs in relation to the provision of communication, security and other services on arm's length terms and conditions.

There were no amounts payable to or receivable from LFG and the Lowy Institute at 31 December 2014.

No provision for doubtful debts has been recognised or bad debts incurred with respect to amounts payable or receivable from LFG and the Lowy Institute for the year ended 31 December 2014.

(c) Scentre Group Limited, Scentre Group Trust 2 and Scentre Group Trust 3

During the year the Trust and SGL transacted on normal commercial terms with respect to the following:

Property management fee

Property management fee of $55.9 million (31 December 2014: $57.0 million) of which $4.4 million (31 December 2014: $5.0 million) was payable to associates of the Responsible Entity.

Manager's service charge

Manager's service charge expensed of $10.4 million (31 December 2014: $10.8 million) of which $2.3 million (31 December 2014: $2.2 million) was payable to associates of the Responsible Entity.

Reimbursement of expenses

Reimbursement of shopping centre indirect overhead expenses of $22.0 million (31 December 2014: $21.6 million).

Tenancy coordination fees

Tenancy coordination fees of $4.5 million (31 December 2014: $5.1 million).

Construction contracts

Amounts paid (excluding GST) to associates of the Responsible Entity for construction contracts amounted to $269.7 million (31 December 2014: $289.0 million).

Financial derivatives

All outstanding financial derivatives disclosed in Note 32(ii), 32(iii), 33(i) and 33(ii) were transacted with a SGL entity during the year.

The net interest expense for the year in respect of financial derivatives with the SGL entity was $226.9 million (31 December 2014: net interest income of $49.5 million), with net accrued interest receivable of $11.8 million at year end (31 December 2014: payable of $1.8 million). The net foreign currency gain in respect of the cross currency swaps principals and forward exchange contracts with the SGL entity was $421.2 million (31 December 2014: $165.0 million).

NOTE 39 RELATED PARTY DISCLOSURES (CONTINUED)

(c) Scentre Group Limited, Scentre Group Trust 2 and Scentre Group Trust 3 (continued)

Foreign currency contracts with SGL entities

SGT1 and a SGL entity entered into the following foreign currency contracts in 2015:

i) SGT1 received net US$3.8 million (31 December 2014: US$60.4 million) from a SGL entity in exchange for SGT1 paying net A$4.9 million (31 December 2014: A$71.2 million) to the SGL entity. The foreign currency contracts matured during the year and the net loss from the contracts was $0.1 million (31 December 2014: $0.2 million).

ii) SGT1 received net £1.8 million (31 December 2014: £137.2 million) from a SGL entity in exchange for SGT1 paying net A$3.6 million (31 December 2014: A$248.8 million) to the SGL entity. The foreign currency contracts matured during the year and the net loss from the contracts was $6,574 (31 December 2014: $0.7 million).

iii) SGT1 received net NZ$1.5 million (31 December 2014: NZ$3.2 million) from a SGL entity in exchange for SGT1 paying net A$1.4 million (31 December 2014: A$3.0 million) to the SGL entity. The foreign currency contracts matured during the year and the net loss from the contracts was $32,415 (31 December 2014: $41,502).

For the year ended 31 December 2014, SGT1 received €12.4 million from a SGL entity in exchange for SGT1 paying A$17.9 million to the SGL entity. The foreign currency contract matured during the year ended 31 December 2014 and the loss from the contract was $14,929.

Foreign currency contracts with SGT2

SGT1 and SGT2 entered into foreign currency contracts in 2015. SGT1 received net NZ$58.9 million (31 December 2014: A$0.2 million) from SGT2 in exchange for SGT1 paying net A$53.3 million (31 December 2014: NZ$0.3 million) to SGT2. The foreign currency contracts matured during the year and the net loss from the contracts was $0.2 million (31 December 2014: $2,866).

Loans

Loans to/from SGL entities

During the year, SGT1 had an A$ interest bearing loan to SGL. The balance of the loan at year end is a receivable of $299.5 million (31 December 2014: $294.4 million), with accrued interest receivable of $28,792 (31 December 2014: $4.3 million). Interest accrues on the loan based on a floating rate. The interest income for the year in respect of the loan to SGL was $14.8 million (31 December 2014: $38.3 million).

During the year, SGT1 had an A$ interest bearing loan from SGL. The balance of the loan at year end is nil (31 December 2014: $21.6 million payable), with accrued interest payable of nil (31 December 2014: $5,476). Interest accrues on the loan based on a floating rate. The interest expense for the year in respect of the loan from SGL was nil (31 December 2014: $24.3 million).

During the year, SGT1 had a £ interest bearing loan from SGL. The balance of the loan at year end is a payable of $36.9 million (31 December 2014: $34.4 million), with accrued interest payable of $4,107 (31 December 2014: $2,786). Interest accrues on the loan based on a floating rate. The interest expense for the year in respect of the loan from SGL was $0.4 million (31 December 2014: $0.3 million).

During the year, SGT1 had an A$ non-interest bearing loan from SGL. The balance of the loan at year end is a payable of $978.4 million (31 December 2014: $1,045.6 million).

Loans from/to SGT2

During the year, SGT1 repaid an A$ interest bearing loan from SGT2. The balance of the loan at year end is nil (31 December 2014: $415.4 million payable), with accrued interest payable of nil (31 December 2014: $48,592). Interest accrues on the loan based on a floating rate. The interest expense for the year in respect of the loan from SGT2 was $5.0 million (31 December 2014: $6.2 million).

During the year, SGT1 had an A$ interest bearing loan to SGT2. The balance of the loan at year end is a receivable of $729.7 million (31 December 2014: nil), with accrued interest receivable of $0.1 million (31 December 2014: nil). Interest accrues on the loan based on a floating rate. The interest income for the year in respect of the loan to SGT2 was $15.8 million (31 December 2014: nil).

Loan from SGT3

During the year, SGT1 had a NZ$ interest bearing loan from a SGT3 entity. The balance of the loan at year end is a payable of $248.2 million (31 December 2014: $526.7 million), with accrued interest payable of $2.5 million (31 December 2014: $1.1 million). Interest accrues on the loan based on a floating rate. The interest expense for the year in respect of the loan from the SGT3 entity was $13.2 million (31 December 2014: $13.3 million).

(d) Westfield America Trust

During the six months to 30 June 2014, the Trust and WAT transacted on normal commercial terms with respect to the following:

Financial derivatives

Foreign currency contracts with WAT

SGT1 and WAT entered into foreign currency contracts in 2014. For the year ended 31 December 2014, SGT1 received net US$862.0 million from WAT in exchange for SGT1 paying net A$950.0 million to WAT. The foreign currency contracts matured during in 2014 and the net loss from the contracts was $2.4 million.

Loans

Loans to/from WAT

For the year ended 31 December 2014, SGT1 had net A$ interest bearing loans to WAT. The balance of these loans at 31 December 2014 was nil, with accrued interest receivable of nil. Interest accrued on these loans based on a floating rate. The net interest income for the year ended 31 December 2014 in respect of the loans to WAT was $13.1 million.

For the year ended 31 December 2014, SGT1 had a US$ interest bearing loan from WAT. The balance of this loan at 31 December 2014 was nil. Interest accrued on this loan based on a fixed rate. The interest expense for the year ended 31 December 2014 in respect of the loan from WAT was $0.7 million.

(e) Westfield Corporation

Arrangements with Westfield Corporation

Following the Restructure and Merger on 30 June 2014, Scentre Group has the following ongoing contractual arrangements with Westfield Corporation:

– Scentre Group has an exclusive, royalty free licence to use the Westfield brand for its existing shopping centres and any future shopping centres in Australia and New Zealand meeting certain agreed characteristics;

– Scentre Group has access to the digital innovation activities of Westfield Labs; and

– Scentre Group provides transitional services to Westfield Corporation while both entities develop standalone resources and support services.

Comparative period transactions with Westfield Corporation

The transactions with Westfield Corporation for the six months to 31 December 2014, were as follows:

Access to the digital innovation activities of Westfield Labs (LABS)

For the six months to 31 December 2014, Westfield Corporation charged Scentre Group $5.5 million for access to LABS' digital services.

Provision of transitional services

For the six months to 31 December 2014, Scentre Group charged Westfield Corporation $6.2 million for transitional services.

For the six months to 31 December 2014, Westfield Corporation charged Scentre Group $0.3 million for the provision of corporate services.

Other

For the six months to 31 December 2014, Scentre Group charged Westfield Corporation $0.7 million for lease of office space at its Westfield Sydney premises.

As at 31 December 2014, amounts payable and receivable by Scentre Group to Westfield Corporation amounted to $5.5 million and $0.6 million, respectively.

NOTE 39 RELATED PARTY DISCLOSURES (CONTINUED)

(f) SGT2 and SGT3 (formerly the stapled Westfield Retail Trust) Arrangements with Westfield Retail Trust (WRT)

Prior to the Restructure and Merger implemented on 30 June 2014, the primary arrangements between the former Westfield Group (now the restructured Scentre Group) and WRT are summarised as follows:

– the Westfield Group and WRT directly and indirectly co-owned the properties including properties where there were existing third party joint venture partners;

– the Westfield Group acted as the property manager;

– the Westfield Group acted in most cases as the property developer;

– the Westfield Group and WRT were required to co-operate to source new investment opportunities in Australia and New Zealand;

– the Westfield Group owned the WRT responsible entities and WRT had access to the Westfield brand; and

– the Westfield Group provided corporate services to WRT.

Comparative period transactions with Westfield Retail Trust

The transactions with WRT for the six months to 30 June 2014, were as follows:

Property management fee

For the six months to 30 June 2014, Westfield Group charged WRT property management fees of $26.9 million.

Tenancy coordination fee

For the six months to 30 June 2014, Westfield Group charged WRT tenancy coordination fees of $2.3 million.

Reimbursement of expenses

For the six months to 30 June 2014, Westfield Group charged WRT $10.1 million for the reimbursement of shopping centre indirect overheads expenses. In addition, Westfield Group also recharged WRT for direct expenses of shopping centre employees (salaries, wages and all on-costs).

Corporate services agreement

For the six months to 30 June 2014, Westfield Group charged WRT corporate service fees of $10.0 million.

Development framework agreements

For the six months to 30 June 2014, Westfield Group charged WRT property development progress billings and fees of $97.1 million.

Westfield Sydney redevelopment arrangements

The Westfield Sydney income guarantee fee for the period from April 2013 to March 2014, paid during the six months to 30 June 2014 to WRT by Westfield Group under the income guarantee arrangements amounted to $3.4 million.

Other

For the six months to 30 June 2014, Westfield Group charged WRT $0.1 million for the lease of office space.

For the six months to 30 June 2014, Westfield Group paid WRT $3.2 million for the lease of office space.

Net property related advertising and promotional income collected by Westfield Group on behalf of WRT for the six months ended 30 June 2014 amounted to $3.7 million.

As a result of the Restructure and Merger on 30 June 2014, no payable or receivable balances were recorded with WRT on Scentre Group's balance sheet as at 31 December 2015 and 2014.

NOTE 40 DETAILS OF KEY MANAGEMENT PERSONNEL

(a) Key Management Personnel

The Trust forms part of Scentre Group. The disclosures under Scentre Group's remuneration policies and practices apply to the Trust.

The Responsible Entity does not have any employees. Key Management Personnel of the Trust are paid by related entities within Scentre Group.

As at 31 December 2015, the Board comprises the following directors:

Frank Lowy AC	Chairman/ Non-Executive Director
Brian Schwartz AM	Deputy Chairman/ Non-Executive Director
Peter Allen	Chief Executive Officer/ Executive Director
Richard Egerton-Warburton AO LVO	Non-Executive Director
Andrew Harmos	Non-Executive Director
Michael Ihlein	Non-Executive Director
Aliza Knox	Non-Executive Director (appointed 7 May 2015)
Steven Lowy AM	Non-Executive Director

The following Directors retired from the Board effective 7 May 2015:

Laurence Brindle	Non-Executive Director
Sandra McPhee AM	Non-Executive Director

In October 2015, Scentre Group announced Mr Frank Lowy would retire as Chairman of Scentre Group, at the Annual General Meeting in May 2016. Mr Lowy will be succeeded by Mr Brian Schwartz, with effect on and from the date of Mr Lowy's retirement.

On 22 February 2016, Scentre Group announced the appointments of Ms Carolyn Kay and Ms Margaret Seale to the Board, with the appointments effective on and from 24 February 2016.

On 14 March 2016, the Group announced that Mr Richard Egerton-Warburton will not seek re-election as a Director at the upcoming Annual General Meeting. Accordingly, Mr Warburton will retire at the conclusion of that meeting.

In addition to the Directors noted above, during the year the following Key Management Personnel were responsible for the strategic direction and management of the Trust.

Mark Bloom	Chief Financial Officer
Greg Miles	Chief Operating Officer (effective from 1 November 2015)
John Widdup	Chief Operating Officer Development, Design and Construction (Mr Widdup retired from Scentre Group on 31 January 2015)

Mr Robert Jordan, Managing Director Australia, New Zealand and United States and Mr Michael Gutman, Managing Director UK/Europe and New Markets ceased to be Key Management Personnel of the Trust effective 30 June 2014.

(b) Remuneration of Key Management Personnel

The Directors of the Responsible Entity receive remuneration in their capacity as Directors of the Responsible Entity.

These amounts are paid directly by Scentre Group Limited (SGL), the parent entity of Scentre Group, of which the Responsible Entity is part. Other Key Management Personnel are paid by Scentre Limited, a wholly owned subsidiary of SGL.

The Manager's service charge payable by the Trust to the Responsible Entity covers all costs in relation to the management of the Trust. The remuneration of the Key Management Personnel is not set by the Trust nor is it able to be influenced by the Trust. The remuneration of the Key Management Personnel is approved by the Board on the recommendation of the Human Resources Committee.

NOTE 41 DETAILS OF MATERIAL AND SIGNIFICANT ENTITIES

Name of entity	**31 Dec 15 – Interest** Beneficial[i] Parent Entity %	Beneficial[i] Scentre Group Trust 1 %	Consolidated or Equity accounted %	31 Dec 14 – Interest Beneficial[i] Parent Entity %	Beneficial[i] Scentre Group Trust 1 %	Consolidated or Equity accounted %
ENTITIES INCORPORATED IN AUSTRALIA						
Parent Entity						
Scentre Group Trust 1	**100.0**	**100.0**	**100.0**	100.0	100.0	100.0
Consolidated Controlled Entities						
Carindale Property Trust	**50.0**	**50.0**	**100.0**	50.0	50.0	100.0
Scentre Sub Trust G	**100.0**	**100.0**	**100.0**	100.0	100.0	100.0
Equity Accounted Entities						
Bondi Junction Trust	**–**	**50.0**	**50.0**	–	50.0	50.0
WestArt Trust	**–**	**50.0**	**50.0**	–	50.0	50.0
ENTITIES INCORPORATED IN New Zealand						
Consolidated Controlled Entities						
SCG1 Finance (NZ) Limited	**100.0**	**100.0**	**100.0**	100.0	100.0	100.0
SCG1 Finance (NZ) No. 2 Limited	**100.0**	**100.0**	**100.0**	100.0	100.0	100.0
Equity Accounted Entities						
Scentre NZ Holdings Limited	**–**	**50.0**	**50.0**	–	50.0	50.0

(i) Beneficial interest in underlying controlled and equity accounted entities reflects the Parent Entity and the Trust's ownership interest as determined under International Financial Reporting Standards (IFRS).

Directors' Declaration

The Directors of Scentre Management Limited, the Responsible Entity of Scentre Group Trust 1 (Trust) declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable;

(b) in the Directors opinion, the Financial Statements and notes thereto are in accordance with the Corporations Act 2001, including:

(i) complying with accounting standards and regulations in accordance with section 296 of the Corporations Act 2001;

(ii) giving a true and fair view of the financial position as at 31 December 2015 and the performance of the consolidated entity for the year ended on that date in accordance with section 297 of the Corporations Act 2001;

(iii) the International Financial Reporting Standards issued by the International Accounting Standards Board; and

(c) they have been provided with the declarations required by section 295A of the Corporations Act 2001 (Cwlth).

Made on 24 March 2016 in accordance with a resolution of the Board of Directors.

Frank Lowy AC
Chairman

Michael Ihlein
Director

24 March 2016

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Independent auditor's report to the members of Scentre Group Trust 1

Report on the financial report

We have audited the accompanying financial report of Scentre Group Trust 1 (the Trust), which comprises the consolidated balance sheet as at 31 December 2015, the consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the 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 Scentre Management Limited, the Responsible Entity of the Trust, 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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 judgment, 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 controls relevant to the entity's preparation and fair presentation of the financial 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 controls. 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.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of Scentre Management Limited a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

a. the financial report of Scentre Group Trust 1 is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the year ended on that date; and

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

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Ernst & Young

Ernst & Young

Graham Ezzy

Graham Ezzy
Partner

Sydney, 24 March 2016

The Directors of Scentre Management Limited (Responsible Entity), the responsible entity of Scentre Group Trust 1 (SGT1) submit the following report for the year ended 31 December 2015 (Financial Year).

The Trust is part of Scentre Group which is a stapled entity. Scentre Group operates as a single coordinated economic entity with a common Board of Directors and management team.

In this report, SGT1 and its controlled entities are referred to as the Trust.

1. OPERATIONS AND ACTIVITIES

1.1 Review of Operations and Results of Operations

The Trust reported a net profit (attributable to members of SGT1) of $1,117.5 million and a distribution of $455.2 million for the Financial Year. The basic earnings per unit is 20.99 cents and the distribution per unit is 8.55 cents for the Financial Year.

As at 31 December 2015, the Trust has total consolidated and equity accounted properties of $15.7 billion. Occupancy rates for those properties continues to be in excess of 99.5% leased. The Trust's interest in 40[i] shopping centres comprises 11,670[i] retail outlets and approximately 3.6[i] million square metres of retail space.

The Australian and New Zealand operations contributed net property income of $844.8 million for the year ended 31 December 2015 with an underlying comparable net operating income growth of 2.6%[i].

There was sustained improvement in retail sales growth, with comparable specialty store sales in Australia up 5.3%[i] for the 12 months to 31 December 2015.

In 2015, Scentre Group commenced $830 million (Trust share: $292 million) of redevelopments, including projects at Casey Central, Chatswood, Hurstville, Kotara, North Lakes and Warringah Mall.

Scentre Group also commenced the $355 million (Trust share: $178 million) redevelopment at Westfield Chermside and the $140 million (Trust share: $70 million) Stage 2 IKEA Link Mall project at Westfield North Lakes.

During the year Scentre Group completed the sales of Figtree, Strathpine, Warrawong and North Rocks in Australia for gross proceeds of $783 million (Trust share: $392 million) and also announced the sales of Glenfield, Queensgate and Chartwell in New Zealand for a total of NZ$549 million (Trust share: NZ$275 million), the latter two being expected to settle in the first half of 2016.

During November the Trust repaid one series of its property-linked notes valued at $280 million in advance of the review date of 31 December 2016. The notes provided returns based on the economic performance of 6 Westfield centres in Australia.

A detailed operating and financial review for Scentre Group is contained in the Directors' Report in Scentre Group's Annual Financial Report which is available at www.scentregroup.com.

1.2 Principal Activities

The principal activities of the Trust during the Financial Year were the ownership and improvement of shopping centres. There were no significant changes in the nature of those activities during the Financial Year.

1.3 Subsequent Events

There are no subsequent events to report.

1.4 Future Developments

The likely developments in the Trust's operations in future financial years and the expected results of those operations are described in the Review of Operations and Results of Operations above. The strategy, key drivers and outlook of Scentre Group are described in the Directors' Report in Scentre Group's Annual Financial Report.

1.5 Sustainability

Environmental laws and regulations in force in the various jurisdictions in which Scentre Group operates are applicable to areas of Scentre Group's operations and in particular to its development, construction and shopping centre management activities. Scentre Group has in place procedures to identify and comply with such requirements including, where applicable, obtaining and complying with the conditions of relevant authority consents and approvals and the obtaining of any necessary licences. These compliance procedures are regularly reviewed and audited and their application closely monitored.

Westfield Group's Sustainability Reports from prior years that include Scentre Group assets can be found at http://www.scentregroup.com/about/sustainability/.

Scentre Group's Sustainability Report will be published in the first half of 2016 and will be available on its website.

2. DISTRIBUTIONS

2.1 Scentre Group

For the six months ended 31 December 2014, the Trust distribution of 2.85 cents per ordinary unit formed part of the distribution of 10.20 cents per Scentre Group (SCG) stapled security, paid on 27 February 2015. This distribution was an aggregate of a distribution from the Trust, a distribution from Scentre Group Trust 2 (SGT2), and a dividend from Scentre Group Limited (SGL). The figure reported here only represents that component of the aggregate SCG distribution being the distribution of the Trust.

For the six months ended 30 June 2015, the Trust distribution of 4.20 cents per ordinary unit formed part of the distribution of 10.45 cents per SCG stapled security, paid on 31 August 2015. This distribution was an aggregate of a distribution from the Trust and a distribution from SGT2. The figure reported here only represents that component of the aggregate SCG distribution being the distribution of the Trust.

For the six months ended 31 December 2015, the Trust distribution of 4.35 cents per ordinary unit formed part of the distribution of 10.45 cents per SCG stapled security, paid on 29 February 2016. This distribution was an aggregate of a distribution from the Trust and a distribution from SGT2. The figure reported here only represents that component of the aggregate SCG distribution being the distribution of the Trust.

3. THE DIRECTORS

The current Board of Directors of the Responsible Entity is set out below.

Frank Lowy AC	Chairman/ Non-Executive Director
Brian Schwartz AM	Deputy Chairman/ Non-Executive Director
Peter Allen	Chief Executive Officer/ Executive Director
Richard Egerton-Warburton AO LVO	Non-Executive Director
Andrew Harmos	Non-Executive Director
Michael Ihlein	Non-Executive Director
Carolyn Kay	Non-Executive Director (appointed 24 February 2016)
Aliza Knox	Non-Executive Director (appointed 7 May 2015)
Steven Lowy AM	Non-Executive Director
Margaret Seale	Non-Executive Director (appointed 24 February 2016)

Biographies of the current Board can be found in the 2015 Scentre Group Annual Financial Report and Corporate website.

The following Directors retired from the Board effective 7 May 2015:

Laurence Brindle	Non-Executive Director
Sandra McPhee AM	Non-Executive Director

In October 2015, Scentre Group announced Mr Frank Lowy would retire as Chairman of Scentre Group, at the Annual General Meeting in May 2016. Mr Lowy will be succeeded by Mr Brian Schwartz, with effect on and from the date of Mr Lowy's retirement.

On 14 March 2016, the Group announced that Mr Richard Egerton-Warburton will not seek re-election as a Director at the upcoming Annual General Meeting. Accordingly, Mr Warburton will retire at the conclusion of that meeting.

The names of the Directors in office and the relevant interests of each Director in stapled securities in Scentre Group as at the date of this report are shown below. Ordinary units in the Trust are stapled to shares in SGL and units in SGT1, SGT2 and SGT3. The stapled securities trade on the ASX under the code SCG.

[i] Pro forma post sale of four Australian assets and three New Zealand assets (with two New Zealand assets expected to settle in 2016).

3. THE DIRECTORS (CONTINUED)

Director	Number of Stapled Securities
Frank Lowy Steven Lowy	216,467,389
Brian Schwartz	48,781
Peter Allen	2,136,258
Richard Egerton-Warburton	73,445
Andrew Harmos	39,012
Michael Ihlein	33,048
Carolyn Kay	5,500
Aliza Knox	Nil
Margaret Seale	11,175

Mr Laurence Brindle and Ms Sandra McPhee retired from the Board, effective 7 May 2015. On the date of retirement, Ms McPhee held a relevant interest in 33,382 Scentre Group securities. Mr Brindle had nil shareholdings in Scentre Group.

None of the Directors hold options over any issued or unissued Scentre Group stapled securities. No options over any issued or unissued units in any of the Scentre Group Trusts or stapled securities in Scentre Group have been issued to the Directors. None of the Directors hold debentures of Scentre Group.

None of the Non-Executive Directors are party to or entitled to a benefit under a contract which confers a right to call for, or be delivered, interests or securities in Scentre Group.

Details of the equity-linked incentives held by the Chief Executive Officer are set out in the Remuneration Report in the Scentre Group 2015 Annual Financial Report.

4. DIRECTORS' DIRECTORSHIPS OF OTHER LISTED COMPANIES

The following table sets out the directorships of other Australian listed companies held by the Company's Directors during the 3 years preceding the end of the Financial Year and up to the date of this report, and the time for which each directorship has been held:

Director	Company	Date appointed	Date resigned
Frank Lowy	Scentre Management Limited*	16 January 1979	Continuing
	RE1 Limited**	30 June 2014	Continuing
	RE2 Limited***	30 June 2014	Continuing
	Westfield America Management Limited^	20 February 1996	Continuing
	Westfield Corporation Limited^^	8 April 2014	Continuing
Brian Schwartz	Scentre Management Limited*	6 May 2009	Continuing
	RE1 Limited**	30 June 2014	Continuing
	RE2 Limited***	30 June 2014	Continuing
	Insurance Australia Group	1 January 2005	Continuing^^^
	Brambles Limited	13 March 2009	30 June 2014
	Westfield America Management Limited^	6 May 2009	Continuing
	Westfield Corporation Limited^^	8 April 2014	Continuing
Peter Allen	Scentre Management Limited*	25 May 2011	Continuing
	RE1 Limited**	12 August 2010	Continuing
	RE2 Limited***	12 August 2010	Continuing
	Westfield America Management Limited^	25 May 2011	30 June 2014
Richard Egerton-Warburton	Scentre Management Limited*	30 June 2014	Continuing
	RE1 Limited**	21 December 2010	Continuing
	RE2 Limited***	21 December 2010	Continuing
	Magellan Flagship Fund Limited	19 October 2006	Continuing
Andrew Harmos	Scentre Management Limited*	30 June 2014	Continuing
	RE1 Limited**	21 December 2010	Continuing
	RE2 Limited***	21 December 2010	Continuing
Michael Ihlein	Scentre Management Limited*	30 June 2014	Continuing
	RE1 Limited**	21 December 2010	Continuing
	RE2 Limited***	21 December 2010	Continuing
	CSR Limited	7 July 2011	Continuing
Carolyn Kay	Scentre Management Limited*	24 February 2016	Continuing
	RE1 Limited**	24 February 2016	Continuing
	RE2 Limited***	24 February 2016	Continuing
	Brambles Limited	21 August 2006	Continuing
Aliza Knox	Scentre Management Limited*	7 May 2015	Continuing
	RE1 Limited**	7 May 2015	Continuing
	RE2 Limited***	7 May 2015	Continuing
	InvoCare Limited	4 October 2011	31 August 2015
Steven Lowy	Scentre Management Limited*	28 June 1989	Continuing
	RE1 Limited**	12 August 2010	Continuing
	RE2 Limited***	12 August 2010	Continuing
	Westfield America Management Limited^	20 February 1996	Continuing
	Westfield Corporation Limited^^	28 November 2013	Continuing
Margaret Seale	Scentre Management Limited*	24 February 2016	Continuing
	RE1 Limited**	24 February 2016	Continuing
	RE2 Limited***	24 February 2016	Continuing
	Ramsay Health Care Limited	28 April 2015	Continuing
	Bank of Queensland Limited	21 January 2014	Continuing
	Telstra Corporation Limited	7 May 2012	Continuing

4. DIRECTORS' DIRECTORSHIPS OF OTHER LISTED COMPANIES (CONTINUED)

Notes:

* Scentre Management Limited as responsible entity for (a) Scentre Group Trust 1, a managed investment scheme, the units of which are stapled to units in Scentre Group Trust 2 and Scentre Group Trust 3 and shares in SGL, and which trade on the ASX as Scentre Group; and (b) Carindale Property Trust, a listed managed investment scheme.

** RE1 Limited, as responsible entity for Scentre Group Trust 2, a managed investment scheme, the units of which are stapled to units in Scentre Group Trust 1 and Scentre Group Trust 3 and shares in SGL, and which trade on the ASX as Scentre Group.

*** RE2 Limited, as responsible entity for Scentre Group Trust 3, a managed investment scheme, the units of which are stapled to units in Scentre Group Trust 1 and Scentre Group Trust 2 and shares in SGL, and which trade on the ASX as Scentre Group.

^ Westfield America Management Limited, as responsible entity for Westfield America Trust and WFD Trust, both managed investment schemes, the units of which are stapled to shares in Westfield Corporation Limited, and which trade on the ASX as Westfield Corporation.

^^ Westfield Corporation Limited, which shares are stapled to units in Westfield America Trust and WFD Trust, and which trade on the ASX as Westfield Corporation.

^^^ On 16 March 2016, Insurance Australia Group announced Mr Schwartz will retire as Chairman and Director from the Board, effective 31 March 2016.

5. OPTIONS AND UNISSUED INTERESTS

No options were issued by the Trust during or since the end of the Financial Year and no Director or member of the senior executive team holds options over issued or unissued Scentre Group stapled securities or units in the Trust.

Details of the equity-linked incentives held by the executive Key Management Personnel are set out in the Scentre Group's Remuneration Report.

6. INDEMNITIES AND INSURANCE PREMIUMS

Subject to the following, no indemnity was given or insurance premium paid during or since the end of the Financial Year out of the assets of the Trust in regards to a person who is or has been an officer or auditor of the Responsible Entity. So long as the Responsible Entity acts in accordance with the Constitution and the Corporations Act, it remains indemnified out of the assets of the Trust against any losses incurred while acting as the Responsible Entity.

