SCENTRE GROUP

Owner and Operator of Westfield in Australia and New Zealand

Scentre Group Trust 1 Annual Financial Report 31 December 2014

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 2014

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 2014

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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Code: SCTRY

Listing
Australian Securities Exchange – SCG

Website
www.scentregroup.com

Annual Financial Report

SCENTRE GROUP TRUST 1[(i)]

For the Financial Year ended 31 December 2014

Contents

(i) Formerly Westfield Trust

Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	31 Dec 14 $million	31 Dec 13 $million
Revenue			
Property revenue	4	**574.9**	564.3
		574.9	564.3
Share of after tax profits of equity accounted entities			
Property revenue		**588.3**	575.3
Property revaluations		**206.9**	58.8
Property expenses, outgoings and other costs		**(155.7)**	(157.4)
Gain in respect of asset dispositions		**–**	19.6
Net interest income		**0.7**	0.2
Tax expense		**(17.2)**	(20.9)
	14(a)	**623.0**	475.6
Expenses			
Property expenses, outgoings and other costs		**(153.1)**	(155.2)
Manager's service charge		**(10.8)**	(11.7)
Overheads		**(3.2)**	(2.8)
		(167.1)	(169.7)
Interest income	5(a)	**53.2**	82.5
Currency gain/(loss)		**15.3**	(93.3)
Financing costs	5(b)	**(328.5)**	(445.8)
Charges and credits in respect of the Restructure and Merger	6	**700.5**	–
Income from other investments	3	**104.2**	2.8
Property revaluations		**293.6**	145.3
Profit before tax for the period		**1,869.1**	561.7
Tax benefit/(expense)	7	**0.2**	(0.6)
Profit after tax for the period		**1,869.3**	561.1
Profit after tax for the period attributable to:			
– Members of Scentre Group Trust 1		**1,829.1**	542.5
– External non controlling interests		**40.2**	18.6
Profit after tax for the period		**1,869.3**	561.1
		cents	cents
Basic earnings per unit	8(a)	**34.35**	10.02
Diluted earnings per unit	8(a)	**34.35**	10.02

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2014

	31 Dec 14 $million	31 Dec 13 $million
Profit after tax for the period	**1,869.3**	561.1
Other comprehensive income		
Movement in foreign currency translation reserve [(i)]		
– Net exchange difference on translation of foreign operations	**25.4**	88.2
– Derecognition of accumulated exchange differences on realisation of net investment in foreign operations	**–**	(6.4)
Movement in asset revaluation reserve [(i)]		
– Revaluation increment	**212.5**	470.9
– 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	**1,084.8**	1,113.8
Total comprehensive income attributable to:		
– Members of Scentre Group Trust 1	**1,044.6**	1,095.2
– External non controlling interests	**40.2**	18.6
Total comprehensive income for the period	**1,084.8**	1,113.8

(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 2014

	Note	31 Dec 14 $million	31 Dec 13 $million
Current assets			
Cash and cash equivalents	24(a)	**14.3**	77.7
Trade debtors		**1.6**	1.2
Derivative assets	9	**0.8**	15.2
Receivables	10	**418.7**	2,041.0
Prepayments and deferred costs	11	**15.0**	15.2
Total current assets		**450.4**	2,150.3
Non current assets			
Investment properties	12	**7,814.7**	7,368.5
Equity accounted investments	14(c)	**7,507.1**	7,074.4
Other investments	15	**–**	1,623.4
Derivative assets	9	**340.5**	31.5
Prepayments and deferred costs	11	**41.1**	14.9
Total non current assets		**15,703.4**	16,112.7
Total assets		**16,153.8**	18,263.0
Current liabilities			
Trade creditors		**52.8**	50.2
Payables and other creditors	16	**1,304.7**	212.6
Interest bearing liabilities	17	**998.4**	1,646.5
Derivative liabilities	19	**1.2**	1.6
Total current liabilities		**2,357.1**	1,910.9
Non current liabilities			
Interest bearing liabilities	17	**6,507.9**	3,852.2
Other financial liabilities	18	**1,409.1**	1,371.4
Derivative liabilities	19	**69.3**	100.4
Total non current liabilities		**7,986.3**	5,324.0
Total liabilities		**10,343.4**	7,234.9
Net assets		**5,810.4**	11,028.1
Equity attributable to members of Scentre Group Trust 1			
Contributed equity	20(b)	**1,658.1**	5,777.5
Reserves	22	**133.7**	918.2
Retained profits	23	**3,760.7**	4,103.2
Total equity attributable to members of Scentre Group Trust 1		**5,552.5**	10,798.9
Equity attributable to external non controlling interests			
Contributed equity		**94.0**	94.0
Retained profits		**163.9**	135.2
Total equity attributable to external non controlling interests		**257.9**	229.2
Total equity		**5,810.4**	11,028.1

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2014

	Comprehensive Income 31 Dec 14 $million	Equity and Reserves 31 Dec 14 $million	**Total 31 Dec 14 $million**	Total 31 Dec 13 $million
Changes in equity attributable to members of Scentre Group Trust 1				
Opening balance of contributed equity	–	5,777.5	**5,777.5**	7,016.4
– Buy-back and cancellation of units and associated cost	–	–	**–**	(1,238.9)
– 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	–	(2.8)	**(2.8)**	–
– Issuance of units resulting from the Restructure and Merger	–	2.7	**2.7**	–
– Capital distribution to Westfield Corporation [(i)]	–	(4,119.3)	**(4,119.3)**	–
Closing balance of contributed equity	–	1,658.1	**1,658.1**	5,777.5
Opening balance of reserves	–	918.2	**918.2**	365.5
– Movement in foreign currency translation reserve [(iii)]	25.4	–	**25.4**	81.8
– Movement in asset revaluation reserve [(ii),(iii)]	(809.9)	–	**(809.9)**	470.9
Closing balance of reserves	(784.5)	918.2	**133.7**	918.2
Opening balance of retained profits	–	4,103.2	**4,103.2**	4,125.3
– Profit after tax for the period [(iii)]	1,829.1	–	**1,829.1**	542.5
– Distributions paid	–	(311.5)	**(311.5)**	(564.6)
– Accumulated retained profits attributable to Westfield Corporation [(i)]		(1,860.1)	**(1,860.1)**	–
Closing balance of retained profits	1,829.1	1,931.6	**3,760.7**	4,103.2
Closing balance of equity attributable to members of Scentre Group Trust 1	1,044.6	4,507.9	**5,552.5**	10,798.9
Changes in equity attributable to external non controlling interests				
Opening balance of equity	–	229.2	**229.2**	221.2
– Profit after tax for the period attributable to external non controlling interests [(iii)]	40.2	–	**40.2**	18.6
– Distributions paid or provided for	–	(11.5)	**(11.5)**	(10.6)
Closing balance of equity attributable to external non controlling interests	40.2	217.7	**257.9**	229.2
Total equity	1,084.8	4,725.6	**5,810.4**	11,028.1

(i) The net assets distributed to Westfield Corporation amount 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.

(ii) Movement in asset revaluation reserve attributable to members of Scentre Group Trust 1 consists of revaluation gain of $212.5 million (31 December 2013: $470.9 million) and accumulated asset revaluation reserve in respect of assets distributed to Westfield Corporation transferred to the income statement of $1,022.4 million (31 December 2013: nil).