The Responsible Entity's Constitution provides that a person who is or has been a Director or Secretary of the Responsible Entity may be indemnified by the Responsible Entity against liabilities incurred by the person in that capacity and for all legal costs incurred in defending or resisting (or otherwise in connection with) proceedings in which the person becomes involved because of that capacity. The indemnity does not apply to the extent that the Responsible Entity is forbidden by statute to indemnify the person or the indemnity would, if given, be made void by statute.

A related corporation of the Responsible Entity has paid premiums for directors' and officers' liability insurance in respect of Directors, Secretaries and Executive Officers of the Responsible Entity as permitted by the Corporations Act 2001. The terms of the insurance policy prohibit disclosure of details of the nature of the liabilities covered by, and the amounts of the premiums payable under, that insurance policy.

To the extent permitted by law, the Responsible Entity has agreed to indemnify its auditor, Ernst & Young, as part of its standard terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to Ernst & Young during or since the Financial Year.

7. SPECIAL RULES FOR REGISTERED SCHEMES

- $70.8 million in fees were paid and payable to the Responsible Entity and its associates out of the assets of the Trust during the Financial Year.
- No units in the Trust were held by the Responsible Entity at the end of the Financial Year. Associates of the Responsible Entity held 219,206,870 units as at the end of the Financial Year.
- Details of units issued in the Trust during the Financial Year are set out in Note 20 to the Financial Report on page 19.
- No withdrawals were made from the scheme during the Financial Year.
- Details of the value of the Trust's assets as at the end of the Financial Year and the basis for the valuation are set out in Notes 2(c), 2(d), 13, 14 and 15 to the Financial Report on pages 9, 14 and 15.
- Details of the number of units in the Trust as at the end of the Financial Year are set out in Note 20 to the Financial Report on page 19.

8. AUDIT

8.1 Audit and Risk Committee

As at the date of this report, the Responsible Entity had an Audit and Risk Committee of the Board of Directors.

8.2 Audit Independence

The Directors have obtained the following independence declaration from the auditor, Ernst & Young.

EY

Building a better working world

Auditor's Independence Declaration to the Directors of Scentre Management Limited

As lead auditor for the audit of Scentre Group Trust 1 for the financial year ended December 31, 2015, I declare to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Scentre Group Trust 1 and the entities it controlled during the financial year.

Ernst & Young

Graham Ezzy
Partner

Sydney, 24 March 2016

Liability limited by a scheme approved under Professional Standards Legislation.

9. ASIC DISCLOSURES

9.1 Rounding

The Trust is of a kind referred to in the Australian Securities and Investments Commission Class Order 98/100 dated 10 July 1998. Accordingly, amounts in the Directors' Report, the Financial Statements and the Notes thereto have been rounded to the nearest tenth of a million dollars. Amounts shown as 0.0 represent amounts less than $50,000 that have been rounded down.

9.2 Synchronisation of financial year

By an order dated 5 November 2001 made by the Australian Securities and Investments Commission, the Directors have been relieved from compliance with the requirement to ensure that the financial year of Carindale Property Trust is synchronised with the financial year of Scentre Group Trust 1. Although the financial year of Carindale Property Trust ends on 30 June, the financial statements of Scentre Group Trust 1 have been prepared to include accounts for Carindale Property Trust for a period coinciding with the Financial Year of Scentre Group Trust 1.

10. ASX LISTING RULE

ASX reserves the right (but without limiting its absolute discretion) to remove SGL, SGT1, SGT2 and SGT3 from the official list of ASX if any of the shares or units comprising those stapled securities cease to be stapled together, or any equity securities are issued by a Scentre Group entity which are not stapled to the equivalent securities in the other entities.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.

Frank Lowy AC
Chairman

Michael Ihlein
Director

24 March 2016

Corporate Governance Statement

The Corporate Governance Statement for Scentre Group Trust 1 for the financial year ended 31 December 2015 has been incorporated into the Corporate Governance Statement prepared for Scentre Group. This Statement can be found in the 2015 Scentre Group Annual Financial Report. Scentre Group's Annual Financial Report is available on the scentregroup.com website.

Twenty Largest Holders of Stapled Securities in Scentre Group*

		Number of Securities
1.	HSBC Custody Nominees (Australia) Limited	1,794,446,351
2.	J P Morgan Nominees Australia Limited	877,630,926
3.	National Nominees Limited	623,325,189
4.	BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	389,112,455
5.	Citicorp Nominees Pty Limited	386,615,567
6.	Cordera Holdings Pty Limited	181,710,620
7.	BNP Paribas Noms Pty Ltd <DRP>	176,575,241
8.	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	86,923,446
9.	RBC Investor Services Australia Nominees Pty Limited <APN A/C>	71,302,129
10.	AMP Life Limited	55,069,858
11.	RBC Investor Services Australia Nominees Pty Limited <BKCUST A/C>	19,207,495
12.	Mr Frank P Lowy	17,577,810
13.	HSBC Custody Nominees (Australia) Limited-Gsco Eca	13,637,667
14.	RBC Investor Services Australia Nominees Pty Limited <PISELECT>	13,459,300
15.	Bond Street Custodians Limited <ENH Property Securities A/C>	11,909,964
16.	Australian Foundation Investment Company Limited	11,736,859
17.	Argo Investments Limited	8,526,662
18.	SBN Nominees Pty Limited <10004 Account>	7,400,000
19.	Amondi Pty Ltd <S E O P T A/C>	7,313,304
20.	BNP Paribas Noms (NZ) Ltd <DRP>	6,462,494
		4,759,943,337

* Ordinary shares in Scentre Group Limited are stapled to units in Scentre Group Trust 1, Scentre Group Trust 2 and Scentre Group Trust 3.

The stapled securities trade on the Australian Securities Exchange under the code SCG.

Voting Rights

Scentre Group Limited – At a meeting of members, on a show of hands, every person present who is a member or representative of a member has one vote, and on a poll every member present in person or by proxy or attorney and every person who is a representative of a member has one vote for each share they hold or represent.

Scentre Group Trust 1, Scentre Group Trust 2 and Scentre Group Trust 3 – At a meeting of members, on a show of hands, every person present who is a member or representative of a member has one vote, and on a poll, every member present in person or by proxy or attorney and every person who is a representative of a member has one vote for each dollar value of the total interest they have in the respective trusts.

Distribution Schedule

Category	Number of Stapled securities*	Number of Security-holders	% of securities in each category
1-1,000	14,278,593	33,103	0.27
1,001-5,000	109,844,692	45,114	2.06
5,001-10,000	79,703,646	11,360	1.50
10,001-100,000	162,870,457	7,735	3.06
100,001 and over	4,957,599,290	369	93.11
Total	5,324,296,678	97,681	100.00

As at 15 February 2016, 6,873 security holders hold less than a marketable parcel of quoted securities in Scentre Group.

* There are 11,270,149 performance rights on issue to a total of 122 Scentre Group employees. These rights may be satisfied by either the transfer or issue of Scentre Group securities to employees, or settled by way of cash payout which amount is calculated by reference to the market price of Scentre Group securities at the time of vesting. Under the stapling arrangement, in the case of the issue of securities, each of Scentre Group Limited, Scentre Group Trust 1, Scentre Group Trust 2 and Scentre Group Trust 3 is required to issue securities on the vesting of a performance right.

** During FY15, 3,532,360 Scentre Group securities (at an average price $4.0493) were acquired on-market by the Group's Performance Rights Trust to satisfy executive entitlements on the vesting of rights under Scentre Group's equity-linked incentive plans.

Substantial Securityholders

The names of the Scentre Group substantial securityholders and the number of ordinary stapled securities in which each has a relevant interest, as disclosed in substantial shareholding notices given to Scentre Group, are as follows:

The Vanguard Group	383,562,964
BlackRock Group	340,719,406
National Nominees as custodian for Unisuper Limited	294,417,792

Annual Financial Report

SCENTRE GROUP TRUST 2

For the financial year ended 31 December 2015

Contents

Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2015

Results for the year ended 31 December 2015 comprise the earnings of Scentre Group Trust 2 following the Restructure and Merger on 30 June 2014. The results for the year ended 31 December 2014 comprises the earnings of the former Westfield Retail Trust[(i)] for the six months ended 30 June 2014 and the earnings of Scentre Group Trust 2 for the six months ended 31 December 2014.

	Note	**31 Dec 15 $million**	31 Dec 14 $million
Revenue			
Property revenue	4	**527.0**	528.0
		527.0	528.0
Share of after tax profits of equity accounted entities			
Property revenue		**557.7**	580.2
Property revaluations		**364.5**	208.0
Property expenses, outgoings and other costs		**(148.4)**	(153.2)
Gain in respect of capital transactions		**0.4**	–
Net interest expense		**(12.4)**	(13.1)
Tax benefit/(expense)		**11.5**	(17.2)
	15(a)	**773.3**	604.7
Expenses			
Property expenses, outgoings and other costs		**(137.4)**	(141.5)
Manager's service charge		**(5.4)**	(12.4)
Overheads		**(2.2)**	(9.9)
		(145.0)	(163.8)
Interest income		**7.1**	7.5
Currency gain	5	**77.7**	2.9
Financing costs	6	**(201.4)**	(140.1)
Charges in respect of the Restructure and Merger	7	**–**	(46.4)
Gain in respect of capital transactions	8	**11.3**	–
Property revaluations		**370.0**	230.4
Profit before tax for the period		**1,420.0**	1,023.2
Tax expense	9	**–**	(0.8)
Profit after tax for the period		**1,420.0**	1,022.4
Profit after tax for the period attributable to:			
– Members of Scentre Group Trust 2		**1,420.0**	1,020.0
– Members of Scentre Group Trust 3		**–**	2.4
Profit after tax for the period		**1,420.0**	1,022.4

		cents	cents
Basic earnings per Scentre Group Trust 2 unit	23(a)	**26.67**	19.16
Diluted earnings per Scentre Group Trust 2 unit	23(a)	**26.67**	19.16

(i) Westfield Retail Trust comprised Scentre Group Trust 2 (formerly Westfield Retail Trust 1) and Scentre Group Trust 3 (formerly Westfield Retail Trust 2), which prior to 30 June 2014 were collectively known as Westfield Retail Trust. Scentre Group Trust 2 and Scentre Group Trust 3 merged with Scentre Group Limited and Scentre Group Trust 1 on 30 June 2014 to form Scentre Group. Refer to Note 3(a) for further details.

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2015

Results for the year ended 31 December 2015 comprise the earnings of Scentre Group Trust 2 following the Restructure and Merger on 30 June 2014. The results for the year ended 31 December 2014 comprises the earnings of the former Westfield Retail Trust for the six months ended 30 June 2014 and the earnings of Scentre Group Trust 2 for the six months ended 31 December 2014.

	31 Dec 15 $million	31 Dec 14 $million
Profit after tax for the period	**1,420.0**	1,022.4
Other comprehensive income		
Movement in foreign currency translation reserve [(i)]		
– Realised and unrealised differences on the translation of investment in foreign operations and asset hedging derivatives which qualify for hedge accounting	**(6.0)**	25.4
– Accumulated exchange differences transferred from foreign currency translation reserve on realisation of net investment in foreign operations	**(82.4)**	–
Total comprehensive income for the period	**1,331.6**	1,047.8
Total comprehensive income attributable to:		
– Members of Scentre Group Trust 2	**1,331.6**	1,045.4
– Members of Scentre Group Trust 3	**–**	2.4
Total comprehensive income for the period	**1,331.6**	1,047.8

(i) These items may be subsequently recycled to the profit and loss. In relation to the foreign currency translation reserve, the portion relating to the foreign operations may be recycled to the profit and loss depending on how the foreign operations are sold.

Balance Sheet

AS AT 31 DECEMBER 2015

	Note	31 Dec 15 $million	31 Dec 14 $million
Current assets			
Cash and cash equivalents	10(a)	**11.7**	10.6
Trade debtors		**0.7**	2.4
Derivative assets	11	**0.3**	0.9
Receivables	12	**33.5**	439.6
Other current assets		**8.7**	9.3
Total current assets		**54.9**	462.8
Non current assets			
Investment properties	13	**7,243.0**	7,044.7
Equity accounted investments	15(b)	**7,073.5**	6,885.8
Derivative assets	11	**100.2**	106.5
Other non current assets		**9.8**	11.4
Total non current assets		**14,426.5**	14,048.4
Total assets		**14,481.4**	14,511.2
Current liabilities			
Trade creditors		**48.8**	46.1
Payables and other creditors	16	**153.4**	123.3
Interest bearing liabilities	17	**2,437.1**	579.1
Derivative liabilities	18	**9.1**	0.9
Total current liabilities		**2,648.4**	749.4
Non current liabilities			
Interest bearing liabilities	17	**966.0**	3,648.9
Derivative liabilities	18	**50.5**	55.6
Total non current liabilities		**1,016.5**	3,704.5
Total liabilities		**3,664.9**	4,453.9
Net assets		**10,816.5**	10,057.3
Equity attributable to members of Scentre Group Trust 2			
Contributed equity	19(b)	**8,159.8**	8,159.8
Reserves	20	**37.0**	125.4
Retained profits	21	**2,619.7**	1,772.1
Total equity attributable to members of Scentre Group Trust 2		**10,816.5**	10,057.3
Total equity		**10,816.5**	10,057.3

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Contributed Equity $million	Reserves $million	Retained Profits $million	31 Dec 15 Total $million	Contributed Equity $million	Reserves $million	Retained Profits $million	31 Dec 14 Total $million
Changes in equity attributable to members of Scentre Group Trust 2									
Balance at the beginning of the period		8,159.8	125.4	1,772.1	**10,057.3**	9,010.2	100.0	1,343.0	10,453.2
– Profit after tax for the period [(i)]		–	–	1,420.0	**1,420.0**	–	–	1,020.0	1,020.0
– Other comprehensive income [(i)] [(ii)]		–	(88.4)	–	**(88.4)**	–	25.4	–	25.4
Transactions with owners in their capacity as owners:									
– Payment of capital return	24(b)	–	–	–	**–**	(850.0)	–	–	(850.0)
– Stapling distribution applied on behalf of investors to subscribe for units in Scentre Group Limited and units in Scentre Group Trust 1 as part of the Restructure and Merger	24(b)	–	–	–	**–**	(3.0)	–	–	(3.0)
– Issuance of units resulting from the Restructure and Merger	19(b)	–	–	–	**–**	2.6	–	–	2.6
– Distributions paid or provided for	24(b)	–	–	(572.4)	**(572.4)**	–	–	(590.9)	(590.9)
Closing balance of equity attributable to members of Scentre Group Trust 2		8,159.8	37.0	2,619.7	**10,816.5**	8,159.8	125.4	1,772.1	10,057.3
Changes in equity attributable to members of Scentre Group Trust 3									
Balance at the beginning of the period		–	–	–	**–**	11.2	–	10.9	22.1
– Profit after tax for the period [(i)]		–	–	–	**–**	–	–	2.4	2.4
Transactions with owners in their capacity as owners:									
– Issuance of units resulting from the Restructure and Merger	19(b)	–	–	–	**–**	0.3	–	–	0.3
– Distributions paid or provided for	24(b)	–	–	–	**–**	–	–	(8.6)	(8.6)
– Deconsolidation of Scentre Group Trust 3		–	–	–	**–**	(11.5)	–	(4.7)	(16.2)
Closing balance of equity attributable to members of Scentre Group Trust 3		–	–	–	**–**	–	–	–	–
Total equity		8,159.8	37.0	2,619.7	**10,816.5**	8,159.8	125.4	1,772.1	10,057.3

(i) Total comprehensive income for the period amounts to a gain of $1,331.6 million (31 December 2014: $1,047.8 million).

(ii) Movement in reserves attributable to members of Scentre Group Trust 2 consists of the net exchange loss in respect of realised and unrealised differences on the translation of investment in foreign operations and asset hedging derivatives which qualify for hedge accounting of $6.0 million (31 December 2014: net exchange gain of $25.4 million) and accumulated exchange differences transferred from foreign currency translation reserve on realisation of net investment in foreign operations of $82.4 million (31 December 2014: nil).

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2015

Cash flows for the year ended 31 December 2015 comprise the cash flows of Scentre Group Trust 2 following the Restructure and Merger on 30 June 2014. The cash flows for the year ended 31 December 2014 comprises the cash flows of the former Westfield Retail Trust for the six months ended 30 June 2014 and the cash flows of Scentre Group Trust 2 for the six months ended 31 December 2014.

	Note	**31 Dec 2015 $million**	31 Dec 2014 $million
Cash flows from operating activities			
Receipts in the course of operations (including Goods and Services Tax (GST))		**593.5**	606.2
Payments in the course of operations (including GST)		**(156.6)**	(177.6)
Settlement of income hedging currency derivatives		**–**	(0.8)
Distributions received from equity accounted entities		**500.9**	348.9
Interest received from equity accounted entities		**–**	14.7
Income and withholding taxes paid		**–**	(2.5)
GST paid		**(42.0)**	(42.2)
Net cash flows from operating activities	10(b)	**895.8**	746.7
Cash flows from/(used in) investing activities			
Capital expenditure on property investments		**(135.4)**	(130.1)
Proceeds from the disposition of property investments		**337.5**	–
Net inflows/(outflows) from investments in and loans to equity accounted entities		**84.8**	(159.5)
Financing costs capitalised to qualifying development projects and construction in progress		**(4.6)**	(10.2)
Deconsolidation of Scentre Group Trust 3 cash balance resulting from the Restructure and Merger		**–**	(1.5)
Net cash flows from/(used in) investing activities		**282.3**	(301.3)
Cash flows used in financing activities			
Net (repayments of)/proceeds from interest bearing liabilities		**(1,584.7)**	1,638.7
Loans received from/(advanced to) related entities		**1,174.5**	(415.4)
Payments of financing costs (excluding interest capitalised)		**(201.5)**	(198.7)
Interest received		**7.1**	7.5
Distributions paid		**(572.4)**	(599.5)
Capital and stapling distributions resulting from the Restructure and Merger		**–**	(853.0)
Issuance of units resulting from the Restructure and Merger		**–**	2.8
Charges in respect of the Restructure and Merger		**–**	(38.6)
Net cash flows used in financing activities		**(1,177.0)**	(456.2)
Net increase/(decrease) in cash and cash equivalents held		**1.1**	(10.8)
Add opening cash and cash equivalents brought forward		**10.6**	21.4
Effects of exchange rate changes on opening cash and cash equivalents brought forward		**–**	–
Cash and cash equivalents at the end of the period	10(a)	**11.7**	10.6

Index of Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

(a) Corporate information

This financial report of Scentre Group Trust 2 (SGT2) and its controlled entities (collectively the Trust) for the year ended 31 December 2015 was approved in accordance with a resolution of the Board of Directors of RE1 Limited as responsible entity of SGT2 (Responsible Entity) on 24 March 2016.

The nature of the operations and principal activities of the Trust are described in the Directors' Report.

(b) Statement of compliance

This financial report complies with Australian Accounting Standards and International Financial Reporting Standards issued by the International Accounting Standards Board. The accounting policies adopted are consistent with those of the previous financial year except that the Trust has adopted the following new or amended standards which became applicable on 1 January 2015.

- AASB 2014-1 Part A Annual Improvements to IFRS 2010-2012 Cycle; and
- AASB 2014-1 Part A Annual Improvements to IFRS 2011-2013 Cycle

For the financial period, the adoption of these amended standards had no material impact on the financial statements of the Trust.

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Trust for the year ended 31 December 2015. The impact of these new standards (to the extent relevant to the Trust) and interpretations is as follows:

- AASB 9 Financial Instruments (effective from 1 January 2018)

  This standard includes requirements to improve and simplify the approach for classification and measurement, impairment and hedge accounting of financial instruments compared with the requirements of AASB 139 Financial Instruments: Recognition and Measurement. The Trust is currently assessing the impact of this standard.

- IFRS 15 Revenue from Contracts with Customers (expected to be effective from 1 January 2018)

  This standard determines the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The Trust is currently assessing the impact of this standard.

- IFRS 16 Leases (effective from 1 January 2019)

  This standard contains requirements about lease classification and the recognition, measurement and presentation and disclosures of leases for lessees and lessors. The Trust is currently assessing the impact of this standard.

In addition to the above, further amendments to accounting standards have been proposed as a result of the revision of related standards and the Annual Improvement Projects (for non-urgent changes). These amendments are set out below:

- AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations (effective from 1 January 2016)
- AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective from 1 January 2016)
- AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle (effective from 1 January 2016)
- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 (effective from 1 January 2016)
- AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality (effective from 1 July 2015)

These recently issued or amended standards are not expected to have a significant impact on the amounts recognised in these financial statements when they are restated on application of these new accounting standards.

(c) Basis of accounting

This financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001 (Cth)*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. This financial report has also been prepared on a historical cost basis, except for investment properties, investment properties within equity accounted investments, derivative financial instruments and financial assets at fair value through profit and loss. The carrying values of recognised assets and liabilities that are hedged with fair value hedges and are otherwise carried at cost are adjusted to record changes in the fair values attributable to the risks that are being hedged.

(d) Significant accounting judgements, estimates and assumptions

The preparation of the financial report requires management to make judgements, estimates and assumptions. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and other various factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements, in particular, Note 2: Summary of significant accounting policies, Note 13: Investment properties and Note 36: Fair value of financial assets and liabilities. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the Trust's financial results or the financial position in future periods.

(e) Comparative information

Where applicable, certain comparative figures are restated in order to comply with the current period's presentation of the financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting for the Trust

Scentre Group was established through the Restructure and Merger which took place on 30 June 2014. The securities of each of Scentre Group Limited (SGL), Scentre Group Trust 1 (SGT1), SGT2 and Scentre Group Trust 3 (SGT3) are stapled and trade as one security on the Australian Securities Exchange (ASX) under the code SCG. The stapled securities of SGL, SGT1, SGT2 and SGT3 cannot be traded separately. The stapling transaction is referred to as the "Merger".

SGL previously controlled SGT1 as a result of the stapling transaction creating Westfield Group on 2 July 2004. SGL continues to control SGT1 post Merger and accordingly the net assets and results of SGT1 continue to be consolidated by SGL. As a result of the Merger SGL, for accounting purposes, gained control of SGT2 and SGT3 and has consolidated SGT2 and SGT3 from 30 June 2014.

Accounting for the deconsolidation of Scentre Group Trust 3

Prior to the Restructure and Merger on 30 June 2014, Westfield Retail Trust (WRT) was a separately listed stapled group, comprising Westfield Retail Trust 1 (WRT1) and Westfield Retail Trust 2 (WRT2).

WRT1 was deemed to be the Parent Entity of WRT. On 30 June 2014, the securities of SGT2 (WRT1) and SGT3 (WRT2) were stapled to the securities of SGL and SGT1 to form Scentre Group.

Effective from this date, SGT2 no longer controlled SGT3 as a result of the Restructure and Merger.

This financial report included the results of Scentre Group Trust 3 until the loss of control on 30 June 2014.

The comparative disclosures have not been restated.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Consolidation and classification

This financial report comprises the financial statements and notes to the financial statements of SGT2, and each of its controlled entities as from the date SGT2 obtained control until such time control ceased. SGT2 and its controlled entities are collectively referred to as the economic entity known as the Trust. Where entities adopt accounting policies which differ from those of SGT2, adjustments have been made so as to achieve consistency within the Trust.

In preparing the consolidated financial statements all inter-entity transactions and balances, including unrealised profits arising from intra group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

(i) Joint arrangements

Joint operations

The Trust has significant co-ownership interests in a number of properties through unincorporated joint ventures. These interests are held directly and jointly as tenants in common. The Trust has the rights to the individual assets and obligations arising from these interests and recognises their share of the net assets, liabilities, revenues and expenses of the operation.

Joint ventures

The Trust has significant co-ownership interests in a number of properties through property partnerships or trusts. These joint ventures are accounted for using the equity method of accounting.

The Trust and its joint ventures use consistent accounting policies. Investments in joint ventures are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Trust's share of net assets of the joint ventures. The consolidated income statement reflects the Trust's share of the results of operations of the joint ventures.

(ii) Controlled entities

Where an entity either began or ceased to be a controlled entity during the reporting period, the results are included only from the date control commenced or up to the date control ceased. Non controlling interests are shown as a separate item in the consolidated financial statements.

(c) Investment properties

The Trust's investment properties include shopping centre investments, development projects and construction in progress.

The Trust's shopping centre investment properties represent completed centres comprising freehold and leasehold land, buildings and leasehold improvements.

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

Initially, shopping centre investment properties are measured at cost including transaction costs. Subsequent to initial recognition, the Trust's portfolio of shopping centre investment properties are stated at fair value. Gains and losses arising from changes in the fair values of shopping centre investment properties are included in the income statement in the year in which they arise. Any gains or losses on the sale of an investment property are recognised in the income statement in the year of sale.

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

The Trust's development projects and construction in progress include costs incurred for the current and future redevelopment and expansion of new and existing shopping centre investments. Development projects and construction in progress include capitalised construction and development costs, payments and advances to contractors and where applicable, borrowing costs incurred on qualifying developments.

Refer to Note 13 for further details on the methods and assumptions used in assessing the fair value of shopping centre investments, development projects and construction in progress and the list of independent valuers appointed by the Trust to carry out property appraisals for the current financial year. Refer to Note 15 to Scentre Group's Annual Financial report for the capitalisation rate for each shopping centre investment.

(d) Foreign currencies

(i) Translation of foreign currency transactions

The functional and presentation currencies of SGT2 and its Australian subsidiaries is Australian dollars. The functional currency of the New Zealand entities is New Zealand dollars. The presentation currency of the New Zealand entities is Australian dollars to enable the consolidated financial statements of the Trust to be reported in a common currency.

Foreign currency transactions are converted to Australian dollars at exchange rates ruling at the date of those transactions. Amounts payable and receivable in foreign currency at balance date are translated to Australian dollars at exchange rates ruling at that date. Exchange differences arising from amounts payable and receivable are treated as operating revenue or expense in the period in which they arise, except as noted below.

(ii) Translation of accounts of foreign operations

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

(e) Revenue recognition

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

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

All other revenues are recognised on an accruals basis.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Taxation

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

(i) Under current Australian income tax legislation the 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 its constitution. The Trust's New Zealand entities are subject to New Zealand tax on their net earnings. Dividends paid by those entities to the Trust may be subjected to New Zealand dividend withholding tax.

Under current Australian income tax legislation, holders of the stapled securities of Scentre Group may be entitled to receive a foreign income tax offset for New Zealand withholding tax deducted from dividends paid by the Trust's New Zealand controlled entities to the Trust.

SGT3 is treated as a company for Australian tax purposes.

(ii) Deferred tax is provided on all temporary differences at the balance sheet date on the differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the asset is disposed of at book value, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Income taxes related to items recognised directly in equity are recognised in equity and not in the income statement.

(g) Expenses

Expenses are brought to account on an accruals basis.

(h) 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 purchase 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 payable or receivable to government authorities is included as part of receivables or payables in the balance sheet.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(i) Financing costs

Financing costs include interest, amortisation of discounts or premiums relating to borrowings and other costs incurred in connection with the arrangement of borrowings. Financing costs are expensed as incurred unless they relate to a qualifying asset. A qualifying asset is an asset which generally takes more than 12 months to get ready for its intended use or sale. In these circumstances, the financing costs are capitalised to the cost of the asset. Where funds are borrowed by the Trust for the acquisition or construction of a qualifying asset, the financing costs are capitalised.

Refer to Note 2(k) for other items included in financing costs.

(j) Contributed equity

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

(k) Derivative and other financial instruments

The Trust utilises derivative financial instruments, including forward exchange contracts, currency and interest rate options and currency and interest rate swaps to manage the risks associated with foreign currency and interest rate fluctuations. Such derivative financial instruments are recognised at fair value.

Scentre Group has set defined policies and implemented a comprehensive hedging program to manage interest and exchange rate risks. Derivative instruments are transacted to achieve the economic outcomes in line with treasury policy and the hedging program. Derivative instruments are not transacted for speculative purposes. Accounting standards require compliance with documentation, designation and effectiveness parameters before a derivative financial instrument is deemed to qualify for hedge accounting treatment. These documentation, designation and effectiveness requirements cannot be met in all circumstances. As a result, derivative instruments, other than currency derivatives that hedge net investments in foreign operations, are deemed not to qualify for hedge accounting and are recorded at fair value. Gains or losses arising from the movement in fair values are recorded in the income statement.

The fair value of derivatives has been determined with reference to market observable inputs for contracts with similar maturity profiles. The valuation is a present value calculation which incorporates interest rate curves, foreign exchange spot and forward rates, option volatilities and the credit quality of all counterparties.

Gains or losses arising on the movements in the fair value of currency derivatives which hedge net investments in foreign operations are recognised in the foreign currency translation reserve. Where a currency derivative, or portion thereof, is deemed an ineffective hedge for accounting purposes, gains or losses thereon are recognised in the income statement. On disposal of a net investment in foreign operations, the cumulative gains or losses recognised previously in the foreign currency translation reserve are transferred to the income statement.

The accounting policies adopted in relation to material financial instruments are detailed as follows:

(i) Financial assets

Cash and cash equivalents

Cash and cash equivalents in the balance sheet 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.

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and at bank, short term money market deposits and bank accepted bills of exchange readily converted to cash, net of bank overdrafts and short term loans. Bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.