(iii) Total comprehensive income for the period amounts to a gain of $1,084.8 million (31 December 2013: $1,113.8 million).

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	31 Dec 14 $million	31 Dec 13 $million
Cash flows from operating activities			
Receipts in the course of operations (including Goods and Services Tax (GST))		**647.6**	632.7
Payments in the course of operations (including GST)		**(178.3)**	(177.8)
Settlement of income hedging currency derivatives		**–**	2.0
Distributions/dividends received from equity accounted entities and other investments		**355.7**	354.1
Interest received from equity accounted entities		**26.9**	19.5
Income and withholding taxes refunded/(paid)		**0.3**	(0.6)
GST paid		**(44.5)**	(41.9)
Net cash flows from operating activities	24(b)	**807.7**	788.0
Cash flows used in investing activities			
Capital expenditure on property investments		**(144.1)**	(98.0)
Net (outflows for)/inflows from investments in and loans to equity accounted entities		**(139.2)**	72.7
Payments for the purchase of other investments		**(16.0)**	–
Financing costs capitalised to qualifying development projects and construction in progress		**(12.0)**	(7.3)
Cash held by entities of Westfield Corporation deconsolidated during the period		**(11.5)**	–
Net cash flows used in investing activities		**(322.8)**	(32.6)
Cash flows used in financing activities			
Buy-back of units		**–**	(1,238.9)
Interest received		**52.9**	89.3
Payments of financing costs (excluding interest capitalised)			
– normal course of operations		**(403.8)**	(394.9)
– accelerated upon repayment of bonds and facilities on implementation of the Restructure and Merger		**(29.1)**	–
Termination costs in relation to the repayment of fixed rate borrowings		**–**	(64.0)
Net repayments of interest bearing liabilities		**(240.7)**	(79.9)
Loans received from related entities		**909.9**	858.9
Distributions paid		**(311.5)**	(564.6)
Distributions paid by controlled entities to external non controlling interests		**(11.5)**	(10.5)
Charges and credits in respect of the Restructure and Merger			
– Drawdown from bridging facilities and notes payable		**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		**(548.3)**	(1,404.6)
Net decrease in cash and cash equivalents held		**(63.4)**	(649.2)
Add opening cash and cash equivalents brought forward		**77.7**	726.9
Effects of exchange rate changes on opening cash and cash equivalents brought forward		**–**	–
Cash and cash equivalents at the end of the period	24(a)	**14.3**	77.7

Index of Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

(a) Corporate information

This financial report comprising Scentre Group Trust 1 (SGT1) and its controlled entities (collectively the Trust) for the year ended 31 December 2014 was approved in accordance with a resolution of The Board of Directors of Scentre Management Limited (formerly Westfield Management Limited) as responsible entity of SGT1 (Responsible Entity) on 18 March 2015.

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 2014.

- AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities;
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets;
- AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting; and
- AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities.

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 2014. 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 of financial assets 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 (effective from 1 January 2017)

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.

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 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2018);
- AASB 2013-9 Amendments to Australian Accounting Standards Conceptual framework, Materiality and Financial Instruments (effective from 1 January 2018); and
- AASB 2014-1 Amendments to Australian Accounting Standards – Part E: Financial Instruments (effective from 1 January 2018).

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 Act 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 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) Detail on the Restructure and Merger

Background

On 30 June 2014, the Westfield Group implemented the restructure (Restructure and Merger) of the Westfield Group, 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 (SGL), Scentre Group Trust 1, Scentre Group Trust 2 (SGT2) and Scentre Group Trust 3 (SGT3) 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 50 of the Scentre Group's Annual Financial Report for further details regarding the business combinations.

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 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.

NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT (CONTINUED)

(d) Detail on the Restructure and Merger (continued)

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 the international business of Westfield Group for the year ended 31 December 2014 are presented as discontinued operations within Scentre Group's financial report. The comparative Income Statement and relevant notes have been restated to present the results of the international business of Westfield Group as discontinued from the start of the comparative year, being 1 January 2013. As the Restructure and Merger was implemented on 30 June 2014, the assets and liabilities relating to the international business are no longer included in the Scentre Group's Balance Sheet as at 31 December 2014.

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

(e) 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: Details of shopping centre investments 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.

(f) 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) Listed Property Trust Units

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

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

The consolidated financial report comprises the financial statements and notes to the financial statements of SGT1 (Parent Entity), and each of its controlled entities as from the date the Parent Entity obtained control until such time control ceased. The Parent Entity and subsidiaries are collectively referred to as the economic entity known as the Trust. Where entities adopt accounting policies which differ from those of the Parent Entity, 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 the Parent Entity.

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 the Parent Entity being 31 December.

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) Associates

Where the Trust exerts significant influence but not control, equity accounting is applied. The Trust and its associates use consistent accounting policies. Investment in associates are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Trust's share of net assets of the associates. The consolidated income statement reflects the Trust's share of the results of operations of the associate. Where there has been a change recognised directly in the associate's equity, the Trust recognises its share of any changes and discloses this, when applicable in the consolidated financial statements.

iv) 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.

i) Shopping centre investments

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Investment properties (continued)

i) Shopping centre investments (continued)

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. The carrying amount of investment properties includes components relating to lease incentives, leasing costs and receivables on rental income that have been recorded on a straight line basis.

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

The Directors' assessment of fair value of each shopping centre investment property takes into account 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 judgement in relation to future rental income, property capitalisation rate and make reference to market evidence of transaction prices for similar properties. Refer to Note 17 of the Scentre Group's Annual Financial Report for the capitalisation rate for each property. It is the Trust's policy to appoint a number of qualified independent valuers and that no individual valuer is appointed to appraise any individual property for greater than three consecutive years.

ii) Development projects and construction in progress

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.

Development projects and construction in progress are carried at fair value based on the Directors' assessment of fair value at each reporting date taking into account the expected cost to complete, the stage of completion, expected underlying income and yield of the developments. Any increment or decrement in the fair value of development projects and construction in progress resulting from the Directors' assessment of fair value is included in the income statement in the year in which it arises. From time to time during a development, Directors may commission an independent valuation of the development project and construction in progress. On completion, development projects and construction in progress are reclassified to shopping centre investments and an independent valuation is obtained.

The assessment of fair value and possible impairment in the fair value of shopping centre investment, development projects and construction in progress are significant estimates that can change based on the Trust's continuous process of assessing the factors affecting each property.

(d) Other investments

i) Listed investments

Listed investments are designated as assets held at fair value through the income statement. Listed investments in entities are stated at fair values based on their quoted market values. Movements in fair value subsequent to initial recognition are reported as revaluation gains or losses in the income statement.

ii) Unlisted investments

Unlisted investments are designated investments available for sale and are stated at fair value of the Trust's interest in the underlying assets which approximate fair value. Fair values for unlisted investments are determined using valuation techniques which keep judgemental inputs to a minimum, including the fair value of underlying properties, recent arm's length transactions and reference to market value of similar investments. Gains or losses on available for sale investments are recognised as a separate component of equity until the investment is sold or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement as revaluation gains or losses.

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

(f) 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)

(g) Expenses

Expenses are brought to account on an accruals basis.

(h) 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 the 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.

(i) 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.

(j) 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(m) for other items included in financing costs.

(k) Leases

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

i) Operating leases

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

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

ii) Finance leases

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

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

(l) 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.

(m) Derivative and other financial instruments

The Trust utilises 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. Such derivative financial instruments are recognised at fair value.

The Trust 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 the Trust's treasury policy and hedging program. Derivative instruments are not transacted for speculative purposes. Accounting standards however 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 cross currency swaps 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 have 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 cross currency swaps which hedge net investments in foreign operations are recognised in the foreign currency translation reserve. Where a cross currency swap, 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Derivative financial instruments and other financial instruments (continued)

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, 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 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.

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 as at 31 December 2014, for debt with similar maturity, credit risk and terms.

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

(n) 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 the 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.

(o) 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.

(p) 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.

(q) Rounding

In accordance with ASIC Class Order 98/100, the amounts shown in the financial report have, unless otherwise indicated, 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.

NOTE 3 TRANSFER OF OTHER INVESTMENTS TO WESTFIELD CORPORATION

The Restructure and Merger was implemented on 30 June 2014. The net assets distributed to Westfield Corporation as part of the Restructure and Merger are summarised below. These are no longer included in the Balance Sheet as at 31 December 2014.

Net assets distributed to Westfield Corporation	31 Dec 14 $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 14 $million	31 Dec 13 $million
NOTE 4 PROPERTY REVENUE		
Shopping centre base rent and other property income	**587.9**	574.6
Amortisation of tenant allowances and leasing costs	**(13.0)**	(10.3)
	574.9	564.3
NOTE 5 INTEREST INCOME AND FINANCING COSTS		
(a) Interest income		
Interest income	**1.4**	7.3
Interest income from related entities	**51.8**	75.2
	53.2	82.5
(b) Financing costs		
Gross financing costs (excluding net fair value gain or loss on interest rate hedges that do not qualify for hedge accounting)		
– External	**(235.4)**	(258.9)
– Related entities	**(89.8)**	(41.8)
Financing costs capitalised to qualifying development projects and construction in progress	**12.0**	7.3
Financing costs	**(313.2)**	(293.4)
Termination costs in relation to the repayment of fixed rate borrowings	**–**	(64.0)
Finance leases interest expense	**(0.4)**	(0.4)
Net fair value gain on interest rate hedges that do not qualify for hedge accounting	**100.7**	19.5
Interest expense on other financial liabilities	**(77.9)**	(77.5)
Net fair value loss on other financial liabilities	**(37.7)**	(30.0)
	(328.5)	(445.8)
NOTE 6 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 7 TAXATION

	31 Dec 14 $million	31 Dec 13 $million
Tax expense		
Current – underlying operations	**0.2**	(0.6)
	0.2	(0.6)

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

	31 Dec 14 $million	31 Dec 13 $million
Profit before income tax	**1,869.1**	561.7
Prima facie tax expense at 30%	**(560.7)**	(168.5)
Trust income not taxable for the Trust– tax payable by unitholders	**415.9**	110.4
Property revaluation not assessable	**150.2**	61.2
Tax rate differential on New Zealand foreign income	**2.0**	1.8
Tax on intra-group transactions	**(7.2)**	(5.5)
Tax expense	**0.2**	(0.6)

NOTE 8 EARNINGS PER UNIT

The calculation of basic and diluted earnings per unit for all periods presented have been adjusted retrospectively for the conversion of units on issue on a 1.246 for 1 basis and the issuance of units resulting from the Restructure and Merger. Refer to Note 20(a) for details.

(a) Summary of earnings per unit

	cents	cents
Basic earnings per unit	**34.35**	10.02
Diluted earnings per unit	**34.35**	10.02

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]	**1,829.1**	542.5
Adjustment to earnings on options which are considered dilutive	**–**	–
Earnings used in calculating diluted earnings per unit	**1,829.1**	542.5

[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 [i]	**5,324,296,678**	5,414,154,722
Security options which are dilutive	**–**	–
Adjusted weighted average number of ordinary units used in calculating diluted earnings per unit	**5,324,296,678**	5,414,154,722

[i] The weighted average number of units for all periods takes into account the effect of the conversion and issuance of units resulting from the Restructure and Merger. The weighted average number of ordinary units without the retrospective adjustment as required by AASB 133: Earnings Per Share is 2,078,089,686 (31 December 2013: 2,167,947,730).

(b) Conversions, calls, subscription or issues after 31 December 2014

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

NOTE 9 DERIVATIVE ASSETS

	31 Dec 14 $million	31 Dec 13 $million
Current		
Receivables on currency derivatives	**0.8**	15.2
	0.8	15.2
Non current		
Receivables on interest rate derivatives	**156.7**	31.5
Receivables on currency derivatives	**183.8**	–
	340.5	31.5

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 2014, when these netting arrangements are applied to the derivative portfolio, the derivative assets of $341.3 million are reduced by $63.8 million to the net amount of $277.5 million (31 December 2013: derivative assets of $46.7 million reduced by $41.4 million to the net amount of $5.3 million).

	Note	**31 Dec 14 $million**	31 Dec 13 $million

NOTE 10 RECEIVABLES

	Note	**31 Dec 14 $million**	31 Dec 13 $million
Current			
Interest bearing loans receivable from related entities	39(d)	**294.4**	2,003.7
Sundry debtors		**124.3**	37.3
		418.7	2,041.0

NOTE 11 PREPAYMENTS AND DEFERRED COSTS

	Note	**31 Dec 14 $million**	31 Dec 13 $million
Current			
Prepayments and deposits		**7.3**	7.9
Deferred costs – other		**7.7**	7.3
		15.0	15.2
Non current			
Deferred costs – other		**41.1**	14.9
		41.1	14.9

NOTE 12 INVESTMENT PROPERTIES

	Note	**31 Dec 14 $million**	31 Dec 13 $million
Non current			
Shopping centre investments	13	**7,701.6**	7,256.7
Development projects and construction in progress		**113.1**	111.8
		7,814.7	7,368.5
Movement in total investment properties			
Balance at the beginning of the year		**7,368.5**	7,180.3
Redevelopment costs		**156.6**	70.3
Net revaluation increment		**289.6**	117.9
Balance at the end of the year [(i)]		**7,814.7**	7,368.5

(i) The fair value of investment properties at the end of the year of $7,814.7 million (31 December 2013: $7,368.5 million) comprises of investment properties at market value of $7,809.3 million (31 December 2013: $7,363.2 million) and ground leases included as finance leases of $5.4 million (31 December 2013: $5.3 million).

NOTE 13 DETAILS OF SHOPPING CENTRE INVESTMENTS

	Note	**31 Dec 14 $million**	31 Dec 13 $million
Consolidated Australian shopping centres		**7,701.6**	7,256.7
Equity accounted Australian shopping centres		**6,318.7**	5,899.3
Equity accounted New Zealand shopping centres		**1,332.3**	1,246.5
		15,352.6	14,402.5

Investment properties are carried at the Directors' determination of fair value which takes into account latest independent valuations, with updates at each balance date of independent valuations that were prepared previously. The carrying amount of investment properties comprises the original acquisition cost, subsequent capital expenditure, tenant allowances, deferred costs, ground leases, straight-line rent and revaluation increments and decrements.

Independent valuations are conducted in accordance with guidelines set by the International Valuation Standards Committee for Australian and New Zealand properties. The independent valuation uses the capitalisation of net income method and the discounting of future net cash flows to their present value method. The key assumptions in determining the valuation of the investment properties are the estimated capitalisation rate and net operating income. Significant movement in each of these assumptions in isolation would result in a higher/(lower) fair value of the properties. The property capitalisation rates for the year ended 31 December 2014 range from 5.13% to 8.25%. Refer to Note 17(a) and (b) of the Scentre Group's Annual Financial Report for details of property capitalisation rates by shopping centre.