Receivables

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

(ii) Financial liabilities

Payables

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Trust prior to the end of the financial year that are unpaid and arise when the Trust becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 60 days.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Derivative and other financial instruments (continued)

(ii) Financial liabilities (continued)

Interest bearing liabilities

Interest bearing liabilities are recognised initially at the fair value of the consideration received less any directly attributable transaction costs. Subsequent to initial recognition, interest bearing liabilities are recorded at amortised cost using the effective interest rate method.

Interest bearing liabilities are classified as current liabilities where the liability has been drawn under a financing facility which expires within one year. Amounts drawn under financing facilities which expire after one year are classified as non current.

Financing costs for interest bearing liabilities are recognised as an expense on an accruals basis.

The fair value of the Trust's interest bearing borrowings as disclosed in Note 36 are determined as follows:

– Fair value of quoted notes and bonds is based on price quotations at the reporting date.
– The fair value of unquoted instruments, loans from banks, finance leases and other non current financial liabilities is estimated by discounting future cash flows using rates that approximate the Trust's borrowing rate at the balance date, for debt with similar maturity, credit risk and terms.

(l) Recoverable amount of assets

At each reporting date, the Trust assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Trust makes an estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

(m) Earnings per unit

Basic earnings per unit is calculated as net profit attributable to members divided by the weighted average number of ordinary units. Diluted earnings per unit is calculated as net profit attributable to members 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.

(n) Rounding

In accordance with ASIC Class Order 98/100, the amounts shown in the financial report have been rounded to the nearest tenth of a million dollars, unless otherwise indicated. Amounts shown as 0.0 represent amounts less than $50,000 that have been rounded down.

NOTE 3 DETAILS OF THE RESTRUCTURE AND MERGER

(a) Background

On 30 June 2014, the Westfield Group implemented a restructure (Restructure and Merger), under which Westfield Group's Australian and New Zealand business including its vertically integrated retail operating platform, held through Westfield Holdings Limited and Westfield Trust, was separated from the Westfield Group's international business and merged with Westfield Retail Trust to create two new listed groups:

(i) Scentre Group – comprising the merged Australian and New Zealand business of Westfield Group and Westfield Retail Trust; and

(ii) Westfield Corporation – comprising Westfield Group's international business.

The Restructure and Merger was approved by Westfield Group securityholders on 29 May 2014, Westfield Retail Trust securityholders on 20 June 2014 and by the Supreme Court of New South Wales on 23 June 2014.

The Restructure and Merger was implemented in three main stages:

– A restructure stage, where Westfield Group's international business was transferred to Westfield Corporation Limited and WFD Trust, and shares in Westfield Corporation Limited and units in WFD Trust were distributed in-specie to Westfield Group securityholders and stapled to Westfield Group;
– A destapling stage, where the shares in Westfield Holdings Limited and the units in Westfield Trust were each destapled from the Westfield Group and from each other resulting in the formation of Westfield Corporation; and
– A merger stage, where the shares in Westfield Holdings Limited and the units in Westfield Trust were stapled to the units in each of Westfield Retail Trust 1 and Westfield Retail Trust 2, resulting in the formation of Scentre Group.

Westfield Holdings Limited, Westfield Trust, Westfield Retail Trust 1 and Westfield Retail Trust 2 were renamed as Scentre Group Limited, Scentre Group Trust 1, Scentre Group Trust 2 and Scentre Group Trust 3 respectively.

Accounting for Scentre Group

As a result of the Restructure and Merger, SGL, for accounting purposes, gained control of SGT2 and SGT3 and has consolidated SGT2 and SGT3 from 30 June 2014. Accordingly, this transaction is accounted for as a business combination by consolidating the fair value of the net assets of SGT2 and SGT3 on 30 June 2014 and the results of SGT2 and SGT3 from 30 June 2014.

Refer to Note 3(b) of Scentre Group's Annual Financial Report for further details regarding the business combination with Westfield Retail Trust.

NOTE 4 PROPERTY REVENUE

	31 Dec 15 $million	31 Dec 14 $million
Shopping centre base rent and other property income	**539.2**	539.7
Amortisation of tenant allowances	**(12.2)**	(11.7)
	527.0	528.0

NOTE 5 CURRENCY GAIN/(LOSS)

	31 Dec 15 $million	31 Dec 14 $million
Realised loss on income hedging currency derivatives	**–**	(0.8)
Net fair value gain/(loss) and associated credit risk on currency derivatives that do not qualify for hedge accounting	**(4.7)**	3.7
Exchange differences (including amounts transferred from foreign currency translation reserve) on realisation of net investment in foreign operations	**82.4**	–
	77.7	2.9

NOTE 6 FINANCING COSTS

	31 Dec 15 $million	31 Dec 14 $million
Gross financing costs (excluding net fair value gain/(loss) on interest rate hedges that do not qualify for hedge accounting)		
– External	**(183.9)**	(205.5)
– Related entities	**(16.2)**	(0.2)
Financing costs capitalised to qualifying development projects and construction in progress	**4.6**	10.2
Financing costs	**(195.5)**	(195.5)
Net fair value gain/(loss) on interest rate hedges that do not qualify for hedge accounting	**(5.3)**	55.8
Finance leases interest expense	**(0.6)**	(0.4)
	(201.4)	(140.1)

NOTE 7 CHARGES IN RESPECT OF THE RESTRUCTURE AND MERGER

	31 Dec 15 $million	31 Dec 14 $million
Transaction and implementation costs [i]	**–**	(46.4)
	–	(46.4)

[i] Includes third party advisory fees, listing and administrative fees and other expenses associated with the Restructure and Merger.

NOTE 8 GAIN IN RESPECT OF CAPITAL TRANSACTIONS

	31 Dec 15 $million	31 Dec 14 $million
Asset dispositions		
– proceeds from asset dispositions	**337.5**	–
– less: carrying value of assets disposed and other capital costs	**(326.2)**	–
Gain in respect of capital transactions	**11.3**	–

NOTE 9 TAXATION

Tax expense

	31 Dec 15 $million	31 Dec 14 $million
Current – underlying operations	**–**	(0.8)
	–	(0.8)

	31 Dec 15 $million	31 Dec 14 $million
The prima facie tax on profit before tax is reconciled to the income tax expense provided in the financial statements as follows:		
Profit before income tax	**1,420.0**	1,023.2
Prima facie tax expense at 30%	**(426.0)**	(307.0)
Trust income not taxable for the Trust – tax payable by unitholders	**424.9**	307.7
Tax rate differential on New Zealand foreign income	**1.1**	1.8
Tax on intra-group transactions	**–**	(3.3)
Tax expense	**–**	(0.8)

	31 Dec 15 $million	31 Dec 14 $million

NOTE 10 CASH AND CASH EQUIVALENTS

(a) Components of cash and cash equivalents

Cash	**11.7**	10.6
Total cash and cash equivalents	**11.7**	10.6

(b) Reconciliation of profit after tax to net cash flows from operating activities

Profit after tax	**1,420.0**	1,022.4
Property revaluations	**(734.5)**	(438.4)
Financing costs	**201.4**	140.1
Interest income	**(7.1)**	(7.5)
Net fair value gain/(loss) and associated credit risk on currency derivatives that do not qualify for hedge accounting	**4.7**	(3.7)
Exchange differences (including amounts transferred from foreign currency translation reserve) on realisation of net investment in foreign operations	**(82.4)**	–
Share of after tax profits of equity accounted entities in excess of distributions received	**92.1**	(47.8)
Interest received from equity accounted entities	**–**	14.7
Charges in respect of the Restructure and Merger	**–**	46.4
Gain in respect of capital transactions	**(11.3)**	–
Amortisation of tenant allowances	**12.2**	11.7
Decrease in working capital attributable to operating activities	**0.7**	8.8
Net cash flows from operating activities	**895.8**	746.7

NOTE 11 DERIVATIVE ASSETS

Current		
Receivables on currency derivatives	**0.3**	0.7
Receivables on interest rate derivatives	**–**	0.2
	0.3	0.9
Non Current		
Receivables on currency derivatives	**24.7**	20.7
Receivables on interest rate derivatives	**75.5**	85.8
	100.2	106.5

The Trust presents the fair value mark to market of its derivative assets and derivative liabilities on a gross basis. However, certain derivative assets and liabilities are subject to legally enforceable master netting arrangements. As at 31 December 2015, when these netting arrangements are applied to the derivative portfolio, the derivative assets of $100.5 million are reduced by $45.5 million to the net amount of $55.0 million (31 December 2014: derivative assets of $107.4 million reduced by $49.8 million to the net amount of $57.6 million).

NOTE 12 RECEIVABLES

	Note	31 Dec 15 $million	31 Dec 14 $million
Current			
Interest bearing loans receivable from related entities	40(c)	**–**	415.4
Sundry debtors		**33.5**	24.2
		33.5	439.6

	Note	31 Dec 15 $million	31 Dec 14 $million
NOTE 13 INVESTMENT PROPERTIES			
Non Current			
Shopping centre investments	14	**7,085.0**	6,953.0
Development projects and construction in progress		**158.0**	91.7
		7,243.0	7,044.7
Movement in total investment properties			
Balance at the beginning of the year		**7,044.7**	6,676.6
Disposal of properties		**(322.0)**	–
Redevelopment costs		**150.3**	137.7
Net revaluation increment		**370.0**	230.4
Balance at the end of the year [(i)]		**7,243.0**	7,044.7

(i) The fair value of investment properties at the end of the year of $7,243.0 million (31 December 2014: $7,044.7 million) comprises investment properties at market value of $7,232.4 million (31 December 2014: $7,039.5 million) and ground leases included as finance leases of $10.6 million (31 December 2014: $5.2 million).

Investment properties are carried at the Directors' assessment of fair value. Investment properties include both shopping centre investments and development projects and construction in progress.

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

The Directors' assessment of fair value of each development project and construction in progress that meets the definition of an investment property, takes into account the expected costs to complete, the stage of completion, expected underlying income and yield of the developments. From time to time, during a development, the Directors may commission an independent valuation of the development project. On completion, the development projects are reclassified to shopping centre investments and an independent valuation is obtained.

Independent valuations are conducted in accordance with guidelines set by the International Valuation Standards Committee for Australian and New Zealand properties.

It is the Trust's policy to appoint a number of qualified independent valuers and that no individual valuer is appointed to appraise an individual property for greater than three consecutive years. The following qualified independent valuers were appointed by the Trust to carry out property appraisals for the current financial year:

Australian shopping centres
- CBRE Valuations Pty Limited
- CIVAS (NSW) Pty Limited (Colliers International)
- CIVAS (VIC) Pty Limited (Colliers International)
- Cushman & Wakefield (NSW) Pty Ltd
- Jones Lang LaSalle Advisory Services Pty Ltd
- Knight Frank Australia Pty Ltd
- Savills Valuations Pty Ltd
- Urbis Valuations Pty Ltd

New Zealand shopping centres
- CBRE Limited
- Colliers International New Zealand Limited
- Cushman & Wakefield
- Jones Lang La Salle Limited

The determination of a property valuation is judgemental. The key assumptions in the valuation are the estimated capitalisation rate and net operating income. Movements in capitalisation rate for each property would result in changes to the fair value. For example, an increase in capitalisation rate would result in a decrease in the fair value of the properties while a decrease in capitalisation rate would result in an increase in the fair value of the properties.

The property capitalisation rates for the year ended 31 December 2015 range from 4.62% to 8.38%. Refer to Notes 15(a) and 15(b) to Scentre Group's Annual Financial Report for details of property capitalisation rates by shopping centre.

	31 Dec 15 $million	31 Dec 14 $million
NOTE 14 DETAILS OF SHOPPING CENTRE INVESTMENTS		
Consolidated Australian shopping centres	**7,085.0**	6,953.0
Equity accounted Australian shopping centres	**6,654.4**	6,232.0
Equity accounted New Zealand shopping centres	**797.4**	1,332.3
	14,536.8	14,517.3

NOTE 15 DETAILS OF EQUITY ACCOUNTED INVESTMENTS

(a) Details of the Trust's share of equity accounted entities' net profit and comprehensive income

	31 Dec 15 $million	31 Dec 14 $million
Shopping centre base rent and other property income	**571.9**	593.6
Amortisation of tenant allowances	**(14.2)**	(13.4)
Property revenue	**557.7**	580.2
Interest income	**1.3**	1.2
Revenue	**559.0**	581.4
Property expenses, outgoings and other costs	**(148.4)**	(153.2)
Financing costs	**(13.7)**	(14.3)
Gain in respect of capital transactions	**0.4**	–
Expenses	**(161.7)**	(167.5)
Share of profit before property revaluations and tax expense of equity accounted entities	**397.3**	413.9
Property revaluations	**364.5**	208.0
Share of profit before tax of equity accounted entities	**761.8**	621.9
Current tax expense	**(13.7)**	(14.7)
Deferred tax benefit/(expense)	**25.2**	(2.5)
Tax benefit/(expense)	**11.5**	(17.2)
Share of after tax profit of equity accounted entities	**773.3**	604.7
Other comprehensive income [(i)]	**(30.7)**	25.4
Share of total comprehensive income of equity accounted entities	**742.6**	630.1

[(i)] Relates to the net exchange difference on translation of equity accounted foreign operations.

(b) Details of the Trust's share of equity accounted entities' assets and liabilities

	31 Dec 15 $million	31 Dec 14 $million
Cash and cash equivalents	**13.7**	12.2
Trade debtors and receivables	**18.0**	13.3
Shopping centre investments	**7,451.8**	7,564.3
Development projects and construction in progress	**97.0**	95.6
Other assets	**2.4**	2.1
Total assets	**7,582.9**	7,687.5
Payables	**(162.1)**	(139.5)
Interest bearing liabilities	**(264.5)**	(549.4)
Deferred tax liabilities	**(82.8)**	(112.8)
Total liabilities	**(509.4)**	(801.7)
Net assets	**7,073.5**	6,885.8

In November 2015, Scentre Group announced the sale of Queensgate and Chartwell in New Zealand. This transaction is subject to the approval of the Overseas Investment Office, New Zealand and is expected to settle in the first half of 2016.

(c) Equity accounted gain in respect of capital transactions

	31 Dec 15 $million	31 Dec 14 $million
Asset dispositions		
– proceeds from asset dispositions	**597.8**	–
– less: carrying value of assets disposed and other capital costs	**(597.4)**	–
Gain in respect of capital transactions	**0.4**	–

(d) Details of the Trust's share of equity accounted entities' tax benefit/(expense)

	31 Dec 15 $million	31 Dec 14 $million
Current – underlying tax	**(13.7)**	(14.7)
Deferred tax	**25.2**	(2.5)
	11.5	(17.2)

The prima facie tax on profit before tax is reconciled to the income tax expense provided in the financial statements as follows:

	31 Dec 15 $million	31 Dec 14 $million
Profit before income tax	**761.8**	621.9
Prima facie tax expense at 30%	**(228.5)**	(186.6)
Trust income not taxable by the Trust – tax payable by unitholders	**210.4**	161.0
Tax rate differential on New Zealand foreign income	**1.1**	1.8
Deferred tax release on New Zealand capital transactions	**27.9**	–
Tax on intra-group transactions	**–**	3.3
Prior year over/(under) provision	**–**	1.6
Other items	**0.6**	1.7
Tax benefit/(expense)	**11.5**	(17.2)

NOTE 15 DETAILS OF EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

Name of investments	Type of equity	Balance date	Economic interest 31 Dec 15	Economic interest 31 Dec 14
(e) Equity accounted entities' economic interest				
Australian investments [(i)]				
Bondi Junction	Trust units	31 Dec	**50.0%**	50.0%
Chatswood	Trust units	31 Dec	**50.0%**	50.0%
Doncaster	Trust units	31 Dec	**25.0%**	25.0%
Fountain Gate	Trust units	31 Dec	**50.0%**	50.0%
Garden City	Trust units	31 Dec	**50.0%**	50.0%
Hornsby	Trust units	31 Dec	**50.0%**	50.0%
Knox	Trust units	31 Dec	**25.0%**	25.0%
Kotara	Trust units	31 Dec	**50.0%**	50.0%
Mt Druitt [(ii)]	Trust units	30 Jun	**25.0%**	25.0%
North Rocks [(iii)]	Trust units	31 Dec	**–**	50.0%
Southland [(ii)]	Trust units	30 Jun	**25.0%**	25.0%
Sydney Central Plaza	Trust units	31 Dec	**50.0%**	50.0%
Tea Tree Plaza [(ii)]	Trust units	30 Jun	**18.8%**	18.8%
Tuggerah	Trust units	31 Dec	**50.0%**	50.0%
Warringah Mall	Trust units	31 Dec	**25.0%**	25.0%
New Zealand investments [(i)]				
Albany [(iv)]	Shares	31 Dec	**25.5%**	50.0%
Chartwell [(vi)]	Shares	31 Dec	**–**	50.0%
Glenfield [(v)]	Shares	31 Dec	**–**	50.0%
Manukau [(iv)]	Shares	31 Dec	**25.5%**	50.0%
Newmarket [(iv)]	Shares	31 Dec	**25.5%**	50.0%
Queensgate [(vi)]	Shares	31 Dec	**–**	50.0%
Riccarton [(iv)]	Shares	31 Dec	**25.5%**	50.0%
St Lukes [(iv)]	Shares	31 Dec	**25.5%**	50.0%
West City	Shares	31 Dec	**50.0%**	50.0%

(i) All equity accounted property partnership, trusts and companies operate solely as retail property investors.

(ii) Notwithstanding that the financial year of these investments ends on 30 June, the consolidated financial statements have been prepared so as to include the accounts for a period coinciding with the financial year of the Parent Entity being 31 December.

(iii) In September 2015, Scentre Group sold its 100% (Trust share: 50%) interest in this shopping centre.

(iv) In March 2015, Scentre Group entered into a joint venture agreement with GIC in respect of these properties held through the following entities in New Zealand: Riccarton Shopping Centre (1997) Limited, Manukau City Centre Limited, St Lukes Group (No. 2) Limited, St Lukes Square (1993) Limited, Albany Shopping Centre Limited and Albany Shopping Centre (No. 2) Limited.

GIC acquired from Scentre Group a 49% (Trust share: 24.5%) ownership interest in each of these entities while Scentre Group retained a 51% (Trust share: 25.5%) interest.

(v) In November 2015, Scentre Group sold its 100% (Trust share: 50%) interest in this shopping centre.

(vi) In November 2015, Scentre Group sold its 100% (Trust share: 50%) interest in these shopping centres subject to the approval of the Overseas Investment Office in New Zealand.

	Note	31 Dec 15 $million	31 Dec 14 $million
NOTE 16 PAYABLES AND OTHER CREDITORS			
Current			
Payables and other creditors		**121.8**	101.2
Non interest bearing loan payable to related entities	40(c)	**31.6**	22.1
		153.4	123.3
NOTE 17 INTEREST BEARING LIABILITIES			
Current			
Unsecured			
Commercial paper [i]		**787.1**	578.9
Finance leases		**0.1**	0.2
Loans payable to related entities	40(c)	**749.9**	–
Notes payable			
– A$ denominated [ii]		**900.0**	–
		2,437.1	579.1
Non current			
Unsecured			
Bank loans [iii]			
– A$ denominated		**30.0**	1,823.0
Notes payable			
– A$ denominated [ii]		**180.0**	1,080.0
– € denominated [iv]		**745.5**	740.9
Finance leases		**10.5**	5.0
		966.0	3,648.9
Total interest bearing liabilities		**3,403.1**	4,228.0
The maturity profile in respect of current and non current interest bearing liabilities is set out below:			
Due within one year		**2,437.1**	579.1
Due between one year and five years		**180.5**	2,724.2
Due after five years		**785.5**	924.7
		3,403.1	4,228.0

(i) Drawings on the Trust's commercial paper program may be refinanced by its non current unsecured bank loan facilities.

(ii) Notes payable – A$ denominated

As at 31 December 2015, Guaranteed Notes of A$1,080.0 million (31 December 2014: A$1,080.0 million) were on issue in the Australian bond market. The issues comprised $800.0 million, $150.0 million and $30.0 million of fixed rate notes maturing in 2016, 2019 and 2022 respectively, and $100.0 million of floating rate notes maturing in 2016. These notes are subject to negative pledge arrangements which require the Trust to comply with certain minimum financial and non-financial requirements.

(iii) These instruments are subject to negative pledge arrangements which require the Trust to comply with certain minimum financial and non-financial requirements.

(iv) Notes payable – € denominated

Guaranteed Notes of €500.0 million (31 December 2014: €500.0 million) were on issue in the European bond market. The issue comprised €500.0 million of fixed rate notes maturing in 2023. These notes are subject to negative pledge arrangements which require the Trust to comply with certain minimum financial and non-financial requirements.

The Trust maintains a range of interest bearing liabilities. The sources of funding are spread over various counterparties to minimise credit risk and the terms of the instruments are negotiated to achieve a balance between capital availability and the cost of debt. Refer to Note 31 for details relating to fixed rate debt and derivatives which hedge the floating rate liabilities.

NOTE 17 INTEREST BEARING LIABILITIES (CONTINUED)

	31 Dec 15 $million	31 Dec 14 $million
(a) Summary of financing facilities		
Committed financing facilities available to the Trust:		
Total financing facilities at the end of the year	**6,968.2**	5,601.0
Total interest bearing liabilities	**(3,403.1)**	(4,228.0)
Total bank guarantees	**(6.0)**	(6.0)
Available financing facilities [(i)]	**3,559.1**	1,367.0
Cash	**11.7**	10.6
Financing resources available at the end of the year	**3,570.8**	1,377.6
Maturity profile of financing facilities		
Maturity profile in respect of the above financing facilities:		
Due within one year	**1,650.0**	0.2
Due between one year and five years	**4,232.6**	4,526.1
Due after five years	**1,085.6**	1,074.7
	6,968.2	5,601.0

(i) Total available financing facilities at the end of the financial year of $3,559.1 million (31 December 2014: $1,367.0 million) are in excess of the Trust's net current liabilities of $2,593.5 million (31 December 2014: $286.6 million). Net current liabilities comprise current assets less current liabilities.

These facilities comprise fixed and floating rate notes and unsecured interest only floating rate facilities. Certain facilities are also subject to negative pledge arrangements which require the Trust to comply with specific minimum financial and non-financial requirements. Amounts which are denominated in foreign currencies are translated at exchange rates ruling at balance date.

The available financing facilities above totalling $3,559.1 million (31 December 2014: $1,367.0 million), are available to the Trust and other members of Scentre Group at year end. The Trust is able to draw on these financing facilities, provided they are unutilised by other members of Scentre Group. These are interest only unsecured multicurrency multioption facilities.

NOTE 18 DERIVATIVE LIABILITIES

	31 Dec 15 $million	31 Dec 14 $million
Current		
Payables on currency derivatives	**8.9**	0.6
Payables on interest rate derivatives	**0.2**	0.3
	9.1	0.9
Non current		
Payables on interest rate derivatives	**50.5**	55.6
	50.5	55.6

The Trust presents the fair value mark to market of its derivative assets and derivative liabilities on a gross basis. However, certain derivative assets and liabilities are subject to legally enforceable master netting arrangements. As at 31 December 2015, when these netting arrangements are applied to the derivative portfolio, the derivative liabilities of $59.6 million are reduced by $45.5 million to the net amount of $14.1 million (31 December 2014: derivative liabilities of $56.5 million reduced by $49.8 million to the net amount of $6.7 million).

NOTE 19 CONTRIBUTED EQUITY

(a) Number of units on issue

	31 Dec 15 No. of units	31 Dec 14 No. of units
Balance at the beginning of the year	**5,324,296,678**	2,979,214,029
Conversion of units on issue on a 0.918 for 1 basis	**–**	(244,260,562)
Issuance of units resulting from the Restructure and Merger	**–**	2,589,343,211
Balance at the end of the year	**5,324,296,678**	5,324,296,678

Scentre Group stapled securities have the right to receive declared dividends from SGL and distributions from SGT1, SGT2 and SGT3 and, in the event of winding up SGL, SGT1, SGT2 and SGT3, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on stapled securities held.

Holders of Scentre Group stapled securities can vote their shares and units in accordance with the Act, either in person or by proxy, at a meeting of any of SGL, SGT1, SGT2 and SGT3 (as the case may be).

(b) Movement in contributed equity attributable to members of SGT2

	$million	$million
Balance at the beginning of the year	**8,159.8**	9,021.4
Payment of capital return	**–**	(850.0)
Stapling distribution applied on behalf of investors to subscribe for shares in SGL and units in SGT1 as part of the Restructure and Merger	**–**	(3.0)
Issuance of units resulting from the Restructure and Merger	**–**	2.9
Deconsolidation of SGT3 (i)	**–**	(11.5)
Balance at the end of the year	**8,159.8**	8,159.8

(i) Refer to Statement of Changes in Equity and Note 2(a) for further details.

NOTE 20 RESERVES

Movement in foreign currency translation reserve

The foreign currency translation reserve is to record net exchange differences arising from the translation of the net investments, including qualifying hedges, in foreign controlled and equity accounted entities.

	Note	31 Dec 15 $million	31 Dec 14 $million
Balance at the beginning of the year		**125.4**	100.0
Foreign exchange movement			
– realised and unrealised differences on the translation of investment in foreign operations and asset hedging derivatives which qualify for hedge accounting (i)		**(6.0)**	25.4
– accumulated exchange differences transferred from foreign currency translation reserve on realisation of net investment in foreign operations		**(82.4)**	–
Balance at the end of the year		**37.0**	125.4

(i) Comprises net exchange loss on translation of foreign operations of $30.7 million (31 December 2014: gain of $25.4 million) and net realised and unrealised gain on asset hedging derivatives which qualify for hedge accounting of $24.7 million (31 December 2014: nil).

NOTE 21 RETAINED PROFITS

Movement in retained profits

	Note	31 Dec 15 $million	31 Dec 14 $million
Balance at the beginning of the year		**1,772.1**	1,353.9
Profit after tax for the period		**1,420.0**	1,022.4
Distributions paid	24(b)	**(572.4)**	(599.5)
Deconsolidation of SGT3 (i)		**–**	(4.7)
Balance at the end of the year		**2,619.7**	1,772.1

(i) Refer to Statement of Changes in Equity and Note 2(a) for further details.

NOTE 22 SHARE BASED PAYMENTS

Performance Rights – Short Term Incentives (STI) and Long Term Incentives (LTI) Issued to employees of related entities

As at 31 December 2015, there were 11,270,150 (31 December 2014: 11,558,902) Performance Rights issued to employees of related entities of Scentre Group. Under the stapling arrangement each of SGT1, SGT2, SGT3 and SGL are required to issue securities/units on the vesting of the Performance Rights. At 31 December 2015, the 11,270,150 (31 December 2014: 11,558,902) Performance Rights issued to employees of related entities were convertible to 11,270,150 (31 December 2014: 11,558,902) Scentre Group stapled securities.

The full disclosure of Scentre Group's Performance Rights are in Scentre Group's Annual Financial Report.

	31 Dec 2015 Number of rights	31 Dec 14 Number of rights
Vesting profile – Performance Rights – STI and LTI (Issued to employees of related entities)		
2015	**–**	3,970,210
2016	**4,990,047**	5,419,404
2017	**4,267,245**	1,063,720
2018	**2,012,858**	1,105,568
	11,270,150	11,558,902

NOTE 23 EARNINGS PER UNIT

(a) Summary of earnings per unit

	31 Dec 15 Cents	31 Dec 14 Cents
Basic earnings per Scentre Group Trust 2 unit	**26.67**	19.16
Diluted earnings per Scentre Group Trust 2 unit	**26.67**	19.16

(b) Income and unit data

The following reflects the income and unit data used in the calculations of basic and diluted earnings per unit:

	$million	$million
Earnings used in calculating basic earnings per Scentre Group Trust 2 unit [(i)]	**1,420.0**	1,020.0
Adjustment to earnings relating to options which are considered dilutive	**–**	–
Earnings used in calculating diluted earnings per Scentre Group Trust 2 unit	**1,420.0**	1,020.0

(i) Refer to the income statement for details of the profit after tax attributable to members of the Trust.

	No. of units	No. of units
Weighted average number of ordinary units used in calculating basic earnings per Scentre Group Trust 2 unit	**5,324,296,678**	5,324,296,678
Security options which are dilutive	**–**	–
Adjusted weighted average number of ordinary units used in calculating diluted earnings per Scentre Group Trust 2 unit	**5,324,296,678**	5,324,296,678

(c) Conversions, calls, subscription or issues after 31 December 2015

There have been no conversions to, calls of, subscriptions for, or issuance of new or potential ordinary units since the reporting date and before the completion this report.

	31 Dec 15 $million	31 Dec 14 $million

NOTE 24 DISTRIBUTIONS

(a) Final distribution paid

Distribution in respect of the 6 months to 31 December 2015		
– paid on 29 February 2016		
SGT2: 6.10 cents per unit, estimated to be fully taxable	**324.8**	–
Distribution in respect of the 6 months to 31 December 2014		
– paid on 27 February 2015		
SGT2: 4.50 cents per unit, 33% tax deferred	**–**	239.6
SGT2 6.10 cents per unit (31 Dec 14: SGT2 4.50 cents per unit)	**324.8**	239.6

Interim distributions of 6.25 cents were paid on 31 August 2015. Final distributions were paid on 29 February 2016. The record date for the final distributions was 5pm, 15 February 2016. Scentre Group does not operate a Distribution Reinvestment Plan.