The following qualified independent valuers were appointed by the 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

NOTE 14 DETAILS OF EQUITY ACCOUNTED INVESTMENTS

(a) Details of the Trust's aggregate share of equity accounted entities net profit

	31 Dec 14 $million	31 Dec 13 $million
Property revenue	**588.3**	575.3
Share of after tax profit of equity accounted entities	**623.0**	475.6

(b) Details of the Trust's aggregate share of equity accounted entities comprehensive income

	31 Dec 14 $million	31 Dec 13 $million
Share of after tax profit of equity accounted entities	**623.0**	475.6
Other comprehensive income [i]	**25.4**	81.4
Share of total comprehensive income of equity accounted entities	**648.4**	557.0

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

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

	31 Dec 14 $million	31 Dec 13 $million
Cash	**12.3**	21.5
Receivables	**13.5**	14.1
Shopping centre investments	**7,651.0**	7,145.8
Development projects and construction in progress	**97.9**	144.4
Other assets	**2.2**	3.0
Total assets	**7,776.9**	7,328.8
Payables	**(134.1)**	(126.0)
Interest bearing liabilities	**(22.9)**	(22.2)
Deferred tax liabilities	**(112.8)**	(106.2)
Total liabilities	**(269.8)**	(254.4)
Net assets	**7,507.1**	7,074.4

The Trust's investment in its New Zealand equity accounted entities is represented by equity of $692.6 million (31 December 2013: $615.2 million) and long term loans of $528.3 million (31 December 2013: $523.7 million).

In November 2014, Scentre Group announced a joint venture agreement with GIC, Singapore's sovereign wealth fund, in respect of 5 properties in New Zealand. Under the transaction, GIC will acquire from Scentre Group a 49% (Trust share: 24.5%) ownership interest in Albany, Manukau, Newmarket, Riccarton and St Lukes. As a result of this transaction, the Trust is expected to realise $502.3 million of its $7,507.1 million in equity accounted investments. Refer to Note 42 for further details.

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

	31 Dec 14 $million	31 Dec 13 $million
Current–underlying tax	**(14.7)**	(14.6)
Deferred tax	**(2.5)**	(6.3)
	(17.2)	(20.9)

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

	31 Dec 14 $million	31 Dec 13 $million
Profit before income tax	**640.2**	496.5
Prima facie tax expense at 30%	**(192.1)**	(149.0)
Australian trust income not assessable by the Trust – tax payable by unitholders	**100.3**	104.1
Property revaluations not assessable	**62.1**	17.6
Tax rate differential on New Zealand foreign income	**2.0**	1.8
Tax on intra-group transactions	**7.2**	5.5
Prior year over/(under) provision	**1.6**	(0.8)
Other items	**1.7**	(0.1)
Tax expense	**(17.2)**	(20.9)

(e) Equity accounted gain in respect of capital transactions

	31 Dec 14 $million	31 Dec 13 $million
Asset dispositions		
– proceeds from asset dispositions	**–**	133.4
– less: carrying value of assets disposed and other capital costs	**–**	(113.8)
	–	19.6

NOTE 14 DETAILS OF EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

Name of investments	Type of equity	Balance Date	Economic interest 31 Dec 14	Economic interest 31 Dec 13
(f) 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	Trust units	31 Dec	**50.0%**	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 [(iii)]	Shares	31 Dec	**50.0%**	50.0%
Chartwell	Shares	31 Dec	**50.0%**	50.0%
Glenfield	Shares	31 Dec	**50.0%**	50.0%
Manukau [(iii)]	Shares	31 Dec	**50.0%**	50.0%
Newmarket [(iii)]	Shares	31 Dec	**50.0%**	50.0%
Queensgate	Shares	31 Dec	**50.0%**	50.0%
Riccarton [(iii)]	Shares	31 Dec	**50.0%**	50.0%
St Lukes [(iii)]	Shares	31 Dec	**50.0%**	50.0%
WestCity	Shares	31 Dec	**50.0%**	50.0%

(i) All equity accounted property 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 November 2014, Scentre Group announced a joint venture agreement with GIC. Under the agreement, GIC will acquire a 49% interest in these shopping centres. GIC obtained approval from the Overseas Investment Office, New Zealand on 9 March 2015.

	Note	31 Dec 14 $million	31 Dec 13 $million
NOTE 15 OTHER INVESTMENTS			
Unlisted investments		**–**	1,494.0
Listed investments		**–**	129.4
		–	1,623.4
Movement in other investments			
Balance at the beginning of the year		**1,623.4**	1,125.1
Additions		**16.0**	–
Net revaluation increment		**220.7**	498.3
Transfer to Westfield Corporation pursuant to the Restructure and Merger		**(1,860.1)**	–
Balance at the end of the year		**–**	1,623.4
NOTE 16 PAYABLES AND OTHER CREDITORS			
Current			
Payables and other creditors		**259.1**	212.6
Non interest bearing loan payable to related entities	39(d)	**1,045.6**	–
		1,304.7	212.6

	Note	31 Dec 14 $million	31 Dec 13 $million
NOTE 17 INTEREST BEARING LIABILITIES			
Current			
Unsecured			
Finance leases		**0.3**	0.2
Loans payable to related entities	39(d)	**998.1**	1,646.3
		998.4	1,646.5
Non current			
Unsecured			
Bank loans (i)			
– US$ denominated		**–**	122.0
– A$ denominated		**1,115.0**	1,008.0
– NZ$ denominated		**–**	519.9
Notes payable			
– US$ denominated (ii)		**1,646.3**	1,175.5
– £ denominated (iii)		**761.2**	814.7
– € denominated (iv)		**2,370.8**	–
– A$ denominated (v)		**400.0**	–
Finance leases		**5.1**	5.1
Secured			
Bank loans (vi)			
– A$ denominated		**209.5**	207.0
		6,507.9	3,852.2
Total interest bearing liabilities		**7,506.3**	5,498.7

The maturity profile in respect of current and non current interest bearing liabilities is set out below:

Due within one year	**998.4**	1,646.5
Due between one and five years	**2,833.1**	3,512.2
Due after five years	**3,674.8**	340.0
	7,506.3	5,498.7

(i) These instruments are subject to negative pledge arrangements which require the Scentre Group to comply with certain minimum financial requirements.

(ii) Notes payable – US$
Guaranteed Senior Notes of US$1,350.0 million were issued in the US 144A bond market by Scentre Group. The issues comprised US$750.0 million and US$600.0 million of fixed rate notes maturing 2019 and 2025 respectively. The Trust was assigned US$1,350.0 million. These notes are subject to negative pledge arrangements which require the Scentre Group to comply with certain minimum financial requirements.

(iii) Notes payable – £
Guaranteed Notes of £400.0 million were issued in the European bond market by Scentre Group. The issue comprised £400.0 million of fixed rate notes maturing 2026. The Trust was assigned £400.0 million. These notes are subject to negative pledge arrangements which require the Scentre Group to comply with certain minimum financial requirements.