(b) Distributions paid during the year

Distribution in respect of the 6 months to 30 June 2015		
SGT2: 6.25 cents per unit, estimated to be fully taxable	**332.8**	–
Distribution in respect of the 6 months to 31 December 2014		
SGT2: 4.50 cents per unit, 33% tax deferred	**239.6**	–
Capital and stapling distributions paid as part of the Restructure and Merger		
SGT2: 28.53 cents per unit	**–**	850.0
SGT2: 0.11 cents per converted unit (refer Note 19(b))	**–**	3.0
Distribution in respect of the 6 months to 30 June 2014		
SGT2: 10.20 cents per unit, 33% tax deferred	**–**	303.8
SGT3: nil cents per unit	**–**	–
Distribution in respect of the 6 months to 31 December 2013		
SGT2: 9.635 cents per unit, 16% tax deferred and 4% capital gains tax concession	**–**	287.1
SGT3: 0.290 cents per unit, 100% franked	**–**	8.6
	572.4	1,452.5

NOTE 25 LEASE COMMITMENTS

Operating lease receivables

The following is prepared on a proportionate basis which includes both consolidated and equity accounted lease commitments.

Substantially all of the property owned and leased by the Trust is leased to third party retailers. Lease terms vary between retailers and some leases include percentage rental payments based on sales revenue.

Future minimum rental revenues under non cancellable operating retail property leases:

Due within one year	**743.7**	810.7
Due between one and five years	**1,824.8**	1,997.7
Due after five years	**1,077.7**	1,233.0
	3,646.2	4,041.4

These amounts do not include percentage rentals which may become receivable under certain leases on the basis of retailer sales in excess of stipulated minimums and do not include recovery of outgoings.

NOTE 26 CAPITAL EXPENDITURE COMMITMENTS

The following is prepared on a proportionate basis which includes both consolidated and equity accounted capital expenditure commitments.

Estimated capital expenditure committed at balance date but not provided for in relation to development projects:

Due within one year	**266.1**	70.6
Due between one and five years	**56.8**	7.5
Due after five years	**–**	–
	322.9	78.1

NOTE 27 CONTINGENT LIABILITIES

The following is prepared on a proportionate basis which includes both consolidated and equity accounted contingent liabilities.

	31 Dec 15 $million	31 Dec 14 $million
Performance guarantees	**3.1**	3.1
Guaranteed borrowings of associates of the Responsible Entity	**8,167.8**	7,348.9
	8,170.9	7,352.0

The Trust's obligation in respect of performance guarantees may be called on at any time dependant upon the performance or non performance of certain third parties.

From time to time, in the normal course of business, the Trust is involved in lawsuits. The Directors believe that the ultimate outcome of such pending litigation will not materially affect the results of operations or the financial position of the Trust.

NOTE 28 SEGMENT REPORTING

Geographic segments

The Trust has investments in a portfolio of shopping centres across Australia and New Zealand.

The Trust's income and expenses as well as the details of segment assets and liabilities have been prepared on a proportionate format on a geographic basis. The proportionate format presents the net income from and net assets in equity accounted properties on a gross format whereby the underlying components of net income and net assets are disclosed separately as revenues, expenses, assets and liabilities.

The proportionate format is used by management in assessing and understanding the performance and results of operations of the Trust as it allows management to observe and analyse revenue and expense results and trends on a portfolio-wide basis. Management of the Trust considers given that the assets underlying both the consolidated and the equity accounted components of the statutory income statement are similar (that is, Australian and New Zealand shopping centres), all centres are under common management and therefore the drivers of their results are similar, the proportionate format provides a more useful way to understand the performance of the portfolio as a whole than the statutory format. This is because the proportionate format aggregates both revenue and expense items across the whole portfolio, rather than netting the income and expense items for equity accounted centres and only reflecting their performance as a single item of profit or loss, as the statutory format requires.

(a) Income and expenses

	Australia		New Zealand		Total	
	31 Dec 15 $million	31 Dec 14 $million	31 Dec 15 $million	31 Dec 14 $million	31 Dec 15 $million	31 Dec 14 $million
Revenue						
Property revenue	**981.3**	971.1	**103.4**	137.1	**1,084.7**	1,108.2
	981.3	971.1	**103.4**	137.1	**1,084.7**	1,108.2
Expenses						
Property expenses, outgoings and other costs	**(255.6)**	(256.2)	**(30.2)**	(38.5)	**(285.8)**	(294.7)
Manager's service charge	**(5.4)**	(12.4)	**–**	–	**(5.4)**	(12.4)
	(261.0)	(268.6)	**(30.2)**	(38.5)	**(291.2)**	(307.1)
Segment result	**720.3**	702.5	**73.2**	98.6	**793.5**	801.1
Overheads					**(2.2)**	(9.9)
Interest income					**8.4**	8.7
Currency gain					**77.7**	2.9
Financing costs					**(215.1)**	(154.4)
Gain in respect of capital transactions					**11.7**	–
Property revaluations					**734.5**	438.4
Tax benefit/(expense)					**11.5**	(18.0)
Charges in respect of the Restructure and Merger					**–**	(46.4)
Net profit attributable to members					**1,420.0**	1,022.4
(b) Assets and liabilities						
Total segment assets	**14,157.7**	13,919.6	**833.1**	1,392.6	**14,990.8**	15,312.2
Total segment liabilities	**3,797.5**	4,554.9	**376.8**	700.0	**4,174.3**	5,254.9
Total segment net assets	**10,360.2**	9,364.7	**456.3**	692.6	**10,816.5**	10,057.3
Equity accounted investments included in segment assets	**6,749.8**	6,294.9	**833.1**	1,392.6	**7,582.9**	7,687.5
Equity accounted investments included in segment liabilities	**132.6**	101.7	**376.8**	700.0	**509.4**	801.7
Additions to segment non current assets during the year	**295.3**	324.7	**10.3**	11.8	**305.6**	336.5

NOTE 28 SEGMENT REPORTING (CONTINUED)

(c) Reconciliation of segment results

The Trust's segment income and expenses as well as details of segment assets and liabilities have been prepared on a proportionate format. The composition of the Trust's consolidated and equity accounted details is provided below:

31 December 2015	Consolidated $million	Equity accounted $million	Total $million
Revenue			
Property revenue	527.0	557.7	1,084.7
	527.0	**557.7**	**1,084.7**
Expenses			
Property expenses, outgoings and other costs	(137.4)	(148.4)	(285.8)
Manager's service charge	(5.4)	–	(5.4)
	(142.8)	**(148.4)**	**(291.2)**
Segment result	**384.2**	**409.3**	**793.5**
Overheads	(2.2)	–	(2.2)
Interest income	7.1	1.3	8.4
Currency gain	77.7	–	77.7
Financing costs	(201.4)	(13.7)	(215.1)
Gain in respect of capital transactions	11.3	0.4	11.7
Property revaluations	370.0	364.5	734.5
Tax benefit	–	11.5	11.5
Net profit attributable to members of SGT2	**646.7**	**773.3**	**1,420.0**
Cash and cash equivalents	11.7	13.7	25.4
Trade debtors and receivables	34.2	18.0	52.2
Shopping centre investments	7,085.0	7,451.8	14,536.8
Development projects and construction in progress	158.0	97.0	255.0
Other assets	119.0	2.4	121.4
Total assets	**7,407.9**	**7,582.9**	**14,990.8**
Interest bearing liabilities	3,403.1	264.5	3,667.6
Deferred tax liabilities	–	82.8	82.8
Other liabilities	261.8	162.1	423.9
Total liabilities	**3,664.9**	**509.4**	**4,174.3**
Net assets	**3,743.0**	**7,073.5**	**10,816.5**

NOTE 28 SEGMENT REPORTING (CONTINUED)

(c) Reconciliation of segment results (continued)

31 December 2014	Consolidated $million	Equity accounted $million	Total $million
Revenue			
Property revenue	528.0	580.2	1,108.2
	528.0	**580.2**	**1,108.2**
Expenses			
Property expenses, outgoings and other costs	(141.5)	(153.2)	(294.7)
Manager's service charge	(12.4)	–	(12.4)
	(153.9)	**(153.2)**	**(307.1)**
Segment result	**374.1**	**427.0**	**801.1**
Overheads	(9.9)	–	(9.9)
Interest income	7.5	1.2	8.7
Currency gain	2.9	–	2.9
Financing costs	(140.1)	(14.3)	(154.4)
Property revaluations	230.4	208.0	438.4
Tax expense	(0.8)	(17.2)	(18.0)
Charges in respect of the Restructure and Merger	(46.4)	–	(46.4)
Net profit attributable to members	**417.7**	**604.7**	**1,022.4**
Cash and cash equivalents	10.6	12.2	22.8
Trade debtors and receivables	442.0	13.3	455.3
Shopping centre investments	6,953.0	7,564.3	14,517.3
Development projects and construction in progress	91.7	95.6	187.3
Other assets	128.1	2.1	130.2
Total assets	**7,625.4**	**7,687.5**	**15,312.9**
Interest bearing liabilities	4,228.0	549.4	4,777.4
Deferred tax liabilities	–	112.8	112.8
Other liabilities	225.9	139.5	365.4
Total liabilities	**4,453.9**	**801.7**	**5,255.6**
Net assets	**3,171.5**	**6,885.8**	**10,057.3**

NOTE 29 CAPITAL RISK MANAGEMENT

The Trust seeks to manage its capital requirements to maximise value to members through the mix of debt and equity funding, while ensuring that Trust entities:

- comply with capital and distribution requirements of their constitutions and/or trust deeds;
- comply with capital requirements of relevant regulatory authorities;
- maintain strong investment grade credit ratings; and
- continue to operate as going concerns.

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

- sufficient funds and financing facilities, on a cost effective basis are available to implement the Trust's property development and business acquisition strategies;
- financing facilities for unforeseen contingencies are maintained; and
- distributions to members are maintained within the stated distribution policy.

The Trust is able to alter its capital mix by issuing new units and hybrid securities, establishing a distribution reinvestment plan and electing to have the distribution reinvestment underwritten, adjusting the amount of distributions paid to members, activating a security buy-back program, divesting assets or adjusting the timing of capital expenditure for its property redevelopment pipeline.

The Trust also protects its equity in assets by taking out insurance.

NOTE 30 FINANCIAL RISK MANAGEMENT

The Trust's principal financial instruments comprise cash, receivables, payables, interest bearing liabilities and derivative financial instruments.

The Trust manages its exposure to key financial risks in accordance with Scentre Group's treasury risk management policies. These policies have been established to manage the key financial risks such as interest rate, foreign exchange, counterparty credit and liquidity.

Scentre Group's treasury risk management policies are established to identify and analyse the risks faced by the Trust, to set appropriate risk limits and controls to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Trust's activities. Scentre Group, through its training and procedures, has developed a disciplined and constructive control environment in which relevant treasury and finance personnel understand their roles and obligations in respect of the Trust's treasury management objectives.

Scentre Group has an established Board approved risk management framework including policies, procedures, limits and allowed types of derivative financial instruments. The Board has established an Audit and Risk Committee comprising three independent Directors. The Audit and Risk Committee reviews and oversees management's compliance with these policies, procedures and limits. The Audit and Risk Committee is assisted in its oversight role by Scentre Group's Executive Committee.

Scentre Group uses different methods to measure and manage different types of risks to which the Trust is exposed. These include monitoring levels of exposure to interest rates, foreign exchange, liquidity and credit risk. The Trust enters into derivative financial instruments, principally interest rate swaps, interest rate options, cross currency swaps, forward exchange contracts and currency options. The purpose of these transactions is to manage the interest rate and currency risks arising from the Trust's operations, cash flows, interest bearing liabilities and its net investments in foreign operations. Scentre Group seeks to deal only with creditworthy counterparties and these assessments are regularly reviewed. Liquidity risk is monitored through the use of future rolling cash flow forecasts.

NOTE 31 INTEREST RATE RISK MANAGEMENT

The Trust is exposed to interest rate risk on its borrowings and derivative financial instruments. This risk is managed by the Trust by maintaining an appropriate mix between fixed and floating rate interest bearing liabilities. Fixed rate debt is achieved either through fixed rate debt funding or through the use of derivative financial instruments approved by the Board. These activities are evaluated regularly to determine that the Trust is not exposed to interest rate movements that could adversely impact its ability to meet its financial obligations and to comply with its borrowing covenants.

Summary of interest rate positions at balance date

The Trust has interest rate risk on borrowings which are typically floating rate debt or notional borrowings entered into under currency derivatives. The exposures at reporting date together with the interest rate risk management transactions are as follows:

(i) Interest payable and receivable exposures

	Note	**31 Dec 15 $million**	31 Dec 14 $million
Principal amounts of all interest bearing liabilities:			
Current interest bearing liabilities	17	**2,437.1**	579.1
Non current interest bearing liabilities	17	**966.0**	3,648.9
Share of equity accounted entities' interest bearing liabilities	15(b)	**264.5**	549.4
Cross currency swaps			
– A$	32(ii)	**719.5**	719.5
Principal amounts subject to interest rate payable exposure		**4,387.1**	5,496.9
Principal amounts of all interest bearing assets:			
Loans receivable from related entities			
– A$	40(c)	**–**	415.4
Cross currency swaps			
– €500.0 million (31 December 2014: €500.0 million)	32(ii)	**745.5**	740.9
Cash	10(a)	**11.7**	10.6
Share of equity accounted entities' cash	15(b)	**13.7**	12.2
Principal amounts subject to interest rate receivable exposure		**770.9**	1,179.1
Principal amounts of net interest bearing liabilities subject to interest rate payable exposure		**3,616.2**	4,317.8
Principal amounts of fixed interest rate liabilities:			
Fixed rate notes			
– A$	31(ii)	**980.0**	980.0
– €500.0 million (31 December 2014: €500.0 million)	31(ii)	**745.5**	740.9
Fixed rate derivatives			
– A$	31(ii)	**938.0**	1,278.0
– NZ$210.0 million (31 December 2014: NZ$310.0 million)	31(ii)	**196.9**	296.0
Interest rate options			
– A$	31(iii)	**–**	500.0
Principal amounts on which interest rate payable exposure has been hedged		**2,860.4**	3,794.9
Principal amounts of fixed interest rate assets:			
Fixed rate derivatives			
– A$	31(ii)	**150.0**	150.0
– €500.0 million (31 December 2014: €500.0 million)	31(ii)	**745.5**	740.9
Principal amounts on which interest rate receivable exposure has been hedged		**895.5**	890.9
Principal amounts on which net interest rate payable exposure has been hedged		**1,964.9**	2,904.0

At 31 December 2015, the Trust has hedged 54% (31 December 2014: 67%) of its net interest payable exposure by way of fixed rate borrowings, interest rate swaps and interest rate options of varying durations. The remaining 46% is exposed to floating rates on a principal payable of $1,651.3 million (31 December 2014: $1,413.8 million), at an average interest rate of 3.4% (31 December 2014: 4.2%) including margin. After excluding net intercompany loan payables of $749.9 million (31 December 2014: net intercompany loan receivables of $415.4 million), the net interest payable exposure would be 69% hedged (31 December 2014: 61%). Changes to derivatives due to interest rate movements are set out in Notes 31(ii) and 31(iii).

Interest rate sensitivity		**31 Dec 15 $million**	31 Dec 14 $million
The sensitivity of interest expense to changes in floating interest rates is as follows:	Interest rate movement	(Increase)/decrease in interest expense	
	-2.0%	**33.0**	28.3
	-1.0%	**16.5**	14.1
	-0.5%	**8.3**	7.1
	0.5%	**(8.3)**	(7.1)
	1.0%	**(16.5)**	(14.1)
	2.0%	**(33.0)**	(28.3)

NOTE 31 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(ii) Fixed rate debt and interest rate swaps

Notional principal or contract amounts and contracted rates of the Trust's consolidated and share of equity accounted fixed rate debt and interest rate swaps:

	Interest rate swaps		**Fixed rate borrowings**		Interest rate swaps		Fixed rate borrowings	
Fixed rate debt and swaps contracted as at the reporting date and outstanding at	**31 Dec 15 Notional principal amount million**	**31 Dec 15 Average rate**	**31 Dec 15 Principal amount million**	**31 Dec 15 Average rate including margin**	31 Dec 14 Notional principal amount million	31 Dec 14 Average rate	31 Dec 14 Principal amount million	31 Dec 14 Average rate including margin
A$ payable								
31 December 2014	**–**	**–**	**–**	**–**	A$(1,278.0)	3.86%	A$(980.0)	6.66%
31 December 2015	**A$(938.0)**	**3.81%**	**A$(980.0)**	**6.66%**	A$(988.0)	3.81%	A$(980.0)	6.66%
31 December 2016	**A$(888.0)**	**3.86%**	**A$(180.0)**	**5.17%**	A$(938.0)	3.85%	A$(180.0)	5.17%
31 December 2017	**A$(640.0)**	**3.98%**	**A$(180.0)**	**5.17%**	A$(690.0)	3.96%	A$(180.0)	5.17%
31 December 2018	**A$(240.0)**	**4.94%**	**A$(180.0)**	**5.17%**	A$(240.0)	4.94%	A$(180.0)	5.17%
31 December 2019	**A$(240.0)**	**4.94%**	**A$(30.0)**	**5.96%**	A$(240.0)	4.94%	A$(30.0)	5.96%
31 December 2020	**A$(240.0)**	**4.94%**	**A$(30.0)**	**5.96%**	A$(240.0)	4.94%	A$(30.0)	5.96%
31 December 2021	**–**	**–**	**A$(30.0)**	**5.96%**	–	–	A$(30.0)	5.96%
NZ$ payable								
31 December 2014	**–**	**–**	**–**	**–**	NZ$(310.0)	4.07%	–	–
31 December 2015	**NZ$(210.0)**	**4.25%**	**–**	**–**	NZ$(210.0)	4.25%	–	–
31 December 2016	**NZ$(115.0)**	**4.45%**	**–**	**–**	NZ$(115.0)	4.45%	–	–
31 December 2017	**NZ$(60.0)**	**4.26%**	**–**	**–**	NZ$(60.0)	4.26%	–	–
€ receivable/(payable)								
31 December 2014	**–**	**–**	**–**	**–**	€500.0	3.25%	€(500.0)	3.25%
31 December 2015	**€500.0**	**3.25%**	**€(500.0)**	**3.25%**	€500.0	3.25%	€(500.0)	3.25%
31 December 2016	**€500.0**	**3.25%**	**€(500.0)**	**3.25%**	€500.0	3.25%	€(500.0)	3.25%
31 December 2017	**€500.0**	**3.25%**	**€(500.0)**	**3.25%**	€500.0	3.25%	€(500.0)	3.25%
31 December 2018	**€500.0**	**3.25%**	**€(500.0)**	**3.25%**	€500.0	3.25%	€(500.0)	3.25%
31 December 2019	**€500.0**	**3.25%**	**€(500.0)**	**3.25%**	€500.0	3.25%	€(500.0)	3.25%
31 December 2020	**€500.0**	**3.25%**	**€(500.0)**	**3.25%**	€500.0	3.25%	€(500.0)	3.25%
31 December 2021	**€500.0**	**3.25%**	**€(500.0)**	**3.25%**	€500.0	3.25%	€(500.0)	3.25%
31 December 2022	**€500.0**	**3.25%**	**€(500.0)**	**3.25%**	€500.0	3.25%	€(500.0)	3.25%
A$ receivable								
31 December 2014	**–**	**–**	**–**	**–**	A$150.0	3.05%	–	–
31 December 2015	**A$150.0**	**3.05%**	**–**	**–**	A$150.0	3.05%	–	–
31 December 2016	**A$150.0**	**3.05%**	**–**	**–**	A$150.0	3.05%	–	–
31 December 2017	**A$150.0**	**3.05%**	**–**	**–**	A$150.0	3.05%	–	–
31 December 2018	**A$150.0**	**3.05%**	**–**	**–**	A$150.0	3.05%	–	–

NOTE 31 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(ii) Fixed rate debt and interest rate swaps (continued)

In addition to the above, the Trust has entered into callable swaps with aggregate notional principal of A$50.0 million, whereby floating rate payments are swapped to fixed rate payments at 2.24% per annum for the period until April 2018. The callable swap may be terminated by the counterparty at no cost on the 18th day of each month until April 2018.

The Trust's interest rate swaps do not meet the accounting requirements to qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement as a component of interest expense. At 31 December 2015, the aggregate fair value is a receivable of $24.8 million (31 December 2014: $30.1 million). The change in fair value for the year ended 31 December 2015 was $5.3 million (31 December 2014: $55.8 million).

Fair value sensitivity		**31 Dec 15 $million**	31 Dec 14 $million
The sensitivity of fair value of interest rate swaps to changes in interest rates is as follows:	Interest rate movement	(Increase)/decrease in interest expense	
	-2.0%	**81.3**	73.4
	-1.0%	**34.0**	33.7
	-0.5%	**16.2**	11.4
	0.5%	**(19.1)**	(10.9)
	1.0%	**(33.7)**	(27.5)
	2.0%	**(62.3)**	(55.7)

All fixed rate borrowings are carried at amortised cost, therefore increases or decreases arising from changes in fair value have not been recorded in these financial statements.

(iii) Interest rate options

Notional principal of the Trust's consolidated and share of equity accounted interest rate options:

	Interest rate options		Interest rate options	
Interest rate options contracted as at the reporting date and outstanding at	**31 Dec 15 Notional principal amount million**	**31 Dec 15 Average strike rate**	31 Dec 14 Notional principal amount million	31 Dec 14 Average strike rate
A$ payable caps				
31 December 2014	–	–	A$(500.0)	2.60%

The Trust's interest rate options do not meet the accounting requirements to qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement as a component of interest expense. At 31 December 2015, the aggregate fair value is nil (31 December 2014: nil). The change in fair value for the year ended 31 December 2015 was nil (31 December 2014: nil).

NOTE 32 EXCHANGE RATE RISK MANAGEMENT

The Trust is exposed to exchange rate risk on its foreign currency earnings, its distribution, its foreign currency denominated shopping centre assets and other assets. The Trust manages these exposures by entering into foreign currency derivative instruments and by borrowing in foreign currencies.

Summary of foreign exchange balance sheet positions at balance date

The Trust's foreign exchange exposures at reporting date together with the foreign exchange risk management transactions which have been entered into to manage these exposures are as follows:

	Note	**31 Dec 15 million**	31 Dec 14 million
Foreign currency net investments			
New Zealand dollar			
NZ$ net assets		**NZ$758.9**	NZ$1,293.3
NZ$ borrowings		**NZ$(272.8)**	NZ$(568.0)
NZ$ currency swaps	32(i)	**NZ$(332.5)**	NZ$(290.0)
NZ$ denominated net assets		**NZ$153.6**	NZ$435.3
Euro			
€ borrowings		**€(500.0)**	€(500.0)
€ cross currency swaps	32(ii)	**€500.0**	€500.0
€ denominated net assets		**–**	–

The Trust's foreign currency net assets are subject to exchange rate risk. Gains and losses arising from translation of the Trust's foreign currency denominated net assets, and, where applicable, associated hedging instruments, where the Trust has satisfied the accounting requirements to qualify for hedge accounting treatment, are reflected in the foreign currency translation reserve.

Where the Trust does not satisfy the hedge accounting requirements, the changes in fair value are reflected in the income statement as either foreign exchange gains or losses as appropriate.

Foreign currency sensitivity		**31 Dec 15 $million**	31 Dec 14 $million
The sensitivity of NZ$ denominated net assets to changes in the year end A$/NZ$1.0665 exchange rate (31 December 2014: 1.0472) is as follows:	A$/NZ$ currency movement	Gain/(loss) to foreign currency translation reserve	
	-20 cents	**33.3**	98.1
	-10 cents	**14.9**	43.9
	-5 cents	**7.1**	20.8
	+5 cents	**(6.5)**	(18.9)
	+10 cents	**(12.3)**	(36.2)
	+20 cents	**(22.7)**	(66.7)

NOTE 32 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

Summary of foreign exchange balance sheet positions at balance date (continued)

(i) Net investment hedges of the Trust's foreign currency assets and liabilities

The following table details the foreign currency swaps outstanding at reporting date. These contracts have been designated and qualify as hedges of net investment of foreign operations, other than as noted below.

Foreign exchange contracts as at the reporting date and outstanding at	Weighted average exchange rate		Amount receivable/(payable) million			
	31 Dec 15	31 Dec 14	**31 Dec 15**	**31 Dec 15**	31 Dec 14	31 Dec 14
Contracts to receive A$ and pay NZ$						
31 December 2014	**–**	1.0517	**–**	**–**	A$275.7	NZ$(290.0)
31 December 2015	**1.0979**	–	**A$302.9**	**NZ$(332.5)**	–	–

The pay NZ$ exposure is an effective net investment hedge and is recorded directly in the foreign currency translation reserve. At 31 December 2015, the aggregate fair value is a payable of $8.5 million (31 December 2014: a receivable of $0.1 million). The change in fair value for the year ended 31 December 2015 was $8.6 million (31 December 2014: $0.1 million).

Foreign currency sensitivity		**31 Dec 15 $million**	31 Dec 14 $million
The sensitivity of foreign exchange contracts to changes in the year end A$/NZ$1.0665 exchange rate (31 December 2014: 1.0472) is as follows:	A$/NZ$ currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 cents	**(71.6)**	(63.5)
	- 10 cents	**(32.1)**	(28.3)
	- 5 cents	**(15.3)**	(13.5)
	+ 5 cents	**13.9**	12.5
	+ 10 cents	**26.6**	23.9
	+ 20 cents	**48.9**	44.0

(ii) Other foreign currency derivatives in respect of the Trust's foreign currency assets and liabilities

The following table details the other financial derivatives in respect of the Trust's foreign currency assets and liabilities outstanding at reporting date. These contracts do not qualify as hedges of net investments of foreign operations.

Cross currency swaps contracted as at the reporting date and outstanding at	Weighted average exchange rate		Amount receivable/(payable) million			
	31 Dec 15	31 Dec 14	**31 Dec 15**	**31 Dec 15**	31 Dec 14	31 Dec 14
Contracts to receive € and pay A$						
31 December 2014	**–**	0.6949	**–**	**–**	€500.0	A$(719.5)
31 December 2015	**0.6949**	0.6949	**€500.0**	**A$(719.5)**	€500.0	A$(719.5)
31 December 2016	**0.6949**	0.6949	**€500.0**	**A$(719.5)**	€500.0	A$(719.5)
31 December 2017	**0.6949**	0.6949	**€500.0**	**A$(719.5)**	€500.0	A$(719.5)
31 December 2018	**0.6949**	0.6949	**€500.0**	**A$(719.5)**	€500.0	A$(719.5)
31 December 2019	**0.6949**	0.6949	**€500.0**	**A$(719.5)**	€500.0	A$(719.5)
31 December 2020	**0.6949**	0.6949	**€500.0**	**A$(719.5)**	€500.0	A$(719.5)
31 December 2021	**0.6949**	0.6949	**€500.0**	**A$(719.5)**	€500.0	A$(719.5)
31 December 2022	**0.6949**	0.6949	**€500.0**	**A$(719.5)**	€500.0	A$(719.5)

At 31 December 2015, none of the above described foreign currency derivatives qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement. At 31 December 2015, the aggregate fair value is a receivable of $24.7 million (31 December 2014: $20.7 million). The change in fair value for the year ended 31 December 2015 was $4.0 million (31 December 2014: $28.2 million).

Foreign currency sensitivity		**31 Dec 15 $million**	31 Dec 14 $million
The sensitivity of fair value of currency swaps to changes in the year end A$/€0.6707 exchange rate (31 December 2014: 0.6749) is as follows:	A$/€ Currency movement	Gain/(loss) to income statement	
	- 20 cents	**301.8**	302.7
	- 10 cents	**124.4**	125.0
	- 5 cents	**57.2**	57.5
	+ 5 cents	**(48.7)**	(47.6)
	+ 10 cents	**(90.7)**	(87.7)
	+ 20 cents	**(160.2)**	(154.3)

The € receivable exposure above is matched to the € borrowing disclosed in Note 17, therefore the income statement is not affected by any movements in exchange rates in relation to these contracts.

NOTE 33 CREDIT AND LIQUIDITY RISK MANAGEMENT

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Trust. Credit limits have been established to ensure that the Trust deals only with approved counterparties and that counterparty concentration risk is addressed and the risk of loss is mitigated. Counterparty exposure is measured as the aggregate of all obligations of any single legal entity or economic entity to the Trust, after allowing for appropriate set offs which are legally enforceable. A maximum credit limit is allocated to each counterparty based on its credit rating. The counterparty credit risk associated with investment instruments is assessed based on its outstanding face value.

At 31 December 2015, the aggregate credit risk in respect of cash and cash equivalents is $25.4 million (31 December 2014: $22.8 million).

At 31 December 2015, the aggregate credit risk in respect of derivative financial instruments is $100.5 million (31 December 2014: $107.4 million). In accordance with the Trust policy, credit risk is spread among a number of creditworthy counterparties within specified limits. The Trust had 96.2% (31 December 2014: 96.5%) of its aggregate credit risk spread over four counterparties each with an S&P long term rating of A+ or higher. The remainder is spread over counterparties each with less than 10% of the aggregate credit risk and with an S&P long term rating of A or higher.

The Trust undertakes active liquidity and funding risk management to enable it to have sufficient funds available to meet its financial obligations as and when they fall due, working capital and expected committed capital expenditure requirements. The Trust prepares and monitors rolling forecasts of liquidity requirements on the basis of expected cash flow.

Interest bearing liabilities and funding facilities and their maturity profiles, are set out in Note 17.

NOTE 34 FINANCIAL COVENANTS

The Trust is required to comply with certain financial covenants in respect of its unsecured borrowings facilities and bond offerings. The major financial covenants are summarised as follows:

a) Leverage ratio (net debt to net assets)
   – shall not exceed 65%
b) Secured debt ratio (secured debt to total assets)
   – shall not exceed 40% (and not exceed 45% on certain facilities)
c) Interest cover ratio (EBITDA to interest expense excluding gains or losses from mark to market)
   – at least 1.5 times
d) Unencumbered leverage ratio (unencumbered assets to unsecured debt)
   – at least 150% (and at least 125% on certain facilities).

At and during the years ended 31 December 2015 and 2014, the Trust was in compliance with all the above financial covenants.

NOTE 35 INTEREST BEARING LIABILITIES, INTEREST AND DERIVATIVE CASH FLOW MATURITY PROFILE

	31 Dec 15 $million	31 Dec 14 $million
Interest bearing liabilities and interest		
Maturity profile of the principal amounts of current and non current interest bearing liabilities (refer to Note 17) together with the aggregate future estimated nominal interest thereon is set out below:		
Due within one year	**(2,538.4)**	(737.1)
Due between one and five years	**(348.9)**	(3,042.1)
Due after five years	**(844.1)**	(1,017.2)
	(3,731.4)	(4,796.4)
Comprising:		
– principal amounts of current and non current interest bearing liabilities	**(3,403.1)**	(4,228.0)
– aggregate future estimated nominal interest	**(328.3)**	(568.4)
	(3,731.4)	(4,796.4)
Derivatives		
Maturity profile of the estimated future nominal cash flows in respect of interest and currency derivative contracts is set out below:		
Due within one year	**(30.2)**	(21.5)
Due between one and five years	**(58.3)**	(68.8)
Due after five years	**2.6**	(23.4)
	(85.9)	(113.7)

Contingent liabilities are set out in Note 27 and are not included in the amounts shown above.

NOTE 36 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Set out below is a comparison by category of carrying amounts and fair values of all the Trust's financial instruments.

	Fair value hierarchy	Fair value 31 Dec 15 $million	Fair value 31 Dec 14 $million	Carrying amount 31 Dec 15 $million	Carrying amount 31 Dec 14 $million
Consolidated assets					
Cash and cash equivalents		**11.7**	10.6	**11.7**	10.6
Trade debtors [(i)]		**0.7**	2.4	**0.7**	2.4
Receivables					
– Other receivables [(i)]		**33.5**	24.2	**33.5**	24.2
– Interest bearing receivables [(ii)]	Level 2	**–**	415.4	**–**	415.4
Derivative assets [(ii)]	Level 2	**100.5**	107.4	**100.5**	107.4
Consolidated liabilities					
Payables [(i)]		**202.2**	169.4	**202.2**	169.4
Interest bearing liabilities [(ii)]					
– Fixed rate debt	Level 2	**1,845.0**	1,898.9	**1,725.5**	1,720.9
– Floating rate debt	Level 2	**1,677.7**	2,507.1	**1,677.6**	2,507.1
Derivative liabilities [(ii)]	Level 2	**59.6**	56.5	**59.6**	56.5

(i) These financial assets and liabilities are not subject to interest rate risk and the fair value approximates carrying amount.

(ii) These financial assets and liabilities are subject to interest rate and market risks, the basis of determining the fair value is set out in the fair value hierarchy below.

Determination of fair value

The Trust uses the following hierarchy for determining and disclosing the fair value of a financial instrument. The valuation techniques comprise:

Level 1: the fair value is calculated using quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: the fair value is estimated using inputs other than quoted prices that are observable, either directly (as prices) or indirectly (derived from prices).

Level 3: the fair value is estimated using inputs that are not based on observable market data.

During the year, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

In assessing the fair value of the Trust's financial instruments, consideration is given to the available market data and if the market for a financial instrument changes then the valuation technique applied will change accordingly.

Investment properties are considered Level 3, refer to Note 13: Investment properties for relevant fair value disclosures.

NOTE 37 PARENT ENTITY

The Parent Entity financial information is presented in accordance with the amendments to the Corporations Regulations 2001 and the Corporations Amendment Regulations 2010 (No. 6). Summary data of the Parent Entity is disclosed as follows:

	31 Dec 15 $million	31 Dec 14 $million
(a) Assets		
Current assets	**135.0**	546.7
Non current assets	**14,410.6**	13,948.4
Total assets	**14,545.6**	14,495.1
(b) Liabilities		
Current liabilities	**2,721.9**	737.3
Non current liabilities	**1,007.2**	3,700.5
Total liabilities	**3,729.1**	4,437.8
(c) Total equity		
Contributed equity	**8,159.8**	8,159.8
Reserves	**1,521.4**	1,122.4
Retained profits	**1,135.3**	775.1
Total equity	**10,816.5**	10,057.3
(d) Comprehensive income		
Profit after tax for the period	**932.6**	721.7
Other comprehensive income	**399.0**	323.7
Total comprehensive income for the period	**1,331.6**	1,045.4
(e) Contingent liabilities		
Performance guarantees	**0.1**	0.1
Guaranteed borrowings of associates of the Responsible Entity	**8,167.8**	7,348.9
Total contingent liabilities	**8,167.9**	7,349.0

The Parent Entity has access to available financing facilities at the end of the financial year of $3,559.1 million (31 December 2014: $1,367.0 million) which are in excess of the Parent Entity's net current liabilities of $2,586.9 million (31 December 2014: $190.6 million). Net current liabilities comprise current assets less current liabilities.

NOTE 38 AUDITOR'S REMUNERATION

	31 Dec 15 $000	31 Dec 14 $000
Amounts received or due and receivable by the auditor of the Parent Entity and any other entity in the Trust for:		
– Audit or review of the financial reports	**512**	646
– Assurance and compliance services	**294**	270
	806	916
Amounts received or due and receivable by affiliates of the auditor of the Parent Entity for:		
– Audit or review of the financial reports	**128**	101
– Assurance and compliance services	**19**	18
	147	119
	953	1,035

NOTE 39 SUPERANNUATION COMMITMENTS

Prior to the Restructure and Merger implemented on 30 June 2014, the Trust sponsored accumulation style superannuation funds and plans to provide retirement benefits to its employees. There were no unfunded liabilities in respect of these superannuation funds and plans. The Trust did not sponsor defined benefits style superannuation funds and plans.

NOTE 40 RELATED PARTY DISCLOSURES

Information required to be disclosed concerning relationships, transactions and balances with related parties of the Trust is set out in this Note unless disclosed elsewhere in this financial report.

Following the Restructure and Merger, the Trust forms part of Scentre Group and the related party disclosures for Scentre Group have the same applicability to it. As such while the related party disclosures below make reference to Scentre Group, they also relate to the Trust.

Nature of relationship with related parties

Key Management Personnel of the Trust

Refer to Note 41(a) for details of Key Management Personnel.

Other Related Parties

Prior to the Restructure and Merger implemented on 30 June 2014, Westfield Corporation was a related party of Scentre Group as it formed part of the former Westfield Group (now the restructured Scentre Group) during the 2014 financial year. Westfield Corporation is not a related party of Scentre Group for the 2015 financial year.

Prior to the Restructure and Merger implemented on 30 June 2014, Westfield Group (now the restructured Scentre Group) was considered to be a related party of the former Westfield Retail Trust. From 30 June 2014, Westfield Retail Trust is part of Scentre Group.

LFG Services Pty Limited (LFG), its related entities and other entities controlled by members of the Lowy family are considered to be related parties of Scentre Group. This is due to LFG being under the control or significant influence of certain Directors of Scentre Group, being Mr Frank Lowy and Mr Steven Lowy.

The Lowy Institute for International Policy (the Lowy Institute) is considered to be a related party of Scentre Group. This is due to the entity being under the control or significant influence of certain Directors of Scentre Group, being Mr Frank Lowy and Mr Steven Lowy.

SGL, SGT1 and SGT3 are considered to be related parties of the Trust, as their securities are stapled to the securities of SGT2 to form Scentre Group.

Transactions and their terms and conditions with related parties

Transactions with Key Management Personnel of the Trust

Refer to Note 41(b) for remuneration of Key Management Personnel.

Transactions with Other Related Parties

Scentre Group has established protocols governing transactions with other related parties which are overseen by the Audit and Risk Committee.

(a) Current arrangements with LFG and the Lowy Institute

In 2012 Scentre Group has entered into a leasing agreement with LFG to provide office space at Westfield Sydney. Scentre Group charged LFG $1,851,408 (six months to 31 December 2014: $929,884) for lease of office space at Westfield Sydney on commercial arm's length terms.

During the financial year, Scentre Group provided development services to LFG and the Lowy Institute totalling $536,388 (six months to 31 December 2014: nil). The amount charged was on commercial arm's length terms.

There were no amounts payable to or receivable from LFG and the Lowy Institute at 31 December 2015 and 2014.

No provision for doubtful debts has been recognised or bad debts incurred with respect to amounts payable or receivable from LFG and the Lowy Institute for the year ended 31 December 2015 and 2014.

(b) Former arrangements prior to the Restructure and Merger with LFG and the Lowy Institute

As a result of the Restructure and Merger, Scentre Group is no longer responsible for providing communication, security and other services to LFG and the Lowy Institute. In the 6 months to 31 December 2014, Scentre Group charged LFG and the Lowy Institute $351,045 for service costs in relation to the provision of communication, security and other services on arm's length terms and conditions.

There were no amounts payable to or receivable from LFG and the Lowy Institute at 31 December 2014.

No provision for doubtful debts has been recognised or bad debts incurred with respect to amounts payable or receivable from LFG and the Lowy Institute for the year ended 31 December 2014.

(c) Scentre Group Limited, Scentre Group Trust 1 and Scentre Group Trust 3

Following the Restructure and Merger implemented on 30 June 2014, Scentre Group Limited (SGL), Scentre Group Trust 1 (SGT1) and Scentre Group Trust 3 (SGT3) are considered to be related parties of the Trust. Details of transactions with SGL, SGT1 and SGT3 for the period are set out below.

During the year, the Trust and SGL transacted on normal commercial terms with respect to the following:

Property management fee

Property management fee of $52.6 million ($26.9 million for the six months to 31 December 2014) of which $4.4 million (31 December 2014: $4.9 million) was payable to associates of the Responsible Entity.

Manager's service charge

Manager's service charge expensed and paid of $5.4 million ($2.4 million for the six months to 31 December 2014) to associates of the Responsible Entity.

Reimbursement of expenses

Reimbursement of shopping centre indirect overhead expenses of $20.8 million ($10.4 million for the six months to 31 December 2014).

Tenancy coordination fees

Tenancy coordination fees of $4.3 million ($2.6 million for the six months to 31 December 2014).

Construction contracts

Amounts paid (excluding GST) to associates of the Responsible Entity for construction contracts amounted to $261.4 million ($173.9 million for the six months to 31 December 2014).

As at 31 December 2015, the Trust has a non interest bearing loan payable to SGT3 of $31.6 million (31 December 2014: $22.1 million).

Loans and financial derivatives

Loans to/from SGT1

During the year, SGT1 repaid A$ interest bearing loans owing to the Trust. The balance of these loans at year end is nil (31 December 2014: receivable of $415.4 million), with accrued interest receivable of nil (31 December 2014: $48,592). Interest accrued on these loans based on a floating rate. The net interest income for the period in respect of the loans to SGT1 was $5.0 million (31 December 2014: $6.2 million).

During the year, the Trust had an A$ interest bearing loan from SGT1. The balance of this loan at year end is a payable of $729.7 million (31 December 2014: nil), with accrued interest payable of $0.1 million (31 December 2014: nil). Interest accrues on this loan based on a floating rate. The interest expense for the year in respect of the loan from SGT1 was $15.8 million (31 December 2014: nil).

Loan from SGL

During the year, SGT2 had an A$ interest bearing loan from SGL. The balance of this loan at year end is a payable of $20.2 million (31 December 2014: nil), with accrued interest payable of $5,829 (31 December 2014: nil). Interest accrues on this loan based on a floating rate. The interest expense for the year in respect of the loan from SGL was $0.4 million (31 December 2014: nil).

Foreign currency contracts with SGT1 and SGL entities

The Trust and SGT1 entered into foreign currency contracts in 2015. The Trust received net A$53.3 million (31 December 2014: net NZ$0.3 million) from SGT1 in exchange for the Trust paying net NZ$58.9 million (31 December 2014: net A$0.2 million) to SGT1. The foreign currency contracts matured during the year and the net gain from the contracts was $0.2 million (31 December 2014: $2,866).

The Trust and SGL entered into foreign currency contracts in 2015. The Trust received net A$0.2 million (31 December 2014: net A$7.4 million) from the SGL entity in exchange for the Trust paying net NZ$0.3 million (31 December 2014: net NZ$7.9 million) to the SGL entity. The foreign currency contracts matured during the year and the net loss from the contracts was $9,277 (31 December 2014: net gain of $0.2 million).

The foreign currency contracts disclosed in Note 32(i) were transacted with a SGL entity during the year. The net foreign currency gain in respect of the foreign currency contracts with SGL was $23.5 million (31 December 2014: $0.2 million).

NOTE 40 RELATED PARTY DISCLOSURES (CONTINUED)

(d) Westfield Corporation

Arrangements with Westfield Corporation

Following the Restructure and Merger on 30 June 2014, Scentre Group has the following ongoing contractual arrangements with Westfield Corporation:

- Scentre Group has an exclusive, royalty free licence to use the Westfield brand for its existing shopping centres and any future shopping centres in Australia and New Zealand meeting certain agreed characteristics;
- Scentre Group has access to the digital innovation activities of Westfield Labs; and
- Scentre Group provides transitional services to Westfield Corporation while both entities develop standalone resources and support services.

Comparative period transactions with Westfield Corporation

The transactions with Westfield Corporation for the six months to 31 December 2014, were as follows:

Access to the digital innovation activities of Westfield Labs (LABS)

For the six months to 31 December 2014, Westfield Corporation charged Scentre Group $5.5 million for access to LABS' digital services.

Provision of transitional services

For the six months to 31 December 2014, Scentre Group charged Westfield Corporation $6.2 million for transitional services.

For the six months to 31 December 2014, Westfield Corporation charged Scentre Group $0.3 million for the provision of corporate services.

Other

For the six months to 31 December 2014, Scentre Group charged Westfield Corporation $0.7 million for lease of office space at its Westfield Sydney premises.

As at 31 December 2014, amounts payable and receivable by Scentre Group to Westfield Corporation amounted to $5.5 million and $0.6 million, respectively.

(e) Westfield Group

Arrangements with Westfield Group

Prior to the Restructure and Merger implemented on 30 June 2014, the primary arrangements between the former Westfield Group (now the restructured Scentre Group) and WRT are summarised as follows:

- the Westfield Group and WRT directly and indirectly co-owned the properties including properties where there were existing third party joint venture partners;
- the Westfield Group acted as the property manager;
- the Westfield Group acted in most cases as the property developer;
- the Westfield Group and WRT were required to co-operate to source new investment opportunities in Australia and New Zealand;
- the Westfield Group owned the WRT responsible entities and WRT had access to the Westfield brand; and
- the Westfield Group provided corporate services to WRT.

Comparative period transactions with Westfield Group

The transactions with Westfield Group for the six months to 30 June 2014, were as follows:

Property management fee

For the six months to 30 June 2014, Westfield Group charged WRT property management fees of $26.9 million.

Tenancy coordination fee

For the six months to 30 June 2014, Westfield Group charged WRT tenancy coordination fees of $2.3 million.

Reimbursement of expenses

For the six months to 30 June 2014, Westfield Group charged WRT $10.1 million for the reimbursement of shopping centre indirect overheads expenses. In addition, Westfield Group also recharged WRT for direct expenses of shopping centre employees (salaries, wages and all on-costs).

Corporate services agreement

For the six months to 30 June 2014, Westfield Group charged WRT corporate service fees of $10.0 million.

Development framework agreements

For the six months to 30 June 2014, Westfield Group charged WRT property development progress billings and fees of $97.1 million.

Westfield Sydney redevelopment arrangements

The Westfield Sydney income guarantee fee for the period from April 2013 to March 2014, paid during the six months to 30 June 2014 to WRT by Westfield Group under the income guarantee arrangements amounted to $3.4 million.

Other

For the six months to 30 June 2014, Westfield Group charged WRT $0.1 million for the lease of office space.

For the six months to 30 June 2014, Westfield Group paid WRT $3.2 million for the lease of office space.

Net property related advertising and promotional income collected by Westfield Group on behalf of WRT for the six months ended 30 June 2014 amounted to $3.7 million.

As a result of the Restructure and Merger on 30 June 2014, no payable or receivable balances were recorded with WRT on Scentre Group's balance sheet as at 31 December 2015 and 2014.

NOTE 41 DETAILS AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

(a) Key Management Personnel

Following the Restructure and Merger on 30 June 2014, the Trust forms part of Scentre Group. The disclosures under Scentre Group's remuneration policies and practices apply to the Trust.

The Responsible Entity does not have any employees. Key Management Personnel of the Trust are paid by related entities within Scentre Group.

As at 31 December 2015, the Board comprises the following directors:

Frank Lowy AC	Chairman / Non-Executive Director
Brian Schwartz AM	Deputy Chairman / Non-Executive Director
Peter Allen	Chief Executive Officer / Executive Director
Richard Egerton-Warburton AO LVO	Non-Executive Director
Andrew Harmos	Non-Executive Director
Michael Ihlein	Non-Executive Director
Aliza Knox	Non-Executive Director (appointed 7 May 2015)
Steven Lowy AM	Non-Executive Director

The following directors retired from the Board effective 7 May 2015:

Laurence Brindle	Non-Executive Director
Sandra McPhee AM	Non-Executive Director

In October 2015, Scentre Group announced Mr Frank Lowy would retire as Chairman of Scentre Group, at the Annual General Meeting in May 2016. Mr Lowy will be succeeded by Mr Brian Schwartz, with effect on and from the date of Mr Lowy's retirement.

On 22 February 2016, Scentre Group announced the appointments of Ms Carolyn Kay and Ms Margaret Seale to the Board, with the appointments effective on and from 24 February 2016.

On 14 March 2016, Scentre Group announced that Mr Richard Egerton-Warburton will not seek re-election as a Director at the upcoming Annual General Meeting. Accordingly, Mr Warburton will retire at the conclusion of that meeting.

In addition to the Directors noted above, during the year the following Key Management Personnel were responsible for the strategic direction and management of the Trust.

Mark Bloom	Chief Financial Officer
Greg Miles	Chief Operating Officer (effective from 1 November 2015)
John Widdup	Chief Operating Officer Development, Design and Construction, (Mr Widdup retired from Scentre Group on 31 January 2015)

(b) Remuneration of Key Management Personnel

The Directors of the Responsible Entity receive remuneration in their capacity as Directors of the Responsible Entity.

Following the Restructure and Merger on 30 June 2014, these amounts are paid directly by Scentre Group Limited (SGL), the parent entity of Scentre Group, of which the Responsible Entity is part. Other Key Management Personnel are paid by Scentre Limited, a wholly owned subsidiary of SGL.

The Manager's service charge payable by the Trust to the Responsible Entity covers all costs in relation to the management of the Trust. The remuneration of the Key Management Personnel is not set by the Trust nor is it able to be influenced by the Trust. The remuneration of the Key Management Personnel is approved by the Board on the recommendation of the Human Resources Committee.

(c) Remuneration of Key Management Personnel up until the Restructure and Merger

The amounts below represent the total remuneration amounts for key Management Personnel of the Trust for the six months to 30 June 2014. Following the Restructure and Merger, Key Management Personnel of the Trust are paid by related entities within Scentre Group.

The aggregate remuneration to Key Management Personnel up until the Restructure and Merger on 30 June 2014 was:

	Short term benefits				Post employment	Termination benefits	Other long term employee benefits	Share based	TOTAL
Key Management Personnel	Cash salary, fees and short term compensated absences $	Short term cash profit sharing and other bonuses $	Non-monetary benefits $	Other short term employee benefits[i] $	Other post employment benefits $	Termination benefits $	Long-term incentive plans[ii] $	Amortisation of cash and equity settled share based payments[iii] $	$
TOTAL KEY MANAGEMENT PERSONNEL									
30 June 2014	1,684,250	2,310,000	–	–	–	2,406,667	123,702	5,709,571	12,234,190

(i) Other short term employee benefits represent amounts accrued with respect to annual leave and long service leave, entitlements unless stated otherwise.

(ii) Long term incentive plans represent amounts expensed to the income statement relating to the Westfield Group Securities.

(iii) Cash settled share based payments represent amounts amortised relating to the Trust Plan.

(d) Other transactions and balances with Key Management Personnel prior to the Restructure and Merger

For the six months to 30 June 2014, transactions occurred between the Trust and Key Management Personnel which were within normal employee, customer or supplier relationships on terms and conditions no more favourable than those available to other employees, customers or suppliers, being the performance of contracts of employment; the reimbursement of expenses; and the payment of dividends/distributions by the Trust in respect of stapled securities held in the Trust.

NOTE 42 DETAILS OF MATERIAL AND SIGNIFICANT ENTITIES

Name of entity	**31 Dec 15 – Interest** Beneficial [i] Parent Entity %	Beneficial [i] Scentre Group Trust 2 %	Consolidated or Equity accounted %	31 Dec 14 – Interest Beneficial [i] Parent Entity %	Beneficial [i] Scentre Group Trust 2 %	Consolidated or Equity accounted %
ENTITIES INCORPORATED IN AUSTRALIA						
Parent Company						
Scentre Group Trust 2	**100.0**	**100.0**	**100.0**	100.0	100.0	100.0
Consolidated Controlled Entities						
Sydney Investment Trust	**100.0**	**100.0**	**100.0**	100.0	100.0	100.0
Equity Accounted Entities						
Bondi Junction Trust	**–**	**50.0**	**50.0**	–	50.0	50.0
WestArt Trust	**–**	**50.0**	**50.0**	–	50.0	50.0
ENTITIES INCORPORATED IN New Zealand						
Equity Accounted Entities						
Scentre NZ Holdings Limited	**–**	**50.0**	**50.0**	–	50.0	50.0

(i) Beneficial interest in underlying controlled and equity accounted entities reflects the Parent Entity and the Trust's ownership interest as determined under International Financial Reporting Standards (IFRS).

Directors' Declaration

The Directors of RE1 Limited, the Responsible Entity of Scentre Group Trust 2 (Trust), declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable;

(b) in the Directors' opinion, the Financial Statements and notes thereto are in accordance with the Corporations Act 2001, including:

(i) complying with accounting standards and regulations in accordance with section 296 of the Corporations Act 2001;

(ii) giving a true and fair view of the financial position as at 31 December 2015 and the performance of the consolidated entity for the year ended on that date in accordance with section 297 of the Corporations Act 2001;

(iii) the International Financial Reporting Standards issued by the International Accounting Standards Board; and

(c) they have been provided with the declarations required by section 295A of the Corporations Act 2001 (Cwlth).

Made on 24 March 2016 in accordance with a resolution of the Board of Directors.

Frank Lowy AC
Chairman

Michael Ihlein
Director

24 March 2016

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Independent Auditor's Report to the members of Scentre Group Trust 2

Report on the financial report

We have audited the accompanying financial report of Scentre Group Trust 2 (the Trust), which comprises the consolidated balance sheet as at 31 December 2015, the consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the 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 RE1 Limited, the Responsible Entity of the Trust, 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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 judgment, 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 controls relevant to the entity's preparation and fair presentation of the financial 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 controls. 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.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of RE1 Limited a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

a. the financial report of Scentre Group Trust 2 is in accordance with the *Corporations Act 2001*, including:
   i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Ernst & Young

Ernst & Young

Graham Ezzy

Graham Ezzy
Partner

Sydney, 24 March 2016

The Directors of RE1 Limited (Responsible Entity), the responsible entity of Scentre Group Trust 2 (SGT2) submit the following report for the year ended 31 December 2015 (Financial Year).

The Trust is part of Scentre Group which is a stapled entity. Scentre Group operates as a single coordinated economic entity, with a common Board of Directors and management team.

In this report, SGT2 and its controlled entities are referred to as the Trust.

1. OPERATIONS AND ACTIVITIES

1.1 Review of Operations and Results of Operations

The Trust reported a net profit (attributable to members of SGT2) of $1,420.0 million and a distribution of $657.6 million for the Financial Year. The basic earnings per unit is 26.67 cents and the distribution per unit is 12.35 cents for the Financial Year.

As at 31 December 2015, the Trust has total consolidated and equity accounted properties of $14.8 billion. Occupancy rates for those properties continues to be in excess of 99.5% leased. The Trust's interest in 39[i] shopping centres, comprises 11,258[i] retail outlets and approximately 3.5[i] million square metres of retail space.

The Australian and New Zealand operations contributed net property income of $798.9 million for the year ended 31 December 2015 with an underlying comparable net operating income growth of 2.6%[i].

There was sustained improvement in retail sales growth, with comparable specialty store sales in Australia up 5.3%[i] for the 12 months to 31 December 2015.

In 2015, Scentre Group commenced $830 million (Trust share: $292 million) of redevelopments, including projects at Casey, Chatswood, Hurstville, Kotara, North Lakes and Warringah Mall.

Scentre Group also commenced the $355 million (Trust share: $178 million) redevelopment at Westfield Chermside and the $140 million (Trust share: $70 million) Stage 2 IKEA Link Mall project.

During the year Scentre Group completed the sales of Figtree, Strathpine, Warrawong and North Rocks in Australia for gross proceeds of $783 million (Trust share: $392 million) and also announced the sales of Glenfield, Queensgate and Chartwell in New Zealand for a total of NZ$549 million (Trust share: NZ$275 million), the latter two being expected to settle in the first half of 2016.

A detailed operating and financial review for Scentre Group is contained in the Directors' Report in Scentre Group's Annual Financial Report which is available at www.scentregroup.com.

1.2 Principal Activities

The principal activities of the Trust during the Financial Year were the ownership and improvement of shopping centres. There were no significant changes in the nature of those activities during the Financial Year.

1.3 Subsequent Events

There are no subsequent events to report.

1.4 Future Developments

The likely developments in the Trust's operations in future financial years and the expected results of those operations are described in the Review of Operations and Results of Operations above. The strategy, key drivers and outlook of Scentre Group are described in the Directors' Report in Scentre Group's Annual Financial Report.

1.5 Sustainability

Environmental laws and regulations in force in the various jurisdictions in which Scentre Group operates are applicable to areas of Scentre Group's operations and in particular to its development, construction and shopping centre management activities. Scentre Group has in place procedures to identify and comply with such requirements including, where applicable, obtaining and complying with the conditions of relevant authority consents and approvals and the obtaining of any necessary licences. These compliance procedures are regularly reviewed and audited and their application closely monitored.

Westfield Group's Sustainability Reports from prior years that include Scentre Group assets can be found at http://www.scentregroup.com/about/sustainability/.

Scentre Group's Sustainability Report will be published in the first half of 2016 and will be available on its website.

[i] Pro forma post sale of four Australian assets and three New Zealand assets (with two New Zealand assets expected to settle in 2016).

2. DISTRIBUTIONS

2.1 Scentre Group

For the six months ended 31 December 2014, the Trust distribution of 4.50 cents per ordinary unit formed part of the distribution of 10.20 cents per Scentre Group (SCG) stapled security, paid on 27 February 2015. This distribution was an aggregate of a distribution from the Trust, a distribution from Scentre Group Trust 1 (SGT1) and a dividend from Scentre Group Limited (SGL). The figure reported here only represents that component of the aggregate SCG distribution being the distribution of the Trust.

For the six months ended 30 June 2015, the Trust distribution of 6.25 cents per ordinary unit formed part of the distribution of 10.45 cents per SCG stapled security, paid on 31 August 2015. This distribution was an aggregate of a distribution from the Trust and a distribution from SGT1. The figure reported here only represents that component of the aggregate SCG distribution being the distribution of the Trust.

For the six months ended 31 December 2015, the Trust distribution of 6.10 cents per ordinary unit formed part of the distribution of 10.45 cents per SCG stapled security, paid on 29 February 2016. This distribution was an aggregate of a distribution from the Trust and a distribution from SGT1. The figure reported here only represents that component of the aggregate SCG distribution being the distribution of the Trust.

3. THE DIRECTORS

The current Board of Directors of the Responsible Entity is set out below.

Frank Lowy AC	Chairman / Non-Executive Director
Brian Schwartz AM	Deputy Chairman / Non-Executive Director
Peter Allen	Chief Executive Officer / Executive Director
Richard Egerton-Warburton AO LVO	Non-Executive Director
Andrew Harmos	Non-Executive Director
Michael Ihlein	Non-Executive Director
Carolyn Kay	Non-Executive Director (appointed 24 February 2016)
Aliza Knox	Non-Executive Director (appointed 7 May 2015)
Steven Lowy AM	Non-Executive Director
Margaret Seale	Non-Executive Director (appointed 24 February 2016)

Biographies of the current Board can be found in the 2015 Scentre Group Annual Financial Report and Corporate website.

The following directors retired from the Board effective 7 May 2015:

Laurence Brindle	Non-Executive Director
Sandra McPhee AM	Non-Executive Director

In October 2015, Scentre Group announced Mr Frank Lowy would retire as Chairman of Scentre Group, at the Annual General Meeting in May 2016. Mr Lowy will be succeeded by Mr Brian Schwartz, with effect on and from the date of Mr Lowy's retirement.

On 14 March 2016, Scentre Group announced that Mr Richard Egerton-Warburton will not seek re-election as a Director at the upcoming Annual General Meeting. Accordingly, Mr Warburton will retire at the conclusion of that meeting.