(iv) Notes payable – €
Guaranteed Notes of €2,100.0 million were issued in the European bond market by Scentre Group. The issue 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 and €600.0 million of fixed rate notes maturing 2020 and 2024 respectively, and €400.0 million of floating rate notes maturing 2018. These notes are subject to negative pledge arrangements which require the Scentre Group to comply with certain minimum financial requirements.

(v) Notes payable – A$
Guaranteed Notes of A$1,480.0 million were issued in the Australian bond market by Scentre Group. The issue 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 2021. These notes are subject to negative pledge arrangements which require the Scentre Group to comply with certain minimum financial requirements.

(vi) Secured liabilities
Non current secured liabilities are $209.5 million (31 December 2013: $207.0 million). Secured liabilities are borrowings secured by mortgages over the Carindale property with a fair value of $748.6 million (31 December 2013: $685.1 million) and charges over assets of Carindale Property Trust. The terms of the debt facility preclude the properties from being used as security for other debt without the permission of the first mortgage holder. The debt facility also requires the properties to be insured.

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 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 14 $million	31 Dec 13 $million
Summary of financing facilities		
Committed financing facilities available to the Trust:		
Total financing facilities at the end of the year	**8,893.9**	8,083.0
Total interest bearing liabilities	**(7,506.3)**	(5,498.7)
Total bank guarantees	**(0.3)**	(6.3)
Available financing facilities	**1,387.3**	2,578.0
Cash	**14.3**	77.7
Financing resources available at the end of the year	**1,401.6**	2,655.7
Maturity profile of financing facilities		
Maturity profile in respect of the above financing facilities:		
Due within one year	**998.4**	1,646.5
Due between one year and five years	**4,070.7**	6,096.5
Due after five years	**3,824.8**	340.0
	8,893.9	8,083.0

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 the Scentre Group to comply with specific minimum 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 A$1,387.3 million, are available to all members of the Scentre Group, including the Trust, at year end. The Trust is able to draw on these financing facilities, provided that they are unutilised by other members of the Scentre Group. These are interest only unsecured multicurrency multioption facilities.

NOTE 18 OTHER FINANCIAL LIABILITIES

	31 Dec 14 $million	31 Dec 13 $million
Non current		
Property linked notes	**1,409.1**	1,371.4
	1,409.1	1,371.4

Property linked notes

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). 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 the Trust. 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. 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.

	31 Dec 14 $million	31 Dec 13 $million
NOTE 19 DERIVATIVE LIABILITIES		
Current		
Payables on currency derivatives	**0.6**	–
Payables on interest rate derivatives	**0.6**	1.6
	1.2	1.6
Non current		
Payables on currency derivatives	**–**	65.3
Payables on interest rate derivatives	**69.3**	35.1
	69.3	100.4

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 2014, when these netting arrangements are applied to the derivative portfolio, the derivative liabilities of $70.5 million are reduced by $63.8 million to the net amount of $6.7 million (31 December 2013: derivative liabilities of $102.0 million reduced by $41.4 million to the net amount of $60.6 million).

	31 Dec 14 No. of units	31 Dec 13 No. of units
NOTE 20 CONTRIBUTED EQUITY		
(a) Number of units on issue		
Balance at the beginning of the year	**2,078,089,686**	2,228,403,362
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**	–
Buy-back and cancellation of units	**–**	(150,313,676)
Balance at the end of the year	**5,324,296,678**	2,078,089,686

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 14 $million	31 Dec 13 $million
(b) Movement in contributed equity attributable to members of SGT1		
Balance at the beginning of the year	**5,777.5**	7,016.4
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)**	–
Buy-back and cancellation of units	**–**	(1,238.0)
Cost associated with the buy-back of units	**–**	(0.9)
Balance at the end of the year	**1,658.1**	5,777.5

	Note	No. of options and rights 31 Dec 14	Weighted average exercise price $ 31 Dec 14	No. of options and rights 31 Dec 13	Weighted average exercise price $ 31 Dec 13
NOTE 21 SHARE BASED PAYMENTS					
Options and rights on issue					
– Series F Special options (i)	21(i)	**–**	**–**	52,500	2.30
– Series G1 Special options (i)	21(i)	**–**	**–**	277,778	1.28
– Series H Special options (i)	21(i)	**–**	**–**	11,805,862	1.45
– Series I Special options (i)	21(i)	**–**	**–**	13,260,859	1.40
– Executive Performance and Partnership Incentive Rights	21(ii)	**11,558,902**	**–**	15,744,816	–
		11,558,902	**–**	41,141,815	1.49
Movement in options and rights on issue					
Balance at the beginning of the year		**41,141,815**	**1.49**	36,618,753	1.76
Movement in Special Options					
– rights released following the Restructure and Merger (i)		**(25,396,999)**		–	
Movement in Executive Performance Rights					
– rights transferred to Westfield Corporation (ii)		**(7,160,464)**		–	
– adjustment to rights upon the establishment of Scentre Group (iii)		**1,640,373**		–	
– rights issued during the year (iv)		**4,911,936**		3,736,532	
– rights exercised during the year		**(2,113,623)**		(83,586)	
– rights forfeited during the year		**(336,760)**		(337,051)	
Movement in Partnership Incentive Rights					
– rights transferred to Westfield Corporation (ii)		**(2,678,057)**		–	
– adjustment to rights upon the establishment of Scentre Group (iii)		**258,261**		–	
– rights issued during the year (iv)		**1,412,550**		1,631,666	
– rights exercised during the year		**–**		(424,499)	
– rights forfeited during the year		**(120,130)**		–	
Balance at the end of the year (v)		**11,558,902**	**–**	41,141,815	1.49

(i) These special options are held by subsidiaries of Westfield Corporation (31 December 2013: Westfield Holdings Limited entities).

(ii) Following implementation of the Restructure and Merger on 30 June 2014, this includes rights associated with employees who transferred to Westfield Corporation.

(iii) As a result of the Restructure and Merger on 30 June 2014, existing rights in the Australian versions of the Westfield Group Plans had been modified such that at the option of the Plan participant, the rights will relate to either: (i) securities in Scentre Group or (ii) securities in both Scentre Group and Westfield Corporation.

The adjustment factor for the rights over: (i) Scentre Group securities is calculated using the formula: (Value of a Scentre Group security x 1.246 + Value of a Westfield Corporation security) / Value of a Scentre Group security or (ii) Scentre Group and Westfield Corporation securities in the same proportion and on the same terms as implied through the application of the merger ratio to the holders of Westfield Group securities.

The value of rights adjusted immediately before the transaction was the same as the value of rights immediately after the transaction.

(iv) Rights issued after 31 December 2013 which includes the 2014 rights, are issued under the new Scentre Group Plans and relate to Scentre Group securities only.

(v) At 31 December 2014, the 11,558,902 options and rights (31 December 2013: 41,141,815 options and rights) on issue are convertible to 11,558,902 (31 December 2013: 111,556,672) Scentre Group stapled securities (31 December 2013: Westfield Group stapled securities).

(i) Special options

Westfield America Trust has on issue Series F Special Options, Series G1 Special Options, Series H Special Options and Series I Special Options (WAT Options). The options were previously held by subsidiaries of Scentre Group Limited. As part of the stapling arrangements for Westfield Group, each of Scentre Group Trust 1 and Scentre Group Limited had agreed to issue securities on exercise of a WAT Option.