The names of the Directors in office and the relevant interests of each Director in stapled securities in Scentre Group as at the date of this report are shown below. Ordinary units in the Trust are stapled to shares in SGL and units in SGT1, SGT2 and SGT3. The stapled securities trade on the ASX under the code SCG.

Director	Number of Stapled Securities
Frank Lowy Steven Lowy	216,467,389
Brian Schwartz	48,781
Peter Allen	2,136,258
Richard Egerton-Warburton	73,445
Andrew Harmos	39,012
Michael Ihlein	33,048
Carolyn Kay	5,500
Aliza Knox	nil
Margaret Seale	11,175

3. THE DIRECTORS (CONTINUED)

Mr Laurence Brindle and Ms Sandra McPhee retired from the Board, effective 7 May 2015. On the date of retirement, Ms McPhee had a relevant interest in 33,382 in Scentre Group securities. Mr Brindle had nil shareholdings in Scentre Group.

None of the Directors hold options over any issued or unissued Scentre Group stapled securities. No options over any issued or unissued units in any of Scentre Group's Trusts or stapled securities in Scentre Group have been issued to the Directors. None of the Directors hold debentures of Scentre Group.

None of the Non-Executive Directors are party to or entitled to a benefit under a contract which confers a right to call for, or be delivered, interests or securities in Scentre Group.

Details of the equity-linked incentives held by the Chief Executive Officer are set out in the Remuneration Report in the Scentre Group 2015 Annual Financial Report.

4. DIRECTORS' DIRECTORSHIPS OF OTHER LISTED COMPANIES

The following table sets out the directorships of other Australian listed companies held by the Responsible Entity's Directors during the 3 years preceding the end of the Financial Year and up to the date of this report, and the time for which each directorship has been held:

Director	Company	Date appointed	Date resigned
Frank Lowy	Scentre Management Limited*	16 January 1979	Continuing
	RE1 Limited**	30 June 2014	Continuing
	RE2 Limited***	30 June 2014	Continuing
	Westfield America Management Limited^	20 February 1996	Continuing
	Westfield Corporation Limited^^	8 April 2014	Continuing
Brian Schwartz	Scentre Management Limited*	6 May 2009	Continuing
	RE1 Limited**	30 June 2014	Continuing
	RE2 Limited***	30 June 2014	Continuing
	Insurance Australia Group	1 January 2005	Continuing^^^
	Brambles Limited	13 March 2009	30 June 2014
	Westfield America Management Limited^	6 May 2009	Continuing
	Westfield Corporation Limited^^	8 April 2014	Continuing
Peter Allen	Scentre Management Limited*	25 May 2011	Continuing
	RE1 Limited**	12 August 2010	Continuing
	RE2 Limited***	12 August 2010	Continuing
	Westfield America Management Limited^	25 May 2011	30 June 2014
Richard Egerton-Warburton	Scentre Management Limited*	30 June 2014	Continuing
	RE1 Limited**	21 December 2010	Continuing
	RE2 Limited***	21 December 2010	Continuing
	Magellan Flagship Fund Limited	19 October 2006	Continuing
Andrew Harmos	Scentre Management Limited*	30 June 2014	Continuing
	RE1 Limited**	21 December 2010	Continuing
	RE2 Limited***	21 December 2010	Continuing
Michael Ihlein	Scentre Management Limited*	30 June 2014	Continuing
	RE1 Limited**	21 December 2010	Continuing
	RE2 Limited***	21 December 2010	Continuing
	CSR Limited	7 July 2011	Continuing
Carolyn Kay	Scentre Management Limited*	24 February 2016	Continuing
	RE1 Limited**	24 February 2016	Continuing
	RE2 Limited***	24 February 2016	Continuing
	Brambles Limited	21 August 2006	Continuing
Aliza Knox	Scentre Management Limited*	7 May 2015	Continuing
	RE1 Limited**	7 May 2015	Continuing
	RE2 Limited***	7 May 2015	Continuing
	InvoCare Limited	4 October 2011	31 August 2015
Steven Lowy	Scentre Management Limited*	28 June 1989	Continuing
	RE1 Limited**	12 August 2010	Continuing
	RE2 Limited***	12 August 2010	Continuing
	Westfield America Management Limited^	20 February 1996	Continuing
	Westfield Corporation Limited^^	28 November 2013	Continuing
Margaret Seale	Scentre Management Limited*	24 February 2016	Continuing
	RE1 Limited**	24 February 2016	Continuing
	RE2 Limited***	24 February 2016	Continuing
	Ramsay Health Care Limited	28 April 2015	Continuing
	Bank of Queensland Limited	21 January 2014	Continuing
	Telstra Corporation Limited	7 May 2012	Continuing

4. DIRECTORS' DIRECTORSHIPS OF OTHER LISTED COMPANIES (CONTINUED)

Notes:

* Scentre Management Limited as responsible entity for (a) Scentre Group Trust 1, a managed investment scheme, the units of which are stapled to units in Scentre Group Trust 2 and Scentre Group Trust 3 and shares in SGL and which trade on the ASX as Scentre Group; and (b) Carindale Property Trust, a listed managed investment scheme.

** RE1 Limited, as responsible entity for Scentre Group Trust 2, a managed investment scheme, the units of which are stapled to units in Scentre Group Trust 1 and Scentre Group Trust 3 and shares in SGL, and which trade on the ASX as Scentre Group.

*** RE2 Limited, as responsible entity for Scentre Group Trust 3, a managed investment scheme, the units of which are stapled to units in Scentre Group Trust 1 and Scentre Group Trust 2 and shares in SGL, and which trade on the ASX as Scentre Group.

^ Westfield America Management Limited, as responsible entity for Westfield America Trust and WFD Trust, both managed investment schemes, the units of which are stapled to shares in Westfield Corporation Limited, and which trade on the ASX as Westfield Corporation

^^ Westfield Corporation Limited, which shares are stapled to units in Westfield America Trust and WFD Trust, and which trade on the ASX as Westfield Corporation.

^^^ On 16 March 2016, Insurance Australia Group announced Mr Schwartz will retire as Chairman and Director from the Board, effective 31 March 2016.

5. OPTIONS AND UNISSUED INTERESTS

No options were issued by the Trust during or since the end of the Financial Year and no Director or member of the senior executive team holds options over issued or unissued Scentre Group stapled securities or units in the Trust.

Details of the equity-linked incentives held by the executive Key Management Personnel are set out in the Scentre Group's Remuneration Report.

6. INDEMNITIES AND INSURANCE PREMIUMS

Subject to the following, no indemnity was given or insurance premium paid during or since the end of the Financial Year out of the assets of the Trust in regards to a person who is or has been an officer or auditor of the Responsible Entity. So long as the Responsible Entity acts in accordance with the Constitution and the Corporations Act, it remains indemnified out of the assets of the Trust against any losses incurred while acting as the Responsible Entity.

The Responsible Entity's Constitution provides that a person who is or has been a Director or Secretary of the Responsible Entity may be indemnified by the Responsible Entity against liabilities incurred by the person in that capacity and for all legal costs incurred in defending or resisting (or otherwise in connection with) proceedings in which the person becomes involved because of that capacity. The indemnity does not apply to the extent that the Responsible Entity is forbidden by statute to indemnify the person or the indemnity would, if given, be made void by statute.

A related corporation of the Responsible Entity has paid premiums for directors' and officers' liability insurance in respect of Directors, Secretaries and Executive Officers of the Responsible Entity as permitted by the Corporations Act 2001. The terms of the insurance policy prohibit disclosure of details of the nature of the liabilities covered by, and the amounts of the premiums payable under, that insurance policy.

To the extent permitted by law, the Responsible Entity has agreed to indemnify its auditor, Ernst & Young, as part of its standard terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to Ernst & Young during or since the Financial Year.

7. SPECIAL RULES FOR REGISTERED SCHEMES

- $62.3 million in fees were paid and payable to the Responsible Entity and its associates out of the assets of the Trust during the Financial Year.
- No units in the Trust were held by the Responsible Entity at the end of the Financial Year. Associates of the Responsible Entity held 219,206,870 units as at the end of the Financial Year.
- Details of units issued in the Trust during the Financial Year are set out in Note 19 on page 19.
- No withdrawals were made from the scheme during the Financial Year.
- Details of the value of the Trust's assets as at the end of the Financial Year and the basis for the valuation are set out in Notes 2(c), 2(d), 13, 14 and 15 on pages 9, 14 and 15 respectively.
- Details of the number of units in the Trust as at the end of the Financial Year are set out in Note 19 on page 19.

8. AUDIT

8.1 Audit and Risk Committee

As at the date of this report, the Responsible Entity had an Audit and Risk Committee of the Board of Directors.

8.2 Audit Independence

The Directors have obtained the following independence declaration from the auditor, Ernst & Young.

EY

Building a better working world

Auditor's Independence Declaration to the Directors of RE1 Limited

As lead auditor for the audit of Scentre Group Trust 2 for the financial year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Scentre Group Trust 2 and the entities it controlled during the financial year.

Ernst & Young

Graham Ezzy
Partner

Sydney, 24 March 2016

Liability limited by a scheme approved under Professional Standards Legislation.

9. ASIC DISCLOSURES

The Trust is of a kind referred to in the Australian Securities and Investments Commission Class Order 98/100 dated 10 July 1998. Accordingly, amounts in the Directors' Report, the Financial Statements and the Notes thereto have been rounded to the nearest tenth of a million dollars. Amounts shown as 0.0 represent amounts less than $50,000 that have been rounded down.

10. ASX LISTING RULE

ASX reserves the right (but without limiting its absolute discretion) to remove SGL, SGT1, SGT2 and SGT3 from the official list of ASX if any of the shares or units comprising those stapled securities cease to be stapled together, or any equity securities are issued by a Scentre Group entity which are not stapled to the equivalent securities in the other entities.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.

Frank Lowy AC
Chairman

Michael Ihlein
Director

24 March 2016

Corporate Governance Statement

The Corporate Governance Statement for Scentre Group Trust 2 for the financial year ended 31 December 2015 has been incorporated into the Corporate Governance Statement prepared for Scentre Group. This Statement can be found in the 2015 Scentre Group Annual Financial Report. Scentre Group's Annual Financial Report is available on the scentregroup.com website.

Twenty Largest Holders of Stapled Securities in Scentre Group*

		Number of Securities
1.	HSBC Custody Nominees (Australia) Limited	1,794,446,351
2.	J P Morgan Nominees Australia Limited	877,630,926
3.	National Nominees Limited	623,325,189
4.	BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	389,112,455
5.	Citicorp Nominees Pty Limited	386,615,567
6.	Cordera Holdings Pty Limited	181,710,620
7.	BNP Paribas Noms Pty Ltd <DRP>	176,575,241
8.	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	86,923,446
9.	RBC Investor Services Australia Nominees Pty Limited <APN A/C>	71,302,129
10.	AMP Life Limited	55,069,858
11.	RBC Investor Services Australia Nominees Pty Limited <BKCUST A/C>	19,207,495
12.	Mr Frank P Lowy	17,577,810
13.	HSBC Custody Nominees (Australia) Limited-Gsco Eca	13,637,667
14.	RBC Investor Services Australia Nominees Pty Limited <PISELECT>	13,459,300
15.	Bond Street Custodians Limited <ENH Property Securities A/C>	11,909,964
16.	Australian Foundation Investment Company Limited	11,736,859
17.	Argo Investments Limited	8,526,662
18.	SBN Nominees Pty Limited <10004 Account>	7,400,000
19.	Amondi Pty Ltd <S E O P T A/C>	7,313,304
20.	BNP Paribas Noms (NZ) Ltd <DRP>	6,462,494
		4,759,943,337

* Ordinary shares in Scentre Group Limited are stapled to units in Scentre Group Trust 1, Scentre Group Trust 2 and Scentre Group Trust 3.

The stapled securities trade on the Australian Securities Exchange under the code SCG.

Voting Rights

Scentre Group Limited – At a meeting of members, on a show of hands, every person present who is a member or representative of a member has one vote, and on a poll every member present in person or by proxy or attorney and every person who is a representative of a member has one vote for each share they hold or represent.

Scentre Group Trust 1, Scentre Group Trust 2 and Scentre Group Trust 3 – At a meeting of members, on a show of hands, every person present who is a member or representative of a member has one vote, and on a poll, every member present in person or by proxy or attorney and every person who is a representative of a member has one vote for each dollar value of the total interest they have in the respective trusts.

Distribution Schedule

Category	Number of Stapled securities*	Number of Security-holders	% of securities in each category
1-1,000	14,278,593	33,103	0.27
1,001-5,000	109,844,692	45,114	2.06
5,001-10,000	79,703,646	11,360	1.50
10,001-100,000	162,870,457	7,735	3.06
100,001 and over	4,957,599,290	369	93.11
Total	5,324,296,678	97,681	100.00

As at 15 February 2016, 6,873 security holders hold less than a marketable parcel of quoted securities in Scentre Group.

* There are 11,270,149 performance rights on issue to a total of 122 Scentre Group employees. These rights may be satisfied by either the transfer or issue of Scentre Group securities to employees, or settled by way of cash payout which amount is calculated by reference to the market price of Scentre Group securities at the time of vesting. Under the stapling arrangement, in the case of the issue of securities, each of Scentre Group Limited, Scentre Group Trust 1, Scentre Group Trust 2 and Scentre Group Trust 3 is required to issue securities on the vesting of a performance right.

** During FY15, 3,532,360 Scentre Group securities (at an average price $4.0493) were acquired on-market by the Group's Performance Rights Trust to satisfy executive entitlements on the vesting of rights under Scentre Group's equity-linked incentive plans.

Substantial Securityholders

The names of the Scentre Group substantial securityholders and the number of ordinary stapled securities in which each has a relevant interest, as disclosed in substantial shareholding notices given to Scentre Group, are as follows:

The Vanguard Group	383,562,964
BlackRock Group	340,719,406
National Nominees as custodian for Unisuper Limited	294,417,792

Annual Financial Report

SCENTRE GROUP TRUST 3
For the Financial Year ended 31 December 2015

Contents

Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	31 Dec 15 $'000	31 Dec 14 $'000
Revenue and other income			
Property and property related revenue [i]		**5,932**	17,771
Recharge of corporate costs to Scentre Group Trust 2 [ii]		**–**	11,160
		5,932	28,931
Expenses			
Property and property related expenses [i]		**(1,909)**	(8,046)
Corporate costs [ii]		**(261)**	(11,801)
		(2,170)	(19,847)
Interest income	4	**26,446**	39,235
Financing costs	5	**(25,060)**	(38,559)
Profit before tax		**5,148**	9,760
Tax expense	6	**(1,496)**	(2,922)
Profit after tax for the period		**3,652**	6,838
		cents	cents
Basic earnings per unit	16	**0.07**	0.13
Diluted earnings per unit	16	**0.07**	0.13

(i) Relates to property advertising and promotions.

(ii) Includes $5,360,000 of transaction costs in respect of the Restructure and Merger.

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2015

	31 Dec 15 $'000	31 Dec 14 $'000
Profit after tax for the period	**3,652**	6,838
Other comprehensive income		
Movement in foreign currency translation reserve		
– Net exchange difference on translation of foreign operations [i]	**7**	17
Total comprehensive income for the period	**3,659**	6,855

[i] This item may be subsequently recycled to the profit and loss.

Balance Sheet

AS AT 31 DECEMBER 2015

	Note	**31 Dec 15 $'000**	31 Dec 14 $'000
Current assets			
Cash and cash equivalents	7(a)	**567**	1,263
Receivables	8	**532,824**	1,086,232
Total current assets		**533,391**	1,087,495
Non current assets			
Receivables	8	**1,374**	1,834
Plant and equipment	9	**802**	1,468
Deferred tax assets		**661**	324
Total non current assets		**2,837**	3,626
Total assets		**536,228**	1,091,121
Current liabilities			
Payables and other creditors	10	**15,630**	9,818
Tax payable		**–**	1,068
Total current liabilities		**15,630**	10,886
Non current liabilities			
Other creditors	10	**–**	5,421
Interest bearing liabilities	11	**497,797**	1,055,672
Total non current liabilities		**497,797**	1,061,093
Total liabilities		**513,427**	1,071,979
Net assets		**22,801**	19,142
Equity			
Contributed equity	12(b)	**11,461**	11,461
Reserves	13	**37**	30
Retained profits	14	**11,303**	7,651
Total equity		**22,801**	19,142

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	*Contributed equity $'000*	*Reserves $'000*	*Retained profits $'000*	**31-Dec-15 Total $'000**	*Contributed equity $'000*	*Reserves $'000*	*Retained profits $'000*	31-Dec-14 Total $'000
Changes in equity attributable to members of Scentre Group Trust 3									
Balance at the beginning of the period		11,461	30	7,651	**19,142**	11,202	13	9,453	20,668
– Profit after tax for the period		–	–	3,652	**3,652**	–	–	6,838	6,838
– Other comprehensive income		–	7	–	**7**	–	17	–	17
Transactions with owners in their capacity as owners:									
– Issuance of units resulting from the Restructure and Merger	12(b)	–	–	–	**–**	259	–	–	259
– Distributions paid	17	–	–	–	**–**	–	–	(8,640)	(8,640)
Closing balance of equity attributable to members of Scentre Group Trust 3		11,461	37	11,303	**22,801**	11,461	30	7,651	19,142

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	31 Dec 15 $'000	31 Dec 14 $'000
Cash flows from operating activities			
Receipts in the course of operations (including Goods and Services Tax (GST))		**6,525**	30,536
Payments in the course of operations (including GST)		**(2,812)**	(17,093)
Income and withholding taxes paid		**(3,570)**	(2,965)
GST paid		**(406)**	(2,456)
Net cash flows from operating activities	7(b)	**367**	8,022
Cash flows from investing activities			
Disposal/(purchase) of plant and equipment		**487**	(534)
Net cash flows from/(used in) investing activities		**487**	(534)
Cash flows used in financing activities			
Issuance of units resulting from the Restructure and Merger		**–**	259
Net (repayment)/proceeds from interest bearing liabilities		**(538,771)**	516,424
Loans advanced from/(to) related entities		**535,508**	(515,319)
Payments of financing costs		**(22,644)**	(40,768)
Interest received		**24,354**	39,532
Distributions paid		**–**	(8,640)
Net cash flows used in financing activities		**(1,553)**	(8,512)
Net decrease in cash and cash equivalents held		**(699)**	(1,024)
Add opening cash and cash equivalents brought forward		**1,263**	2,307
Effects of exchange rate changes on opening cash and cash equivalents brought forward		**3**	(20)
Cash and cash equivalents at the end of the period [(i)]	7(a)	**567**	1,263

[(i)] Cash and cash equivalents comprises cash $567,000 (31 December 2014: $1,263,000) net of bank overdraft of nil (31 December 2014: nil).

Index of Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

(a) Corporate information

This financial report of Scentre Group Trust 3 and its controlled entities (collectively known as SGT3 or the Trust), for the year ended 31 December 2015, was approved in accordance with a resolution of the Board of Directors of RE2 Limited ABN 41 145 065 (as responsible entity of Scentre Group Trust 3) on 24 March 2016.

The nature of the operations and principal activities of SGT3 are described in the Directors' Report.

(b) Statement of Compliance

This financial report complies with Australian Accounting Standards and International Financial Reporting Standards issued by the International Accounting Standards Board. The accounting policies adopted are consistent with those of the previous financial year except that SGT3 has adopted the following new or amended standards which became applicable on 1 January 2015.

- AASB 2014-1 Part A Annual Improvements to IFRS 2010-2012 Cycle; and
- AASB 2014-1 Part A Annual Improvements to IFRS 2011-2013 Cycle;

For the financial period, the adoption of these amended standards had no material impact on the financial statements of SGT3.

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by SGT3 for the year ended 31 December 2015. The impact of these new standards (to the extent relevant to SGT3) and interpretations is as follows:

- AASB 9 Financial Instruments (effective from 1 January 2018)

This standard includes requirements to improve and simplify the approach for classification and measurement, impairment and hedge accounting of financial instruments compared with the requirements of AASB 139 Financial Instruments: Recognition and Measurement. SGT3 is currently assessing the impact of this standard.

- IFRS 15 Revenue from Contracts with Customers (expected to be effective from 1 January 2018)

This standard determines the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. SGT3 is currently assessing the impact of this standard.

- IFRS 16 Leases (effective from 1 January 2019)

This standard contains requirements about lease classification and the recognition, measurement and presentation and disclosures of leases for lessees and lessors. The Group is currently assessing the impact of this standard.

In addition to the above, further amendments to accounting standards have been proposed as a result of the revision of related standards and the Annual Improvement Projects (for non-urgent changes). These amendments are set out below:

- AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations (effective from 1 January 2016)
- AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective from 1 January 2016)
- AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle (effective from 1 January 2016)
- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 (effective from 1 January 2016)
- AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality (effective from 1 July 2015)

These recently issued or amended standards are not expected to have a significant impact on the amounts recognised in these financial statements when they are restated on application of these new accounting standards, except where disclosed above.

(c) Basis of Accounting

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Regulations 2001 (Cth)*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for derivative financial instruments, financial assets at fair value through profit and loss and other financial liabilities. The carrying values of recognised assets and liabilities that are hedged with fair value hedges and are otherwise carried at cost are adjusted to record changes in the fair values attributable to the risks that are being hedged. The financial report is presented in Australian dollars.

(d) Significant accounting judgements, estimates and assumptions

The preparation of the financial report requires management to make judgements, estimates and assumptions. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and other various factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements, in particular, Note 2: Summary of significant accounting policies and Note 26: Fair value of financial assets and liabilities. Actual results may differ from these estimates under different assumptions and conditions and may materially affect SGT3's financial results or the financial position in future periods.

(e) Comparative information

Where applicable, certain comparative figures are restated in order to comply with the current period's presentation of the financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting for Scentre Group Trust 3

Scentre Group was established through the Restructure and Merger which took place on 30 June 2014. The securities of Scentre Group trade as one security on the Australian Securities Exchange (ASX) under the code SCG. The stapling transaction is referred to as the "Merger".

The Parent Company previously controlled SGT1 as a result of the stapling transaction creating Westfield Group on 2 July 2004.

The Parent Company continues to control SGT1 post Merger and accordingly the net assets and results of SGT1 continue to be consolidated by the Parent Company. As a result of the Merger, the Parent Company for accounting purposes gained control of SGT2 and SGT3 and has consolidated SGT2 and SGT3 from 30 June 2014.

This financial report has been prepared based upon a business combination by the Parent Company of SGT1, SGT2 and SGT3 and in recognition of the fact that the securities issued by the Parent Company, SGT1, SGT2 and SGT3 have been stapled and cannot be traded separately.

(b) Consolidation and classification

The consolidated financial report comprises the financial statements and notes to the financial statements of SGT3 (Parent Entity), and each of its controlled entities from the date the Parent Entity obtained control until such time control ceased. The Parent Entity and the consolidated entities are collectively referred to as the economic entity known as SGT3. Where entities adopt accounting policies which differ from those of the Parent Entity, adjustments have been made so as to achieve consistency within the Parent Entity.

In preparing the consolidated financial statements all intra-group transactions and balances, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Foreign currencies

i) Translation of foreign currency transactions

The functional and presentation currencies of the Parent Entity and its Australian subsidiaries is Australian dollars. The functional currency of New Zealand entities is New Zealand dollars. The presentation currency of New Zealand entities is Australian dollars to enable the consolidated financial statements of SGT3 to be reported in a common currency.

Foreign currency transactions are converted to Australian dollars at exchange rates ruling at the date of those transactions. Amounts payable and receivable in foreign currency at balance date are translated to Australian dollars at exchange rates ruling at that date. Exchange differences arising from amounts payable and receivable are treated as operating revenue or expense in the period in which they arise, except as noted below.

ii) Translation of accounts of foreign operations

The balance sheets of foreign subsidiaries are translated at exchange rates ruling at balance date and the income statement of foreign subsidiaries are translated at average exchange rates for the period. Exchange differences arising on translation of the interests 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 currencies, which hedge net investments in foreign operations and equity accounted entities are taken directly to the foreign currency translation reserve.

(d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to SGT3 and can be reliably measured. Revenues are recognised on an accruals basis.

(e) Expenses

Expenses are brought to account on an accruals basis.

(f) Taxation

SGT3 is treated as a company for Australian tax purposes.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the asset is disposed of at book value, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Income taxes related to items recognised directly in equity are recognised in equity and not in the income statement.

(g) Goods and service tax (GST)

Revenues, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred on purchase of goods and services is not recoverable from the tax authority, in which case the sales tax 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 sales tax included.

The net amount of sales tax payable or receivable to government authorities is included as part of receivables or payables in the balance sheet.

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

Commitments and contingencies are disclosed net of the amount of sales tax recoverable from, or payable to, the taxation authority.

(h) Financing costs

Financing costs include interest, amortisation of discounts or premiums relating to borrowings and other costs incurred in connection with the arrangement of borrowings. Financing costs are expensed as incurred unless they relate to a qualifying asset. A qualifying asset is an asset which generally takes more than 12 months to get ready for its intended use or sale. In these circumstances, the financing costs are capitalised to the cost of the asset. Where funds are borrowed by SGT3 for the acquisition or construction of a qualifying asset, the financing costs are capitalised.

Refer to Note 2(k) for other items included in financing costs.

(i) Depreciation and amortisation

Plant and equipment and deferred costs are carried at acquisition cost less depreciation and amortisation and any impairment in value. Depreciation and amortisation is applied over the estimated economic life using the straight line method from the date of acquisition or from the time the asset is ready for use. The estimated economic life of items in the asset class plant and equipment ranges from three to ten years.

(j) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by SGT3. Any transaction costs arising on the issue of ordinary units or buy-back and cancellation of units are recognised directly in equity as a reduction of the proceeds received or an increase in the payments made.

(k) Derivative and other financial instruments

SGT3's may utilise derivative financial instruments, including forward exchange contracts, currency and interest rate options, currency and interest rate swaps to manage the risks associated with foreign currency and interest rate fluctuations where applicable. Such derivative financial instruments are recognised at fair value.

Scentre Group has set defined policies and implemented a comprehensive hedging program to manage interest and exchange rate risks. Derivative instruments are transacted to achieve the economic outcomes in line with SGT3's treasury policy and hedging program. Derivative instruments are not transacted for speculative purposes. Accounting standards require compliance with documentation, designation and effectiveness parameters before a derivative financial instrument is deemed to qualify for hedge accounting treatment. These documentation, designation and effectiveness requirements cannot be met in all circumstances. As a result, derivative instruments deemed not to qualify for hedge accounting and are recorded at fair value. Gains or losses arising from the movement in fair values are recorded in the income statement.

Where applicable, the fair value of derivatives has been determined with reference to market observable inputs for contracts with similar maturity profiles. The valuation is a present value calculation which incorporates interest rate curves, foreign exchange spot and forward rates, option volatilities and the credit quality of all counterparties.

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

The accounting policies adopted in relation to material financial instruments are detailed as follows:

i) Financial assets

Cash and cash equivalents

Cash and cash equivalents in the balance sheet 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.

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and at bank, short term money market deposits and bank accepted bills of exchange readily converted to cash, net of bank overdrafts and short term loans. Bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Derivative and other financial instruments (continued)

i) Financial assets (continued)

Receivables

Trade and sundry debtors and loan receivables are carried at original invoice amount, less provision for doubtful debts, and are usually due within 30 days. Collectability of trade, sundry and loan receivables is reviewed on an ongoing basis. Individual debts that are determined to be uncollectible are written off when identified. An impairment provision for doubtful debts is recognised when there is evidence that SGT3 will not be able to collect the receivable.

ii) Financial liabilities

Payables

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to SGT3 prior to the end of the financial year that are unpaid and arise when SGT3 becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 60 days.

Interest bearing liabilities

Interest bearing liabilities are recognised initially at the fair value of the consideration received less any directly attributable transaction costs. Subsequent to initial recognition, interest bearing liabilities are recorded at amortised cost using the effective interest rate method.

Interest bearing liabilities are classified as current liabilities where the liability has been drawn under a financing facility which expires within one year. Amounts drawn under financing facilities which expire after one year are classified as non current.

Financing costs for interest bearing liabilities are recognised as an expense on an accruals basis.

Where applicable, the fair value of the SGT3's interest bearing borrowings as disclosed in Note 26 are determined as follows:

- Fair value of quoted notes and bonds is based on price quotations at the reporting date.
- The fair value of unquoted instruments, loans from banks, finance leases and other financial liabilities is estimated by discounting future cash flows using rates that approximate SGT3's borrowing rate as at 31 December 2015, for debt with similar maturity, credit risk and terms.

(l) Recoverable amount of assets

At each reporting date, SGT3 assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, SGT3 makes an estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

(m) Earnings per security

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

(n) Rounding

In accordance with ASIC Class Order 98/0100, the amounts shown in the financial report have, unless otherwise indicated, been rounded to the nearest thousand dollars. Amounts shown as 0 represent amounts less than $500 that have been rounded down.

NOTE 3 DETAILS OF THE RESTRUCTURE AND MERGER

Background

On 30 June 2014, Westfield Group implemented a restructure (Restructure and Merger), under which Westfield Group's Australian and New Zealand business including its vertically integrated retail operating platform, held through Westfield Holdings Limited and Westfield Trust, was separated from the Westfield Group's international business and merged with Westfield Retail Trust to create two new listed groups:

(i) Scentre Group – comprising the merged Australian and New Zealand business of Westfield Group and Westfield Retail Trust; and

(ii) Westfield Corporation – comprising Westfield Group's international business.

The Restructure and Merger was approved by Westfield Group securityholders on 29 May 2014, Westfield Retail Trust securityholders on 20 June 2014 and by the Supreme Court of New South Wales on 23 June 2014.

The Restructure and Merger was implemented in three main stages:

- A restructure stage, where Westfield Group's international business was transferred to Westfield Corporation Limited and WFD Trust, and shares in Westfield Corporation Limited and units in WFD Trust were distributed in-specie to Westfield Group securityholders and stapled to Westfield Group;
- A destapling stage, where the shares in Westfield Holdings Limited and the units in Westfield Trust were each destapled from the Westfield Group and from each other resulting in the formation of Westfield Corporation; and
- A merger stage, where the shares in Westfield Holdings Limited and the units in Westfield Trust were stapled to the units in each of Westfield Retail Trust 1 and Westfield Retail Trust 2, resulting in the formation of Scentre Group.

Westfield Holdings Limited, Westfield Trust, Westfield Retail Trust 1 and Westfield Retail Trust 2 were renamed as Scentre Group Limited (Parent Company or SGL), Scentre Group Trust 1 (SGT1), Scentre Group Trust 2 (SGT2) and Scentre Group Trust 3 (SGT3) respectively.

Accounting for Scentre Group

Scentre Group was established through the Restructure and Merger as outlined above. The securities of Scentre Group trade as one security on the Australian Securities Exchange (ASX) under the code SCG. The securities issued of SGL, SGT1, SGT2 and SGT3 have been stapled and cannot be traded separately. The stapling transaction is referred to as the "Merger".

As a result of the Merger, SGL, for accounting purposes, gained control of SGT2 and SGT3 and has consolidated SGT2 and SGT3 from 30 June 2014. Accordingly, this transaction is accounted for as a business combination by consolidating the fair value of the net assets of SGT2 and SGT3 on 30 June 2014 and the results of SGT2 and SGT3 from 30 June 2014.

SGL previously controlled SGT1 as a result of the stapling transaction creating Westfield Group on 2 July 2004. SGL continues to control SGT1 post Merger and accordingly the net assets and results of SGT1 continue to be consolidated by SGL.

Refer to Note 3(b) of Scentre Group's Annual Financial Report for further details regarding the business combination with Westfield Retail Trust.

	Note	31 Dec 15 $'000	31 Dec 14 $'000

NOTE 4 INTEREST INCOME

Gross interest income			
– Interest received from related entities		**26,437**	38,818
– Other interest received		**9**	417
		26,446	39,235

NOTE 5 FINANCING COSTS

Gross financing costs			
– Interest bearing liabilities		**25,060**	38,559
		25,060	38,559

NOTE 6 TAXATION

Tax expense			
Current – underlying operations		**(1,496)**	(2,922)
The prima facie tax on profit before tax is reconciled to the income tax expense provided in the financial statements as follows:			
Profit before income tax		**5,148**	9,760
Prima facie tax expense at 30%		**(1,544)**	(2,928)
Other items		**48**	6
Tax expense		**(1,496)**	(2,922)

NOTE 7 CASH AND CASH EQUIVALENTS

(a) Components of cash and cash equivalents			
Cash		**567**	1,263
Total cash and cash equivalents		**567**	1,263
(b) Reconciliation of profit after tax to net cash flows from operating activities			
Profit after tax		**3,652**	6,838
Financing costs		**25,060**	38,559
Interest income		**(26,446)**	(39,235)
Depreciation		**179**	787
(Increase)/decrease in working capital attributable to operating activities		**(2,078)**	1,073
Net cash flows from operating activities		**367**	8,022

NOTE 8 RECEIVABLES

Current			
Prepayments and deferred costs		**561**	732
Tax receivable		**663**	–
Interest bearing loans receivable from related entities	29(c)	**496,552**	1,053,177
Receivable from related entities		**35,048**	32,323
		532,824	1,086,232
Non Current			
Prepayments and deferred costs		**1,374**	1,834
		1,374	1,834

	31 Dec 15 $'000	31 Dec 14 $'000
NOTE 9 PLANT AND EQUIPMENT		
Non current		
At cost	**5,409**	5,896
Accumulated depreciation	**(4,607)**	(4,428)
	802	1,468
Movement in plant and equipment		
Balance at the beginning of the period	**1,468**	1,721
Additions	**–**	534
Disposals	**(487)**	–
Depreciation expense	**(179)**	(787)
Balance at the end of the period	**802**	1,468
NOTE 10 PAYABLES AND OTHER CREDITORS		
Current		
Payable to related entities	**3,313**	–
Payables and other creditors	**12,317**	9,818
	15,630	9,818
Non Current		
Payables and other creditors	**–**	5,421
	–	5,421
NOTE 11 INTEREST BEARING LIABILITIES		
Non current		
Unsecured		
Bank loans [(i)]		
– NZ$ denominated	**497,797**	1,055,672
	497,797	1,055,672
The maturity profile in respect of non current interest bearing liabilities is set out below:		
Due within one year	**–**	–
Due between one and five year(s)	**497,797**	1,055,672
Due after five years	**–**	–
	497,797	1,055,672

(i) These instruments are subject to negative pledge arrangements which require SGT3 to comply with certain minimum financial and non financial requirements.

	31 Dec 15 $'000	31 Dec 14 $'000
Summary of financing facilities		
Committed financing facilities available to Scentre Group Trust 3:		
Total financing facilities at the end of the year	**2,900,000**	4,100,000
Amounts utilised by other members of Scentre Group	**(836,666)**	(2,356,890)
Less: amounts utilised	**(497,797)**	(1,055,672)
Less: bank guarantees	**(1,416)**	(1,406)
Available financing facilities	**1,564,121**	686,032
Cash and cash equivalents	**567**	1,263
Financing resources available at the end of the year	**1,564,688**	687,295
Maturity profile of financing facilities		
Maturity profile in respect of the above financing facilities:		
Due within one year	**–**	–
Due between one year and five year(s)	**2,900,000**	4,100,000
Due after five years	**–**	–
	2,900,000	4,100,000

These facilities are unsecured interest only floating rate facilities subject to negative pledge arrangements which require Scentre Group to comply with specific minimum financial and non-financial requirements. Amounts which are denominated in foreign currencies are translated at exchange rates ruling at balance date.

The available financing facilities above totalling $1,564.1 million (31 December 2014: $686.0 million), are available to the Trust and other members of Scentre Group at year end. The Trust is able to draw on these financing facilities, provided they are unutilised by other members of Scentre Group. These are interest only unsecured multicurrency multioption facilities.

	31 Dec 15 No. of units	31 Dec 14 No. of units

NOTE 12 CONTRIBUTED EQUITY

(a) Number of units on issue

	31 Dec 15 No. of units	31 Dec 14 No. of units
Balance at the beginning of the year	**5,324,296,678**	2,979,214,029
Conversion of units on issue on a 0.918 for 1 basis	**–**	(244,260,562)
Issuance of units resulting from the Restructure and Merger	**–**	2,589,343,211
Balance at the end of the year	**5,324,296,678**	5,324,296,678

Scentre Group stapled securities have the right to receive declared dividends from SGL and distributions from SGT1, SGT2 and SGT3 and, in the event of winding up SGL, SGT1, SGT2 and SGT3, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on stapled securities held.

Holders of Scentre Group stapled securities can vote their shares and units in accordance with the Act, either in person or by proxy, at a meeting of any SGL, SGT1, SGT2 and SGT3 (as the case may be).

	31 Dec 15 $'000	31 Dec 14 $'000
(b) Amount of contributed equity		
Balance at the beginning of the year	**11,461**	11,202
Issuance of units resulting from the Restructure and Merger	**–**	259
Balance at the end of the year	**11,461**	11,461

NOTE 13 RESERVES

	31 Dec 15 $'000	31 Dec 14 $'000
Foreign currency translation reserve	**37**	30
	37	30

Movement in foreign currency translation reserve

The foreign currency translation reserve is to record net exchange differences arising from the translation of financial statements of foreign controlled entities and the net investments hedged in these entities.

	31 Dec 15 $'000	31 Dec 14 $'000
Balance at the beginning of the year	**30**	13
Foreign exchange movement		
– Translation of investment in foreign entities	**7**	17
Balance at the end of the year	**37**	30

NOTE 14 RETAINED PROFITS

Movement in retained profits

	31 Dec 15 $'000	31 Dec 14 $'000
Balance at the beginning of the year	**7,651**	9,453
Profit after tax for the period	**3,652**	6,838
Distribution paid	**–**	(8,640)
Balance at the end of the year	**11,303**	7,651

NOTE 15 SHARE BASED PAYMENTS AND OTHER LONG TERM INCENTIVES (LTI)

(a) Performance Rights – Short Term Incentive and Long Term Incentive Issued to employees of related entities

As at 31 December 2015, there were 11,270,150 (31 December 2014: 11,558,902) Performance Rights issued to employees of related entities of Scentre Group. Under the stapling arrangement each of SGT1, SGT2, SGT3 and SGL are required to issue securities/units on the vesting of the Performance Rights. At 31 December 2015, the 11,270,150 (31 December 2014: 11,558,902) Performance Rights issued to employees of related entities were convertible to 11,270,150 (31 December 2014: 11,558,902) Scentre Group stapled securities. The full disclosure of Scentre Group's Performance Rights are in the Scentre Group's Annual Financial Report.

	Number of rights 31 Dec 2015	Number of rights 31 Dec 14
Vesting profile – Performance Rights – STI and LTI (Issued to employees of related entities)		
2015	**–**	3,970,210
2016	**4,990,047**	5,419,404
2017	**4,267,245**	1,063,720
2018	**2,012,858**	1,105,568
	11,270,150	11,558,902

(b) Executive Deferred Award Plan (Trust Plan) – Cash settled

	31 Dec 15 No. of award securities	31 Dec 14 No. of award securities
Movement in award securities		
Balance at the beginning of the year	**1,356,801**	1,556,792
Awards issued during the year	**–**	625,788
Distribution reinvested as awards during the year	**–**	94,988
Distribution reinvested as part of the capital return	**–**	168,062
Reduction of awards pursuant to the Restructure and Merger	**–**	(171,958)
Awards exercised during the year	**(232,286)**	(772,391)
Awards forfeited during the year	**–**	(144,480)
Balance at the end of the year	**1,124,515**	1,356,801

Vesting profile	**31 Dec 15 Cumulative value granted $'000**	**31 Dec 15 No. of award securities**	31 Dec 14 Cumulative value granted $'000	31 Dec 14 No. of award securities
2015	**–**	**–**	460	232,286
2016	**2,620**	**1,124,515**	2,620	1,124,515
	2,620	**1,124,515**	3,080	1,356,801

As a result of the Restructure and Merger, the Trust continues to be liable for awards that were issued to its former employees until the date of its vesting.

NOTE 16 EARNINGS PER UNIT

(a) Summary of earnings per unit

	31 Dec 15 cents	31 Dec 14 cents
Basic earnings per unit	**0.07**	0.13
Diluted earnings per unit	**0.07**	0.13

The following reflects the income and unit data used in the calculations of basic and diluted earnings per unit:

	$'000	$'000
Earnings used in calculating basic earnings per unit	**3,652**	6,838
Adjustments to earnings relating to options which are considered dilutive	**–**	–
Earnings used in calculating diluted earnings per unit	**3,652**	6,838

	No. of units	No. of units
Weighted average number of units used in calculating basic earnings per unit	**5,324,296,678**	5,324,296,678
Units which are dilutive	**–**	–
Adjusted weighted average number of ordinary units used in calculating diluted earnings per unit	**5,324,296,678**	5,324,296,678

(b) Conversions, calls, subscription or issues after 31 December 2015

There have been no conversions to, calls of, subscriptions for, or issuance of new or potential ordinary units since the reporting date and before the completion of this report.

	31 Dec 15 $'000	31 Dec 14 $'000

NOTE 17 DISTRIBUTIONS

	31 Dec 15 $'000	31 Dec 14 $'000
(a) Final distribution paid		
Distribution in respect of the six months to 31 December 2015	–	–
Distribution in respect of the six months to 31 December 2014		
Scentre Group Trust 3: nil cents per unit	–	–
	–	–
(b) Distributions paid during the year		
Distribution in respect of six month period to 30 June 2015	–	–
Scentre Group Trust 3: nil cents per unit		
Distribution in respect of the 6 months to 31 December 2014	–	–
Scentre Group Trust 3: nil cents per unit		
Distribution in respect of the 6 months to 30 June 2014	–	–
Scentre Group Trust 3: nil cents per unit		
Distribution in respect of the 6 months to 31 December 2013	–	8,640
Scentre Group Trust 3: 0.29 cents per unit, 100% franked		
	–	8,640

NOTE 18 CONTINGENT LIABILITIES

	31 Dec 15 $'000	31 Dec 14 $'000
Performance guarantees	**1,510**	–
Guaranteed borrowings of associates of Scentre Group Trust 3	**10,312,676**	10,515,959
	10,314,186	10,515,959

SGT3's obligation in respect of performance guarantees may be called on at any time dependent upon the performance or non performance of certain third parties.

From time to time, in the normal course of business, SGT3 is involved in lawsuits. The Directors believe that the ultimate outcome of such pending litigation will not materially affect the results of operations or the financial position of SGT3.

NOTE 19 SEGMENT REPORTING

SGT3 operates in one operating segment predominantly in Australasia. SGT3 earns property advertising and promotional income and financing of the New Zealand equity accounted associate of SGT2.

NOTE 20 CAPITAL RISK MANAGEMENT

The Trust seeks to manage its capital requirements to maximise value to members through the mix of debt and equity funding, while ensuring that Trust entities:

- comply with capital and distribution requirements of their constitutions and/or trust deeds;
- comply with capital requirements of relevant regulatory authorities;
- maintain strong investment grade credit ratings; and
- continue to operate as going concerns.

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

- sufficient funds and financing facilities, on a cost effective basis are available to implement the Trust's property development and business acquisition strategies;
- financing facilities for unforeseen contingencies are maintained; and
- distributions to security holders are maintained within the stated distribution policy.

The Trust is able to alter its capital mix by issuing new units and hybrid securities, establishing a distribution reinvestment plan and electing to have the distribution reinvestment underwritten, adjusting the amount of distributions paid to members and activating a security buy-back program.

The Trust also protects its equity in assets by taking out insurance.

NOTE 21 FINANCIAL RISK MANAGEMENT

The Trust's principal financial instruments comprise cash, receivables, payables and interest bearing liabilities.

The Trust manages its exposure to key financial risks in accordance with the Scentre Group's treasury risk management policies. These policies have been established to manage the key financial risks such as interest rate, foreign exchange, counterparty credit and liquidity.

Scentre Group's treasury risk management policies are established to identify and analyse the risks faced by the Trust, to set appropriate risk limits and controls to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Trust's activities. Scentre Group, through its training and procedures, has developed a disciplined and constructive control environment in which relevant treasury and finance personnel understand their roles and obligations in respect of the Trust's treasury management objectives.

Scentre Group has an established Board approved risk management framework including policies, procedures, limits and allowed types of derivative financial instruments. The Board has appointed a Audit and Risk Committee comprising three independent Directors. The Audit and Risk Committee reviews and oversees Management's compliance with these policies, procedures and limits. The Audit and Risk Committee is assisted in its oversight role by Scentre Group's Executive Committee.

Scentre Group uses different methods to measure and manage different types of risks to which the Trust is exposed. These include monitoring levels of exposure to interest rates, foreign exchange, liquidity and credit risk. The Trust enters into derivative financial instruments, principally interest rate swaps, interest rate options, cross currency swaps, forward exchange contracts and currency options. The purpose of these transactions is to manage the interest rate and currency risks arising from the Trust's operations, cash flows, interest bearing liabilities and its net investments in foreign operations. Scentre Group seeks to deal only with creditworthy counterparties and these assessments are regularly reviewed. Liquidity risk is monitored through the use of future rolling cash flow forecasts.

NOTE 22 INTEREST RATE RISK MANAGEMENT

The Trust is exposed to interest rate risk on its borrowings and derivative financial instruments. Where applicable, this risk is managed by the Trust by maintaining an appropriate mix between fixed and floating rate interest bearing liabilities. Fixed rate debt is achieved either through fixed rate debt funding or through the use of derivative financial instruments approved by the Board. These activities are evaluated regularly to determine that SGT3 is not exposed to interest rate movements that could adversely impact its ability to meet its financial obligations and to comply with its borrowing covenants.

Summary of interest rate positions at balance date

SGT3 has interest rate risk on borrowings which are typically floating rate debt or notional borrowings entered into under currency derivatives. The exposures at reporting date together with the interest rate risk management transactions are as follows:

Interest payable and receivable exposures

	Note	**31 Dec 15 $'000**	31 Dec 14 $'000
Principal amounts of all interest bearing liabilities:			
Non current interest bearing liabilities	11	**497,797**	1,055,672
Principal amounts subject to interest rate payable exposure		**497,797**	1,055,672
Less:			
Principal amounts of all interest bearing assets:			
Non current interest bearing loans receivable	8	**496,552**	1,053,177
Cash and cash equivalents	7(a)	**567**	1,263
Principal amounts subject to interest rate receivable exposure		**497,119**	1,054,440
Principal amounts of net interest bearing liabilities subject to interest rate payable exposure		**678**	1,232

At 31 December 2015, SGT3 has not hedged its net interest bearing exposure, which is exposed to floating rates on a principal payable of $0.7 million (31 December 2014: $1.2 million) at an average interest rate of 3.6% (31 December 2014: 5.0%) per annum, including margin.

Interest rate sensitivity		**31 Dec 15 $'000**	31 Dec 14 $'000
The sensitivity of interest expense to changes in floating interest rates is as follows:	Interest rate movement	(Increase)/decrease in interest expense	
	-2.0%	**14**	25
	-1.0%	**7**	12
	-0.5%	**4**	6
	0.5%	**(4)**	(6)
	1.0%	**(7)**	(12)
	2.0%	**(14)**	(25)

NOTE 23 EXCHANGE RATE RISK MANAGEMENT

SGT3 is exposed to exchange rate risk on its foreign currency earnings and its foreign currency denominated assets. The Trust manages these exposures by entering into foreign currency derivative instruments and by borrowing in foreign currencies.

Summary of foreign exchange balance sheet positions at balance date

SGT3's foreign exchange exposures at reporting date together with the foreign exchange risk management transactions which have been entered into to manage these exposures are as follows:

	31 Dec 15 NZ$'000	31 Dec 14 NZ$'000
Foreign currency net investments		
NZ$ net assets	**532,371**	1,105,982
NZ$ borrowings	**(530,900)**	(1,105,500)
NZ$ denominated net assets	**1,471**	482

The Trust's foreign currency net assets are subject to exchange rate risk. Gains and losses arising from translation of the Trust's foreign currency denominated net assets, and, where applicable, associated hedging instruments, where the Trust has satisfied the accounting requirements to qualify for hedge accounting treatment, are reflected in the foreign currency translation reserve.

Where the Trust does not satisfy the hedge accounting requirements, the changes in fair value are reflected in the income statement as either foreign exchange gains or losses as appropriate.

Foreign currency sensitivity		31 Dec 15 $'000	31 Dec 14 $'000
The sensitivity of NZ$ denominated net assets to changes in the year end A$/NZ$ 1.0665 exchange rate (31 December 2014: 1.0472) is as follows:	A$/NZ$ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 10 cents	**143**	49
	- 5 cents	**68**	23
	+ 5 cents	**(62)**	(21)
	+ 10 cents	**(118)**	(40)

NOTE 24 CREDIT AND LIQUIDITY RISK MANAGEMENT

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to SGT3. The contractual obligations will generally be related to a counterparty who has:

- issued, accepted or endorsed a security in which SGT3 has invested; or
- entered into a hedging transaction with SGT3 related to the management of interest rate and/or foreign exchange exposures.

In respect to financial instruments and derivatives, credit limits have been established to ensure that SGT3 deals only with approved counterparties and that counterparty concentration risk is addressed and the risk of loss is mitigated. Counterparty exposure is measured as the aggregate of all obligations of any single legal entity or economic entity to SGT3, after allowing for appropriate set offs which are legally enforceable. A maximum credit limit is allocated to each counterparty based on its credit rating. The counterparty credit risk associated with investment instruments is assessed based on their outstanding face value.

At 31 December 2015, the aggregate credit risk in respect of cash and cash equivalents is $0.6 million (31 December 2014: $1.3 million).

At 31 December 2015, the aggregate credit risk in respect of loan receivables is $496.6 million (31 December 2014: $1,053.2 million), which was with related entities within Scentre Group.

At 31 December 2015, SGT3 did not hold any derivative financial instruments.

SGT3 undertakes active liquidity and funding risk management to enable it to have sufficient funds available to meet its financial obligations as and when they fall due, to pay unit holder distributions, and to meet its working capital and expected committed capital expenditure requirements. SGT3 prepares and monitors rolling forecasts of liquidity requirements on the basis of expected cash flow.

Interest bearing liabilities and funding facilities and their maturity profiles, are set out in Note 11.

	31 Dec 15 $'000	31 Dec 14 $'000

NOTE 25 INTEREST BEARING LIABILITIES, INTEREST AND DERIVATIVE CASH FLOW MATURITY PROFILE

Interest bearing liabilities and interest

Maturity profile of the principal amounts of current and non current interest bearing liabilities (refer to Note 11) together with the aggregate future estimated nominal interest thereon is set out below:

	31 Dec 15 $'000	31 Dec 14 $'000
Due within one year	**(19,548)**	(52,500)
Due between one and five years	**(530,292)**	(1,170,871)
Due after five years	**–**	–
	(549,840)	(1,223,371)
Comprising:		
– principal amounts of current and non current interest bearing liabilities	**(497,797)**	(1,055,672)
– aggregate future estimated nominal interest	**(52,043)**	(167,699)
	(549,840)	(1,223,371)

Contingent liabilities are set out in Note 18 and are not included in the amounts shown above.

NOTE 26 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Set out below is a comparison by category of carrying amounts and fair values of all SGT3's financial instruments.

		Fair value		**Carrying amount**	
	Fair value Hierarchy	**31 Dec 15 $'000**	31 Dec 14 $'000	**31 Dec 15 $'000**	31 Dec 14 $'000
Consolidated assets					
Cash		**567**	1,263	**567**	1,263
Receivables					
– Interest bearing loans receivable [ii]	Level 2	**496,552**	1,053,177	**496,552**	1,053,177
– Other receivable [i]		**36,983**	34,889	**36,983**	34,889
Consolidated liabilities					
Payables and other creditors [i]		**15,630**	15,239	**15,630**	15,239
Interest bearing liabilities [ii]					
– Floating rate debt	Level 2	**497,797**	1,055,672	**497,797**	1,055,672

[i] These financial assets and liabilities are not subject to interest rate risk and the fair value approximates carrying amount.

[ii] These financial assets and liabilities are subject to interest rate and market risks, the basis of determining the fair value is set out in the fair value hierarchy below.

Determination of fair value

SGT3 uses the following hierarchy for determining and disclosing the fair value of a financial instrument. The valuation techniques comprise:

- Level 1: the fair value is calculated using quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: the fair value is estimated using inputs other than quoted prices that are observable, either directly (as prices) or indirectly (derived from prices); and
- Level 3: the fair value is estimated using inputs that are not based on observable market data.

In assessing the fair value of the SGT3's financial instruments, consideration is given to the available market data and if the market for a financial instrument changes then the valuation technique applied will change accordingly.

During the year, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

NOTE 27 PARENT ENTITY

The Parent Entity financial information is presented in accordance with the amendments to the Corporations Regulations 2001 and the Corporations Amendment Regulations 2010 (No. 6). Summary data of the Parent Entity is disclosed as follows:

	31 Dec 15 $'000	31 Dec 14 $'000
(a) Assets		
Current assets	**19,161**	18,567
Non current assets	**1,648**	1,529
Total assets	**20,809**	20,096
(b) Liabilities		
Current liabilities	**24**	1,911
Total liabilities	**24**	1,911
(c) Total equity		
Contributed equity	**11,461**	11,461
Retained profits	**9,324**	6,724
Total equity	**20,785**	18,185
(d) Comprehensive income		
Profit after tax for the period	**2,600**	6,440
Total comprehensive income for the period	**2,600**	6,440
(e) Contingent liabilities		
Guaranteed borrowings of associates of the responsible entity	**10,312,676**	10,515,959
Guaranteed borrowings of subsidiaries	**497,797**	1,055,672
Total contingent liabilities	**10,810,473**	11,571,631

NOTE 28 AUDITOR'S REMUNERATION

	31 Dec 15 $'000	31 Dec 14 $'000
Amounts received or due and receivable by the auditors of the Parent Entity and any other entity in SGT3 for:		
– Audit or review of the financial reports	**13**	18
– Other non audit related services	**–**	–
	13	18
Amounts received or due and receivable by affiliates of the auditors of the Parent Entity for:		
– Audit or review of the financial reports	**–**	–
	–	–
	13	18

NOTE 29 RELATED PARTY DISCLOSURES

Information required to be disclosed concerning relationships, transactions and balances with related parties of SGT3 is set out in this Note unless disclosed elsewhere in the financial report.

Following the Restructure and Merger, SGT3 forms part of the Scentre Group and the related party disclosures for Scentre Group have the same applicability to it. As such, while the related party disclosures below make reference to the Scentre Group, they also relate to SGT3.

Nature of relationship with related parties

Key management personnel of the entity

Refer to Note 30 for details of key management personnel.

Other related parties

Prior to the Restructure and Merger implemented on 30 June 2014, Westfield Corporation was a related party of Scentre Group as it formed part of the former Westfield Group (now the restructured Scentre Group) during the 2014 financial year. Westfield Corporation is not a related party of Scentre Group for the 2015 financial year.

Prior to the Restructure and Merger implemented on 30 June 2014, Westfield Retail Trust (WRT) was considered to be a related party of the former Westfield Group (now the restructured Scentre Group). From 30 June 2014, WRT is part of Scentre Group.

LFG Services Pty Limited (LFG), its related entities and other entities controlled by members of the Lowy family are considered to be related parties of Scentre Group. This is due to LFG being under the control or significant influence of certain Directors of Scentre Group, being Mr Frank Lowy, Mr Steven Lowy and Mr Peter Lowy.

The Lowy Institute for International Policy (The Lowy Institute) is considered to be a related party of Scentre Group. This is due to the entity being under the control or significant influence of certain Directors of Scentre Group, being Mr Frank Lowy, Mr Steven Lowy and Mr Peter Lowy.

SGL, SGT1 and SGT2 are considered to be related parties of the Trust, as their securities are stapled to the securities of SGT3 to form Scentre Group.

Transactions and their terms and conditions with related parties

Transactions with Key Management Personnel of the entity

Details of Key Management Personnel are disclosed in Note 30.

Transactions with Other Related Parties

Scentre Group has established protocols governing transactions with other related parties which are monitored and reviewed by the Audit and Risk Committee.

(a) Current arrangements with LFG and the Lowy Institute

In 2012, Scentre Group has entered into a leasing agreement with LFG to provide office space at Westfield Sydney. Scentre Group charged LFG $1,851,408 (six months to 31 December 2014: $929,884) for lease of office space at Westfield Sydney on commercial arm's length terms.

During the financial year, Scentre Group provided development services to LFG and the Lowy Institute totalling $536,388 (six months to 31 December 2014: nil). The amount charged was on commercial arm's length terms.

There were no amounts payable to or receivable from LFG and the Lowy Institute at 31 December 2015.

No provision for doubtful debts has been recognised or bad debts incurred with respect to amounts payable or receivable from LFG and the Lowy Institute for the year ended 31 December 2015.

(b) Former arrangements prior to the Restructure and Merger with LFG and the Lowy Institute (which ceased from 30 June 2014)

There were no former arrangements prior to the Restructure and Merger with LFG and the Lowy Institute.

(c) Scentre Group Limited, Scentre Group Trust 1 and Scentre Group Trust 2

Corporate Services Agreement–Scentre Group

The corporate services costs included in corporate costs in the income statement for the year ended 31 December 2015 were $284,350 (31 December 2014: $627,200). The amount payable as at 31 December 2015 relating to corporate service costs was nil (31 December 2014: nil).

Transactions with Scentre Group Trust 2 and related entities

During the year, SGT3 did not incur any costs to charge SGT2 and related entities for the recovery of corporate costs (31 December 2014: $11,159,927).

In 2012, a controlled entity of SGT3 provided a NZ$705,000,000 loan to the St Lukes Group, which is an equity accounted entity of both SGT1 and SGT2. Interest on this loan is calculated on a floating rate basis. As at 31 December 2015, the balance of this loan receivable was NZ$264,892,269 (A$248,375,311) (31 December 2014: NZ$551,300,000 (A$526,451,490)), with accrued interest receivable of $2,470,259 (31 December 2014: $1,838,109). The interest income for the year in respect of this loan was $13,225,805 (31 December 2014: $25,550,156).

During the year, a controlled entity of SGT3 provided a NZ$ interest bearing loan to a SGT1 entity. Interest on this loan is calculated on a floating rate basis . As at 31 December 2015, the balance of this loan receivable was NZ$264,680,520 (A$248,176,765) (31 December 2014: NZ$551,588,251 (A$526,726,748)), with accrued interest receivable of $2,469,645 (31 December 2014: $1,061,451). The interest income for the year in respect of this loan was $13,211,059 (31 December 2014: $13,267,749).

As at 31 December 2015, there is a non interest bearing loan receivable of $31,592,000 (31 December 2014: $22,160,543) owing from SGT2 and recorded as a current receivable.