As part of the Restructure and Merger, the subsidiaries that hold the WAT Options became subsidiaries of Westfield Corporation Limited. On implementation of the Restructure and Merger, Scentre Group Trust 1 and Scentre Group Limited were each released from its obligations to issue securities on exercise of a WAT Option.

(ii) Executive Performance & Partnership Incentive Rights Issued to Employees of Related Entities

As at 31 December 2014, there were 11,558,902 (31 December 2013: 15,744,816) Performance Rights issued to employees of related entities of the Scentre Group (31 December 2013: Westfield 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 2014, the 11,558,902 (31 December 2013: 15,744,816) Performance Rights issued to employees of related entities were convertible to 11,558,902 (31 December 2013: 15,744,816) Scentre Group (31 December 2013: Westfield Group) stapled securities.

	31 Dec 14 No. of rights	31 Dec 13 No. of rights
Vesting profile – Executive Performance & Partnership Incentive Rights (Issued to employees of related entities)		
2014	**–**	3,867,901
2015	**3,970,210**	6,802,394
2016	**5,419,404**	3,338,278
2017	**1,063,720**	1,363,518
2018	**1,105,568**	372,725
	11,558,902	15,744,816

	Note	31 Dec 14 $million	31 Dec 13 $million
NOTE 22 RESERVES			
Foreign currency translation reserve		**133.7**	108.2
Asset revaluation reserve		**–**	810.0
		133.7	918.2
(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		**108.2**	26.4
Foreign exchange movement			
– net exchange differences on translation of foreign operations		**25.5**	88.2
– accumulated exchange differences transferred to the income statement on realisation of net investment in foreign operations		**–**	(6.4)
Balance at the end of the year		**133.7**	108.2
(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**	339.1
Revaluation of unlisted investments in group entities		**212.4**	470.9
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		**–**	810.0
NOTE 23 RETAINED PROFITS			
Movement in retained profits			
Balance at the beginning of the year		**4,103.2**	4,125.3
Profit after tax for the period		**1,829.1**	542.5
Distributions paid	25(b)	**(311.5)**	(564.6)
Retained earnings attributable to Westfield Corporation		**(1,860.1)**	–
Balance at the end of the year		**3,760.7**	4,103.2
NOTE 24 CASH AND CASH EQUIVALENTS			
(a) Components of cash and cash equivalents			
Cash		**14.3**	77.7
Total cash and cash equivalents		**14.3**	77.7
(b) Reconciliation of profit after tax to net cash flows from operating activities			
Profit after tax		**1,869.3**	561.1
Property revaluations		**(293.6)**	(145.3)
Financing costs		**328.5**	445.8
Interest income		**(53.2)**	(82.5)
Currency loss		**(15.3)**	93.3
Share of after tax profits of equity accounted entities' in excess of distributions/dividends received		**(269.4)**	(124.3)
Interest received from equity accounted entities		**26.9**	19.5
Charges and credits in respect of the Restructure and Merger		**(700.5)**	–
Settlement of income hedging currency derivatives		**–**	2.0
Decrease in working capital attributable to operating activities		**(85.0)**	18.4
Net cash flows from operating activities		**807.7**	788.0

	31 Dec 14 $million	31 Dec 13 $million

NOTE 25 DISTRIBUTIONS

(a) Final distribution paid

2.85 cents per unit, 10% estimated tax deferred (31 December 2013: 9.74 cents per unit, 2% tax deferred)	**151.7**	202.4
	151.7	202.4

Interim distributions of 5.25 cents were paid on 29 August 2014. Final distributions were paid on 27 February 2015. The record date for the final distributions was 5pm, 13 February 2015. The 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 2014	**109.1**	–
Distribution in respect of the 6 months to 31 December 2013	**202.4**	–
Distribution in respect of the 6 months to 30 June 2013	**–**	86.7
Distribution in respect of the 6 months to 31 December 2012	**–**	477.9
Total distributions paid	**311.5**	564.6

NOTE 26 OPERATING LEASE RECEIVABLES

The following are 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:

Due within one year	**858.9**	829.0
Due between one and five years	**2,117.9**	2,083.3
Due after five years	**1,280.4**	1,274.4
	4,257.2	4,186.7

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 are 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	**70.6**	213.4
Due between one and five years	**7.5**	19.0
Due after five years	**–**	–
	78.1	232.4

NOTE 28 CONTINGENT LIABILITIES

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

Performance guarantees	**3.1**	3.1
Guaranteed borrowings of associates of the Responsible Entity	**5,278.4**	7,446.6
	5,281.5	7,449.7

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 anytime 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 that, given that the assets underlying both the consolidated and the equity accounted components of the statutory income statement are similar, that most of the centres are under common management, and that, therefore, the drivers of their results are similar, the proportionate format income statement 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 14 $million	31 Dec 13 $million	**31 Dec 14 $million**	31 Dec 13 $million	**31 Dec 14 $million**	31 Dec 13 $million
Revenue						
Property revenue	**1,026.1**	1,014.6	**137.1**	125.0	**1,163.2**	1,139.6
	1,026.1	1,014.6	**137.1**	125.0	**1,163.2**	1,139.6
Expenses						
Property expenses, outgoings and other costs	**(270.3)**	(278.1)	**(38.5)**	(34.5)	**(308.8)**	(312.6)
Manager's service charge	**(10.8)**	(11.7)	**–**	–	**(10.8)**	(11.7)
	(281.1)	(289.8)	**(38.5)**	(34.5)	**(319.6)**	(324.3)
Realised gains on income hedging currency derivatives	**–**	–	**–**	2.0	**–**	2.0
Segment result	**745.0**	724.8	**98.6**	92.5	**843.6**	817.3
Property revaluations					**500.5**	204.1
Overheads					**(3.2)**	(2.8)
Currency gain/(loss)					**15.3**	(95.3)
Gain in respect of asset dispositions					**–**	19.6
Interest income					**54.5**	83.5
Financing costs					**(329.1)**	(446.6)
Dividends from other investments					**104.2**	2.8
Tax expense					**(17.0)**	(21.5)
External non controlling interests					**(40.2)**	(18.6)
Charges and credits in respect of the Restructure and Merger					**700.5**	–
Net profit attributable to members of SGT1					**1,829.1**	542.5

(b) Assets and liabilities

	Australia 31 Dec 14 $million	Australia 31 Dec 13 $million	**New Zealand 31 Dec 14 $million**	New Zealand 31 Dec 13 $million	**Total 31 Dec 14 $million**	Total 31 Dec 13 $million
Total segment assets	**15,030.8**	17,209.5	**1,392.8**	1,307.9	**16,423.6**	18,517.4
Total segment liabilities	**9,913.8**	6,798.0	**699.4**	691.3	**10,613.2**	7,489.3
Total segment net assets	**5,117.0**	10,411.5	**693.4**	616.6	**5,810.4**	11,028.1
Equity accounted investments included in segment assets	**6,384.3**	6,023.9	**1,392.6**	1,304.9	**7,776.9**	7,328.8
Equity accounted investments included in segment liabilities	**98.1**	88.4	**171.7**	166.0	**269.8**	254.4
Additions to segment non current assets during the year	**344.5**	179.4	**11.8**	11.1	**356.3**	190.5

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 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**
Property revaluations	293.6	206.9	500.5
Overheads	(3.2)	–	(3.2)
Currency gain	15.3	–	15.3
Interest income	53.2	1.3	54.5
Financing costs	(328.5)	(0.6)	(329.1)
Dividends from other investments	104.2	–	104.2
Tax 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	7,701.7	7,175.9	14,877.6
Development projects and construction in progress	113.0	70.7	183.7
Investment properties held for sale	–	502.3	502.3
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 29 SEGMENT REPORTING (CONTINUED)