Other

Net property related advertising and promotional income collected by Scentre Group for SGT3 for the year ended 31 December 2015 was $4,201,544 (31 December 2014: $10,511,803). The amount payable for net property related advertising and promotional income as at 31 December 2015 were $3,313,000 (31 December 2014: receivable of $7,793,779).

Directors' fees paid by Scentre Group for SGT3 for the year ended 31 December 2015 were $24,768 (31 December 2014: $27,114). The amount payable as at 31 December 2015 to Scentre Group for Directors' fees was nil (31 December 2014: nil).

Rental expense paid to Scentre Group for the year ended 31 December 2015 amounted to nil (31 December 2014: $174,389). Amount payable as at 31 December 2015 was nil (31 December 2014: nil).

(d) Westfield Corporation

Arrangements with Westfield Corporation

Following the Restructure and Merger on 30 June 2014, Scentre Group has the following ongoing contractual arrangements with

Westfield Corporation:

– Scentre Group has an exclusive, royalty free licence to use the Westfield brand for its existing shopping centres and any future shopping centres in Australia and New Zealand meeting certain agreed characteristics;
– Scentre Group has access to the digital innovation activities of Westfield Labs; and
– Scentre Group provides transitional services to Westfield Corporation while both entities develop standalone resources and support services.

Comparative period transactions with Westfield Corporation

The transactions with Westfield Corporation for the six months to 31 December 2014, were as follows:

Access to the digital innovation activities of Westfield Labs (LABS)

For the six months to 31 December 2014, Westfield Corporation charged Scentre Group $5.5 million for access to LABS' digital services.

Provision of transitional services

For the six months to 31 December 2014, Scentre Group charged Westfield Corporation $6.2 million for transitional services.

For the six months to 31 December 2014, Westfield Corporation charged Scentre Group $0.3 million for the provision of corporate services.

NOTE 29 RELATED PARTY DISCLOSURES (CONTINUED)

(d) Westfield Corporation (continued)

Other

For the six months to 31 December 2014, Scentre Group charged Westfield Corporation $0.7 million for lease of office space at its Westfield Sydney premises.

As at 31 December 2014, amounts payable and receivable by Scentre Group to Westfield Corporation amounted to $5.5 million and $0.6 million, respectively.

(e) Westfield Group and SGT2 (formerly the stapled Westfield Retail Trust with SGT3)

Prior to the Restructure and Merger implemented on 30 June 2014, the primary arrangements between the former Westfield Group (now the restructured Scentre Group) and WRT are summarised as follows:

- the Westfield Group and WRT directly and indirectly co-owned the properties including properties where there were existing third party joint venture partners;
- the Westfield Group acted as the property manager;
- - the Westfield Group acted in most cases as the property developer;
- the Westfield Group and WRT were required to co-operate to source new investment opportunities in Australia and New Zealand;
- the Westfield Group owned the WRT responsible entities and WRT had access to the Westfield brand; and
- the Westfield Group provided corporate services to WRT.

Comparative period transactions with Westfield Group

The transactions with WRT for the six months to 30 June 2014, were as follows:

Property management fee

For the six months to 30 June 2014, Westfield Group charged WRT property management fees of $26.9 million.

Tenancy coordination fee

For the six months to 30 June 2014, Westfield Group charged WRT tenancy coordination fees of $2.3 million.

Reimbursement of expenses

For the six months to 30 June 2014, Westfield Group charged WRT $10.1 million for the reimbursement of shopping centre indirect overheads expenses. In addition, Westfield Group also recharged WRT for direct expenses of shopping centre employees (salaries, wages and all on-costs).

Corporate services agreement

For the six months to 30 June 2014, Westfield Group charged WRT corporate service fees of $10.0 million.

Development framework agreements

For the six months to 30 June 2014, Westfield Group charged WRT property development progress billings and fees of $97.1 million.

Westfield Sydney redevelopment arrangements

The Westfield Sydney income guarantee fee for the period from April 2013 to March 2014, paid during the six months to 30 June 2014 to WRT by Westfield Group under the income guarantee arrangements amounted to $3.4 million.

Other

For the six months to 30 June 2014, Westfield Group charged WRT $0.1 million for the lease of office space.

For the six months to 30 June 2014, Westfield Group paid WRT $3.2 million for the lease of office space.

Net property related advertising and promotional income collected by Westfield Group on behalf of WRT for the six months ended 30 June 2014 amounted to $3.7 million.

As a result of the Restructure and Merger on 30 June 2014, no payable or receivable balances were recorded with WRT on Scentre Group's balance sheet as at 31 December 2015 and 2014.

NOTE 30 REMUNERATION, OPTIONS, RIGHTS AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

(a) Key Management Personnel

Following the Restructure and Merger on 30 June 2014, the Trust forms part of Scentre Group. The disclosures under Scentre Group's remuneration policies and practices apply to the Trust.

The Responsible Entity does not have any employees. Key Management Personnel of the Trust are paid by related entities within Scentre Group.

As at 31 December 2015, the Board comprises the following Directors:

Frank Lowy AC	Chairman/ Non-Executive Director
Brian Schwartz AM	Deputy Chairman/ Non-Executive Director
Peter Allen	Chief Executive Director/ Executive Director
Richard Egerton-Warburton AO LVO	Non-Executive Director
Andrew Harmos	Non-Executive Director
Michael Ihlein	Non-Executive Director
Aliza Knox	Executive Director (appointed 7 May 2015)
Steven Lowy AM	Non-Executive Director

The following directors retired from the Board effective 7 May 2015:

Laurence Brindle	Non-Executive Director
Sandra McPhee AM	Non-Executive Director

In October 2015, Scentre Group announced Mr Frank Lowy would retire as Chairman of Scentre Group, at the Annual General Meeting in May 2016. Mr Lowy will be succeeded by Mr Brian Schwartz, with effect on and from the date of Mr Lowy's retirement.

On 22 February 2016, Scentre Group announced the appointments of Ms Carolyn Kay and Ms Margaret Seale to the Board, with the appointments effective on and from 24 February 2016.

On 14 March 2016, the Group announced that Mr Richard Egerton-Warburton will not seek re-election as a Director at the upcoming Annual General Meeting. Accordingly, Mr Warburton will retire at the conclusion of that meeting.

In addition to the Directors noted above, during the year the following Key Management Personnel were responsible for the strategic direction and management of the Trust

Mark Bloom	Chief Financial Officer
Greg Miles	Chief Financial Officer, Scentre Group (effective from 1 November 2015)
John Widdup	Chief Operating Officer Development, Design and Construction, Scentre Group (Mr Widdup retired from Scentre Group on 31 January 2015.)

(b) Remuneration of Key Management Personnel

The Directors of the Responsible Entity receive remuneration in their capacity as Directors of the Responsible Entity.

Following the Restructure and Merger on 30 June 2014, these amounts are paid directly by SGL, the Parent Entity of Scentre Group, of which the Responsible Entity is part. Other Key Management Personnel are paid by Scentre Limited, a wholly owned subsidiary of SGL.

The Manager's service charge payable by the Trust to the Responsible Entity covers all costs in relation to the management of the Trust. The remuneration of the Key Management Personnel is not set by the Trust nor is it able to be influenced by the Trust. The remuneration of the Key Management Personnel is approved by the Board on the recommendation of the Human Resources Committee.

NOTE 30 REMUNERATION, OPTIONS, RIGHTS AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

(c) Remuneration of Key Management Personnel prior to the Restructure and Merger

The amounts below represent the total remuneration amounts for Key Management Personnel of the Trust for the 6 months to 30 June 2014. Following the Restructure and Merger, Key Management Personnel of the Trust are paid by related entities within Scentre Group.

The aggregate remuneration of Key Management Personnel up until the Restructure and Merger on 30 June 2014 was:

	Short term benefits			Post Employment	Termination Benefits	Other long term employee benefits	Share based	TOTAL
Key Management Personnel	Cash salary, fees and short term compensated absences $	Short term cash profit sharing and other bonuses $	Other short term employee benefits[(i)] $	Other post employment benefits $	Termination Benefits $	Long term incentive plans[(ii)] $	Amortisation of cash and equity settled share based payments[(iii)] $	$
30 June 2014	1,684,250	2,310,000	–	–	2,406,667	123,702	5,709,571	12,234,190

(i) Other short term employee benefits represent amounts accrued with respect to annual leave and long service leave entitlements unless stated otherwise.
(ii) Long term incentive plans represent amounts expensed to the income statement relating to the Westfield Group Securities.
(iii) Cash settled share based payments represent amounts amortised relating to the Trust Plan.

(d) Other transactions and balances with Key Management Personnel

For the 6 months to 30 June 2014, transactions occurred between the Trust and Key Management Personnel which were within normal employee, customer or supplier relationships on terms and conditions no more favourable than those available to other employees, customers or suppliers, being the performance of contracts of employment; the reimbursement of expenses; and the payment of distributions by the Trust in respect of units held in the Trust.

NOTE 31 DETAILS OF MATERIAL AND SIGNIFICANT ENTITIES

	31 Dec 15 – Interest Beneficial[(i)]		31 Dec 14 – Interest Beneficial[(i)]	
Name of entity	Parent Entity %	Scentre Group Trust 3 Group %	Parent entity %	Scentre Group Trust 3 Group %
ENTITIES ESTABLISHED/INCORPORATED IN AUSTRALIA				
Parent entity				
Scentre Group Trust 3	100.0	100.0	100.0	100.0
Consolidated Controlled Entities				
RE Holding Company Pty Limited	100.0	100.0	100.0	100.0
ENTITIES ESTABLISHED/INCORPORATED IN New Zealand				
Consolidated Controlled Entities				
RE (NZ) Finance Limited	100.0	100.0	100.0	100.0
RE (NZ) Finance No.2 Limited	100.0	100.0	100.0	100.0

(i) Beneficial interest in underlying controlled entities reflects the Parent Entity being SGT3, and SGT3's ownership interest as determined under International Financial Reporting Standards (IFRS).

Directors' Declaration

The Directors of RE2 Limited, the responsible entity of Scentre Group Trust 3 (**SGT3**), declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that SGT3 will be able to pay its debts as and when they become due and payable;

(b) in the Directors' opinion, the Financial Statements and notes thereto are in accordance with the Corporations Act 2001, including:

(i) complying with accounting standards and regulations in accordance with section 296 of the Corporations Act 2001;

(ii) giving a true and fair view of the financial position as at 31 December 2015 and the performance of the consolidated entity for the year ended on that date in accordance with section 297 of the Corporations Act 2001;

(iii) the International Financial Reporting Standards issued by the International Accounting Standards Board; and

(c) they have been provided with the declarations required by section 295A of the Corporations Act 2001 (Cwlth).

Made on 24 March 2016 in accordance with a resolution of the Board of Directors.

Frank Lowy AC
Chairman

Michael Ihlein
Director

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Independent Auditor's Report to the members of Scentre Group Trust 3

Report on the financial report

We have audited the accompanying financial report of Scentre Group Trust 3 (the Trust), which comprises the consolidated balance sheet as at 31 December 2015, the consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the 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 RE2 Limited, the Responsible Entity of the Trust, 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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 judgment, 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 controls relevant to the entity's preparation and fair presentation of the financial 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 controls. 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.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of RE2 Limited a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

a. the financial report of Scentre Group Trust 3 is in accordance with the *Corporations Act 2001,* including:
   i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Ernst & Young

Graham Ezzy
Partner

Sydney, 24 March 2016

The Directors of RE2 Limited (**Responsible Entity**), the responsible entity of Scentre Group Trust 3 (**SGT3**) submit the following report for the year ended 31 December 2015 (**Financial Year**).

The Trust is part of Scentre Group which is a stapled entity. Scentre Group operates as a single coordinated economic entity, with a common Board of Directors and management team.

In this report, SGT3 and its controlled entities are referred to as the Trust.

1. OPERATIONS AND ACTIVITIES

1.1 Review of Operations and Results of Operations

SGT3 reported a net profit (attributable to members of SGT3) of $3.7 million (31 December 2014:$6.8 million) or 0.07 (31 December 2014: 0.13) cents per unit. The decrease in net profit is due primarily to the new advertising contracts being negotiated in a related entity within Scentre Group, partly offset by a net gain in interest income after tax of $1.0 million (31 December 2014: $0.5 million).

As at 31 December 2015, SGT3 had net assets of $22.8 million (31 December 2014: $19.1 million) comprising total assets of $536.2 million (31 December 2014: $1,091.1 million) and total liabilities of $513.4 million (31 December 2014: $1,072.0 million).

During the Financial Year, SGT3 recalled loans from related entities of $535.5 million and used the proceeds to repay external loans of $538.8 million.

A detailed operating and financial review for the Scentre Group is contained in the Directors' Report in the Scentre Group Annual Financial Report which is available at www.scentregroup.com.

1.2 Principal Activities

The principal activities of the Trust during the Financial Year were:

- The holding of interests in long term brand alliance agreements with various third parties in respect of a number of properties. These agreements provide for the licensing of space in the relevant properties for the display of advertising in consideration for the payment of licence fees.
- Financing of the New Zealand equity accounted entities of Scentre Group Trust 2 (**SGT2**).

1.3 Subsequent Events

There are no subsequent events to report.

1.4 Future Developments

The likely developments in the Trust's operations in future financial years and the expected results of those operations are described in the Review of Operations and Results of Operations above. The strategy, key drivers and outlook of Scentre Group in future financial years are described in the Directors' Report in the Scentre Group Annual Financial Report.

1.5 Sustainability

Environmental laws and regulations in force in the various jurisdictions in which Scentre Group operates are applicable to areas of the Group's operations and in particular to its development, construction and shopping centre management activities. Scentre Group has in place procedures to identify and comply with such requirements including, where applicable, obtaining and complying with the conditions of relevant authority consents and approvals and the obtaining of any necessary licences.

These compliance procedures are regularly reviewed and audited and their application closely monitored. Westfield Group's Sustainability Reports from prior years that include Scentre Group assets can be found at http://www.scentregroup.com/about/sustainability/

Scentre Group's Sustainability Report will be published in the first half of 2016 and will be available on its website.

2. DISTRIBUTIONS

As noted above, Scentre Group was formed on 30 June 2014 by the restructure of the Westfield Group and the merger of Westfield Group's Australian and New Zealand business operations with Westfield Retail Trust (**Restructure and Merger**). The distributions for the six month periods to 31 December 2013 ($8.6 million) and 30 June 2014 ($Nil) relate to periods when the Trust formed part of Westfield Retail Trust (**WRT**).

For the 6 months ended 31 December 2014, no distribution was made for the relevant period.

For the 12 months ended 31 December 2015, no distribution was made for the relevant period.

3. DIRECTORS

The current Board of Directors of the Responsible Entity is set out below.

Frank Lowy AC	Chairman/ Non-Executive Director
Brian Schwartz AM	Deputy Chairman/ Non-Executive Director
Peter Allen	Chief Executive Officer/ Executive Director
Richard Egerton-Warburton AO LVO	Non-Executive Director
Andrew Harmos	Non-Executive Director
Michael Ihlein	Non-Executive Director
Carolyn Kay	Non-Executive Director (appointed 24 February 2016)
Aliza Knox	Non-Executive Director (appointed 7 May 2015)
Steven Lowy AM	Non-Executive Director
Margaret Seale	Non-Executive Director (appointed 24 February 2016)

Biographies of the current Board can be found in the 2015 Scentre Group Annual Financial Report and Corporate website.

The following Directors retired from the Board effective 7 May 2015:

Laurence Brindle	Non-Executive Director
Sandra McPhee AM	Non-Executive Director

In October 2015, Scentre Group announced Mr Frank Lowy would retire as Chairman of Scentre Group, at the Annual General Meeting in May 2016. Mr Lowy will be succeeded by Mr Brian Schwartz, with effect on and from the date of Mr Lowy's retirement.

On 14 March 2016, the Group announced that Mr Richard Egerton-Warburton will not seek re-election as a Director at the upcoming Annual General Meeting. Accordingly, Mr Warburton will retire at the conclusion of that meeting.

The names of the Directors in office and the relevant interests of each Director in ordinary stapled securities in Scentre Group as at the date of this report are shown below. Ordinary units in the Trust are stapled to shares in SGL and units in SGT1 and SGT2. The stapled securities trade on the ASX under the code SCG.

Director	Number of Stapled Securities
Frank Lowy Steven Lowy	216,467,389
Brian Schwartz	48,781
Peter Allen	2,136,258
Richard Egerton-Warburton AO LVO	73,445
Andrew Harmos	39,012
Michael Ihlein	33,048
Carolyn Kay	5,500
Aliza Knox	Nil
Margaret Seale	11,175

Mr Laurence Brindle and Ms Sandra McPhee retired from the Board on 7 May 2015. On the date of retirement, Ms McPhee had a relevant interest in 33,382 stapled securities in Scentre Group. Mr Brindle had nil shareholdings in Scentre Group.

None of the Directors hold options over any issued or unissued Scentre Group stapled securities. No options over any issued or unissued units in any Scentre Group Trust or stapled securities in Scentre Group have been issued to the Directors. None of the Directors hold debentures of Scentre Group.

None of the Non-Executive Directors are party to or entitled to a benefit under a contract which confers a right to call for, or be delivered, interests or securities in Scentre Group.

Details of the equity-linked incentives held by the Chief Executive Officer are set out in the Remuneration Report in the Scentre Group 2015 Annual Financial Report.

4. DIRECTORS' DIRECTORSHIPS OF OTHER LISTED COMPANIES

The following table sets out the directorships of other Australian listed companies held by the Responsible Entity's Directors during the 3 years preceding the end of the Financial Year and up to the date of this report, and the time for which each directorship has been held:

Director	Company	Date appointed	Date resigned
Frank Lowy	Scentre Management Limited*	16 January 1979	Continuing
	RE1 Limited**	30 June 2014	Continuing
	RE2 Limited***	30 June 2014	Continuing
	Westfield America Management Limited^	20 February 1996	Continuing
	Westfield Corporation Limited^^	8 April 2014	Continuing
Brian Schwartz	Scentre Management Limited*	6 May 2009	Continuing
	RE1 Limited**	30 June 2014	Continuing
	RE2 Limited***	30 June 2014	Continuing
	Insurance Australia Group	1 January 2005	Continuing^^^
	Brambles Limited	13 March 2009	30 June 2014
	Westfield America Management Limited^	6 May 2009	Continuing
	Westfield Corporation Limited^^	8 April 2014	Continuing
Peter Allen	Scentre Management Limited*	25 May 2011	Continuing
	RE1 Limited**	12 August 2010	Continuing
	RE2 Limited***	12 August 2010	Continuing
	Westfield America Management Limited^	25 May 2011	30 June 2014
Richard Egerton-Warburton	Scentre Management Limited*	30 June 2014	Continuing
	RE1 Limited**	21 December 2010	Continuing
	RE2 Limited***	21 December 2010	Continuing
	Magellan Flagship Fund Limited	19 October 2006	Continuing
Andrew Harmos	Scentre Management Limited*	30 June 2014	Continuing
	RE1 Limited**	21 December 2010	Continuing
	RE2 Limited***	21 December 2010	Continuing
Michael Ihlein	Scentre Management Limited*	30 June 2014	Continuing
	RE1 Limited**	21 December 2010	Continuing
	RE2 Limited***	21 December 2010	Continuing
	CSR Limited	7 July 2011	Continuing
Carolyn Kay	Scentre Management Limited*	24 February 2016	Continuing
	RE1 Limited**	24 February 2016	Continuing
	RE2 Limited***	24 February 2016	Continuing
	Brambles Limited	21 August 2006	Continuing
Aliza Knox	Scentre Management Limited*	7 May 2015	Continuing
	RE1 Limited**	7 May 2015	Continuing
	RE2 Limited***	7 May 2015	Continuing
	InvoCare Limited	4 October 2011	31 August 2015
Steven Lowy	Scentre Management Limited*	28 June 1989	Continuing
	RE1 Limited**	12 August 2010	Continuing
	RE2 Limited***	12 August 2010	Continuing
	Westfield America Management Limited^	20 February 1996	Continuing
	Westfield Corporation Limited^^	28 November 2013	Continuing
Margaret Seale	Scentre Management Limited*	24 February 2016	Continuing
	RE1 Limited**	24 February 2016	Continuing
	RE2 Limited***	24 February 2016	Continuing
	Ramsay Health Care Limited	28 April 2015	Continuing
	Bank of Queensland	21 January 2014	Continuing
	Telstra Corporation Limited	7 May 2012	Continuing

Notes:

* Scentre Management Limited as responsible entity for (a) Scentre Group Trust 1, a managed investment scheme, the units of which are stapled to units in Scentre Group Trust 2 and Scentre Group Trust 3 and shares in SGL, and which trade on the ASX as Scentre Group; and (b) Carindale Property Trust, a listed managed investment scheme.

** RE1 Limited, as responsible entity for Scentre Group Trust 2, a managed investment scheme, the units of which are stapled to units in Scentre Group Trust 1 and Scentre Group Trust 3 and shares in SGL, and which trade on the ASX as Scentre Group.

*** RE2 Limited, as responsible entity for Scentre Group Trust 3, a managed investment scheme, the units of which are stapled to units in Scentre Group Trust 1 and Scentre Group Trust 2 and shares in the Company, and which trade on the ASX as Scentre Group.

^ Westfield America Management Limited, as responsible entity for Westfield America Trust and WFD Trust, both managed investment schemes, the units of which are stapled to shares in Westfield Corporation Limited, and which trade on the ASX as Westfield Corporation.

^^ Westfield Corporation Limited, which shares are stapled to units in Westfield America Trust and WFD Trust, and which trade on the ASX as Westfield Corporation.

^^^ On 16 March 2016, Insurance Australia Group announced Mr Schwartz will retire as Chairman and Director from the Board, effective 31 March 2016.

5. OPTIONS AND UNISSUED INTERESTS

No options were issued by the Trust during or since the end of the Financial Year and no Director or member of the senior executive team holds options over issued or unissued Scentre Group stapled securities or unit in the Trust.

Details of the equity-linked incentives held by the executive Key Management Personnel are set out in the Scentre Group's Remuneration Report.

6. INDEMNITIES AND INSURANCE PREMIUMS

Subject to the following, no indemnity was given or insurance premium paid during or since the end of the Financial Year for a person who is or has been an officer or auditor of the Responsible Entity. So long as the Responsible Entity acts in accordance with the Constitution and the Corporations Act, it remain indemnified out of the assets of the Trust against any losses incurred while acting as the Responsible Entity.

The Responsible Entity's Constitution provides that a person who is or has been a Director or Secretary of the Responsible Entity may be indemnified by the Responsible Entity against liabilities incurred by the person in that capacity and for all legal costs incurred in defending or resisting (or otherwise in connection with) proceedings in which the person becomes involved because of that capacity. The indemnity does not apply to the extent that the Responsible Entity is forbidden by statute to indemnify the person or the indemnity would, if given, be made void by statute.

A related corporation of the Responsible Entity has paid premiums for directors' and officers' liability insurance in respect of Directors, Secretaries and Executive Officers of the Responsible Entity as permitted by the Corporations Act 2001. The terms of the insurance policy prohibit disclosure of details of the nature of the liabilities covered by, and the amounts of the premiums payable under, that insurance policy.

In addition, each Director has entered into a Deed of Indemnity and Access which provides for indemnity against liability as a Director, except to the extent of indemnity under an insurance policy or where prohibited by statute. The Deed also entitles the Director to access Responsible Entity documents and records, subject to undertakings as to confidentiality.

To the extent permitted by law, the Responsible Entity has agreed to indemnify its auditors, Ernst & Young, as part of its standard terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to Ernst & Young during or since the Financial Year.

7. SPECIAL RULES FOR REGISTERED SCHEMES

- $284,350 in fees were paid and payable to the Responsible Entity and its associates out of the assets of the Trust during the Financial Year.
- No units in the Trust were held by the Responsible Entity at the end of the Financial Year. Associates of the Responsible Entity held 219,206,870 units as at the end of the Financial Year.
- Details of units issued in the Trust during the Financial Year are set out in Note 12 on page 13.
- No withdrawals were made from the scheme during the Financial Year.
- Details of the value of the Trust's assets as at the end of the Financial Year are set out in Notes 2(c), 7, 8 and 9 to the Financial Report on pages 9, 11 and 12 respectively.
- Details of the number of units in the Trust as at the end of the Financial Year are set out in Note 12 on page 13.

8. AUDIT

8.1 Audit and Risk Committee

As at the date of this report, the Company had an Audit and Risk Committee of the Board of Directors.

8.2 Audit Independence

The Directors have obtained the following independence declaration from the auditors, Ernst & Young.

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Auditor's Independence Declaration to the Directors of RE2 Limited

As lead auditor for the audit of Scentre Group Trust 3 for the financial year ended December 31, 2015, I declare to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

Ernst & Young

Graham Ezzy
Partner

Sydney, 24 March 2016

Liability limited by a scheme approved under Professional Standards Legislation.

9. ASX LISTING

ASX reserves the right (but without limiting its absolute discretion) to remove SGL, SGT1, SGT2 and SGT3 from the official list of ASX if any of the shares or units comprising those stapled securities cease to be stapled together, or any equity securities are issued by a Scentre Group entity which are not stapled to the equivalent securities in the other entities

This Report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.

Frank Lowy AC
Chairman

24 March 2016

Michael Ihlein
Director

Corporate Governance Statement

The Corporate Governance Statement for Scentre Group Trust 3 for the financial year ended 31 December 2015 has been incorporated into the Corporate Governance Statement prepared for the stapled Scentre Group. This Statement can be found in the 2015 Scentre Group Annual Financial Report. Scentre Group's Annual Financial Report is available on the scentregroup.com website.

Twenty Largest Holders of Stapled Securities in Scentre Group*

		Number of Securities
1.	HSBC Custody Nominees (Australia) Limited	1,794,446,351
2.	J P Morgan Nominees Australia Limited	877,630,926
3.	National Nominees Limited	623,325,189
4.	BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	389,112,455
5.	Citicorp Nominees Pty Limited	386,615,567
6.	Cordera Holdings Pty Limited	181,710,620
7.	BNP Paribas Noms Pty Ltd <DRP>	176,575,241
8.	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	86,923,446
9.	RBC Investor Services Australia Nominees Pty Limited <APN A/C>	71,302,129
10.	AMP Life Limited	55,069,858
11.	RBC Investor Services Australia Nominees Pty Limited <BKCUST A/C>	19,207,495
12.	Mr Frank P Lowy	17,577,810
13.	HSBC Custody Nominees (Australia) Limited-Gsco Eca	13,637,667
14.	RBC Investor Services Australia Nominees Pty Limited <PISELECT>	13,459,300
15.	Bond Street Custodians Limited <ENH Property Securities A/C>	11,909,964
16.	Australian Foundation Investment Company Limited	11,736,859
17.	Argo Investments Limited	8,526,662
18.	SBN Nominees Pty Limited <10004 Account>	7,400,000
19.	Amondi Pty Ltd <S E O P T A/C>	7,313,304
20.	BNP Paribas Noms (NZ) Ltd <DRP>	6,462,494
		4,759,943,337

* Ordinary shares in Scentre Group Limited are stapled to units in Scentre Group Trust 1, Scentre Group Trust 2 and Scentre Group Trust 3.

The stapled securities trade on the Australian Securities Exchange under the code SCG.

Voting Rights

Scentre Group Limited – At a meeting of members, on a show of hands, every person present who is a member or representative of a member has one vote, and on a poll every member present in person or by proxy or attorney and every person who is a representative of a member has one vote for each share they hold or represent.

Scentre Group Trust 1, Scentre Group Trust 2 and Scentre Group Trust 3 – At a meeting of members, on a show of hands, every person present who is a member or representative of a member has one vote, and on a poll, every member present in person or by proxy or attorney and every person who is a representative of a member has one vote for each dollar value of the total interest they have in the respective trusts.

Distribution Schedule

Category	Number of Stapled securities*	Number of Security-holders	% of securities in each category
1-1,000	14,278,593	33,103	0.27
1,001-5,000	109,844,692	45,114	2.06
5,001-10,000	79,703,646	11,360	1.50
10,001-100,000	162,870,457	7,735	3.06
100,001 and over	4,957,599,290	369	93.11
Total	5,324,296,678	97,681	100.00

As at 15 February 2016, 6,873 security holders hold less than a marketable parcel of quoted securities in Scentre Group.

* There are 11,270,149 performance rights on issue to a total of 122 Scentre Group employees. These rights may be satisfied by either the transfer or issue of Scentre Group securities to employees, or settled by way of cash payout which amount is calculated by reference to the market price of Scentre Group securities at the time of vesting. Under the stapling arrangement, in the case of the issue of securities, each of Scentre Group Limited, Scentre Group Trust 1, Scentre Group Trust 2 and Scentre Group Trust 3 is required to issue securities on the vesting of a performance right.

** During FY15, 3,532,360 Scentre Group securities (at an average price $4.0493) were acquired on-market by Scentre Group's Performance Rights Trust to satisfy executive entitlements on the vesting of rights under Scentre Group's equity-linked incentive plans.

Substantial Securityholders

The names of the Scentre Group substantial securityholders and the number of ordinary stapled securities in which each has a relevant interest, as disclosed in substantial shareholding notices given to Scentre Group, are as follows:

The Vanguard Group	383,562,964
BlackRock Group	340,719,406
National Nominees as custodian for Unisuper Limited	294,417,792

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SCENTRE GROUP

Owner and Operator of Westfield in Australia and New Zealand