(c) Reconciliation of segment results (continued)

31 December 2013	Consolidated $million	Equity Accounted $million	Total $million
Revenue			
Property revenue	564.3	575.3	1,139.6
	564.3	**575.3**	**1,139.6**
Expenses			
Property expenses, outgoings and other costs	(155.2)	(157.4)	(312.6)
Manager's service charge	(11.7)	–	(11.7)
	(166.9)	**(157.4)**	**(324.3)**
Realised gains on income hedging currency derivatives	2.0	–	2.0
Segment result	**399.4**	**417.9**	**817.3**
Property revaluations	145.3	58.8	204.1
Overheads	(2.8)	–	(2.8)
Currency loss	(95.3)	–	(95.3)
Gain in respect of asset dispositions	–	19.6	19.6
Interest income	82.5	1.0	83.5
Financing costs	(445.8)	(0.8)	(446.6)
Dividends from other investments	2.8	–	2.8
Tax expense	(0.6)	(20.9)	(21.5)
External non controlling interests	(18.6)	–	(18.6)
Net profit attributable to members of SGT1	**66.9**	**475.6**	**542.5**
Cash and cash equivalents	77.7	21.5	99.2
Trade debtors and receivables	2,042.2	14.1	2,056.3
Shopping centre investments	7,256.7	7,145.8	14,402.5
Development projects and construction in progress	111.8	144.4	256.2
Other investments	1,623.4	–	1,623.4
Other assets	76.8	3.0	79.8
Total assets	**11,188.6**	**7,328.8**	**18,517.4**
Interest bearing liabilities	5,498.7	22.2	5,520.9
Other financial liabilities	1,371.4	–	1,371.4
Deferred tax liabilities	–	106.2	106.2
Other liabilities	364.8	126.0	490.8
Total liabilities	**7,234.9**	**254.4**	**7,489.3**
Net assets	**3,953.7**	**7,074.4**	**11,028.1**

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 the 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 made 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 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 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 the 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 14 $million**	31 Dec 13 $million
Principal amounts of all interest bearing liabilities:			
Current interest bearing liabilities	17	**998.4**	1,646.5
Non current interest bearing liabilities	17	**6,507.9**	3,852.2
Share of equity accounted entities interest bearing liabilities	14(c)	**22.9**	22.2
Cross currency swaps			
– A$	33(ii)	**4,589.6**	1,175.8
Foreign currency swaps			
– A$	33(iii)	**–**	207.2
Principal amounts subject to interest rate payable exposure		**12,118.8**	6,903.9
Principal amounts of all interest bearing assets:			
Loans receivable from related entities			
– A$	10	**294.4**	2,003.7
Cross currency swaps			
– US$1,350.0 million (31 December 2013: US$1,000.0 million)	33(ii)	**1,646.3**	1,119.6
– £400.0 million (31 December 2013: nil)	33(ii)	**761.2**	–
– €1,600.0 million (31 December 2013: nil)	33(ii)	**2,370.7**	–
Foreign currency swaps			
– £nil (31 December 2013: £114.0 million)	33(iii)	**–**	211.1
Cash	24(a)	**14.3**	77.7
Share of equity accounted entities cash	14(c)	**12.3**	21.5
Principal amounts subject to interest rate receivable exposure		**5,099.2**	3,433.6
Principal amounts of net interest bearing liabilities subject to interest rate payable exposure		**7,019.6**	3,470.3

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 14 $million	31 Dec 13 $million
Principal amounts of fixed interest rate liabilities:			
Fixed rate loans			
– A$	32(ii)	**400.0**	–
– US$1,350.0 million (31 December 2013: US$1,050.0 million)	32(ii)	**1,646.3**	1,175.5
– £400.0 million (31 December 2013: £440.0 million)	32(ii)	**761.2**	814.7
– €1,200.0 million (31 December 2013: nil)	32(ii)	**1,778.0**	–
Fixed rate derivatives			
– A$	32(ii)	**4,184.0**	678.0
– NZ$250.0 million (31 December 2013: NZ$410.0 million)	32(ii)	**238.7**	377.2
Interest rate options			
– A$	32(iii)	**750.0**	200.0
– NZ$70.0 million (31 December 2013: NZ$70.0 million)	32(iii)	**66.8**	64.4
Foreign currency swaps			
– A$	33(iii)	**–**	207.2
Principal amounts on which interest rate payable exposure has been fixed		**9,825.0**	3,517.0
Principal amounts of fixed interest rate assets:			
Fixed rate derivatives			
– US$1,350.0 million (31 December 2013: US$900.0 million)	32(ii)	**1,646.3**	1,007.6
– £400.0 million (31 December 2013: nil)	32(ii)	**761.2**	–
– €1,200.0 million (31 December 2013: nil)	32(ii)	**1,778.0**	–
Foreign currency swaps			
– £nil (31 December 2013: £114.0 million)	33(iii)	**–**	211.1
Principal amounts on which interest rate receivable exposure has been fixed		**4,185.5**	1,218.7
Principal amounts on which net interest rate payable exposure has been fixed		**5,639.5**	2,298.3

At 31 December 2014, the Trust has hedged 80% of its net interest payable exposure by way of fixed rate borrowings, interest rate swaps and interest rate options of varying durations. The remaining 20% is exposed to floating rates on a principal payable of $1,380.1 million, at an average interest rate of 4.0%, including margin (31 December 2013: 66% hedged with floating exposure of $1,172.0 million at an average rate of 2.6%). 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 14 $million**	31 Dec 13 $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%	**27.6**	23.4
	-1.0%	**13.8**	11.7
	-0.5%	**6.9**	5.9
	0.5%	**(6.9)**	(5.9)
	1.0%	**(13.8)**	(11.7)
	2.0%	**(27.6)**	(23.4)

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 contract 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 14 Notional principal amount million**	**31 Dec 14 Average rate**	**31 Dec 14 Principal amount million**	**31 Dec 14 Average rate including margin**	31 Dec 13 Notional principal amount million	31 Dec 13 Average rate	31 Dec 13 Principal amount million	31 Dec 13 Average rate including margin
A$ payable								
31 December 2013	**–**	**–**	**–**	**–**	A$(678.0)	4.04%	–	–
31 December 2014	**A$(4,184.0)**	**2.97%**	**A$(400.0)**	**4.50%**	A$(874.0)	3.88%	–	–
31 December 2015	**A$(5,074.5)**	**2.94%**	**A$(400.0)**	**4.50%**	A$(794.5)	3.86%	–	–
31 December 2016	**A$(3,969.5)**	**3.00%**	**A$(400.0)**	**4.50%**	A$(689.5)	3.93%	–	–
31 December 2017	**A$(3,498.5)**	**3.01%**	**A$(400.0)**	**4.50%**	A$(203.5)	3.47%	–	–
31 December 2018	**A$(2,285.0)**	**3.01%**	**A$(400.0)**	**4.50%**	–	–	–	–
31 December 2019	**A$(770.0)**	**2.90%**	**A$(400.0)**	**4.50%**	–	–	–	–
31 December 2020	**–**	**–**	**A$(400.0)**	**4.50%**	–	–	–	–
£ receivable/(payable)								
31 December 2013	**–**	**–**	**–**	**–**	–	–	£(440.0)	5.39%
31 December 2014	**£400.0**	**3.88%**	**£(400.0)**	**3.88%**	–	–	£(440.0)	5.39%
31 December 2015	**£400.0**	**3.88%**	**£(400.0)**	**3.88%**	–	–	£(440.0)	5.39%
31 December 2016	**£400.0**	**3.88%**	**£(400.0)**	**3.88%**	–	–	£(440.0)	5.39%
31 December 2017	**£400.0**	**3.88%**	**£(400.0)**	**3.88%**	–	–	–	–
31 December 2018	**£400.0**	**3.88%**	**£(400.0)**	**3.88%**	–	–	–	–
31 December 2019	**£400.0**	**3.88%**	**£(400.0)**	**3.88%**	–	–	–	–
31 December 2020	**£400.0**	**3.88%**	**£(400.0)**	**3.88%**	–	–	–	–
31 December 2021	**£400.0**	**3.88%**	**£(400.0)**	**3.88%**	–	–	–	–
31 December 2022	**£400.0**	**3.88%**	**£(400.0)**	**3.88%**	–	–	–	–
31 December 2023	**£400.0**	**3.88%**	**£(400.0)**	**3.88%**	–	–	–	–
31 December 2024	**£400.0**	**3.88%**	**£(400.0)**	**3.88%**	–	–	–	–
31 December 2025	**£400.0**	**3.88%**	**£(400.0)**	**3.88%**	–	–	–	–
US$ receivable/(payable)								
31 December 2013	**–**	**–**	**–**	**–**	US$900.0	2.40%	US$(1,050.0)	5.36%
31 December 2014	**US$1,350.0**	**2.88%**	**US$(1,350.0)**	**2.88%**	US$900.0	2.40%	US$(1,050.0)	5.36%
31 December 2015	**US$1,350.0**	**2.88%**	**US$(1,350.0)**	**2.88%**	US$150.0	1.65%	US$(300.0)	4.47%
31 December 2016	**US$1,350.0**	**2.88%**	**US$(1,350.0)**	**2.88%**	US$150.0	1.65%	US$(300.0)	4.47%
31 December 2017	**US$1,350.0**	**2.88%**	**US$(1,350.0)**	**2.88%**	US$150.0	1.65%	US$(300.0)	4.47%
31 December 2018	**US$1,350.0**	**2.88%**	**US$(1,350.0)**	**2.88%**	US$150.0	1.65%	US$(300.0)	4.47%
31 December 2019	**US$600.0**	**3.50%**	**US$(600.0)**	**3.50%**	US$150.0	1.65%	US$(200.0)	3.36%
31 December 2020	**US$600.0**	**3.50%**	**US$(600.0)**	**3.50%**	US$150.0	1.65%	US$(200.0)	3.36%
31 December 2021	**US$600.0**	**3.50%**	**US$(600.0)**	**3.50%**	US$150.0	1.65%	US$(200.0)	3.36%
31 December 2022	**US$600.0**	**3.50%**	**US$(600.0)**	**3.50%**	–	–	–	–
31 December 2023	**US$600.0**	**3.50%**	**US$(600.0)**	**3.50%**	–	–	–	–
31 December 2024	**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 14 Notional principal amount million**	**31 Dec 14 Average rate**	**31 Dec 14 Principal amount million**	**31 Dec 14 Average rate including margin**	31 Dec 13 Notional principal amount million	31 Dec 13 Average rate	31 Dec 13 Principal amount million	31 Dec 13 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%**	–	–	–	–
31 December 2016	**€1,200.0**	**1.88%**	**€(1,200.0)**	**1.88%**	–	–	–	–
31 December 2017	**€1,200.0**	**1.88%**	**€(1,200.0)**	**1.88%**	–	–	–	–
31 December 2018	**€1,200.0**	**1.88%**	**€(1,200.0)**	**1.88%**	–	–	–	–
31 December 2019	**€1,200.0**	**1.88%**	**€(1,200.0)**	**1.88%**	–	–	–	–
31 December 2020	**€600.0**	**2.25%**	**€(600.0)**	**2.25%**	–	–	–	–
31 December 2021	**€600.0**	**2.25%**	**€(600.0)**	**2.25%**	–	–	–	–
31 December 2022	**€600.0**	**2.25%**	**€(600.0)**	**2.25%**	–	–	–	–
31 December 2023	**€600.0**	**2.25%**	**€(600.0)**	**2.25%**	–	–	–	–
NZ$ payable								
31 December 2013	**–**	**–**	**–**	**–**	NZ$(410.0)	3.67%	–	–
31 December 2014	**NZ$(250.0)**	**3.81%**	**–**	**–**	NZ$(250.0)	3.97%	–	–
31 December 2015	**NZ$(125.0)**	**4.09%**	**–**	**–**	NZ$(125.0)	4.27%	–	–
31 December 2016	**NZ$(55.0)**	**4.07%**	**–**	**–**	NZ$(55.0)	4.22%	–	–
31 December 2017	**NZ$(20.0)**	**3.70%**	**–**	**–**	NZ$(20.0)	3.70%	–	–

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 2014, the aggregate fair value is a receivable of $89.4 million (31 December 2013: a payable of $5.2 million). The change in fair value for the year ended 31 December 2014 was $94.6 million (31 December 2013: $18.3 million).

Fair value sensitivity		**31 Dec 14 $million**	31 Dec 13 $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%	**392.3**	(13.6)
	-1.0%	**162.2**	(7.2)
	-0.5%	**90.2**	(3.6)
	0.5%	**(75.2)**	3.7
	1.0%	**(146.4)**	7.6
	2.0%	**(277.7)**	15.4

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.

Subsequent to 31 December 2014, the Trust has entered into A$500.0 million of interest rate swaps to pay fixed interest at a weighted average rate of 2.59% from January 2016 to January 2020.

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		Interest rate options	
Interest rate options contracted as at the reporting date and outstanding at	**31 Dec 14 Notional principal amount million**	**31 Dec 14 Average strike rates**	31 Dec 13 Notional principal amount million	31 Dec 13 Average strike rates
A$ payable caps				
31 December 2013	**–**	**–**	A$(150.0)	3.75%
31 December 2014	**A$(700.0)**	**2.60%**	–	–
A$ payable collar				
31 December 2013	**–**	**–**	A$(50.0)	2.53% – 4.00%
31 December 2014	**A$(50.0)**	**2.53% – 4.00%**	A$(50.0)	2.53% – 4.00%
NZ$ payable collar				
31 December 2013	**–**	**–**	NZ$(70.0)	4.45% – 5.25%
31 December 2014	**NZ$(70.0)**	**4.45% – 5.25%**	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] The Swaptions grant the Trust the right to enter into pay fixed swaps covering the period 2015 to 2020. Subsequent to 31 December 2014, these swaptions have been 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 2014, the aggregate fair value is a payable of $2.7 million (31 December 2013: a receivable of $0.04 million). The change in fair value for the year ended 31 December 2014 was $2.7 million (31 December 2013: $1.2 million).

Fair value sensitivity		**31 Dec 14 $million**	31 Dec 13 $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%	**(4.0)**	(5.0)
	-1.0%	**(1.6)**	(2.3)
	-0.5%	**(0.8)**	(1.1)
	0.5%	**3.2**	1.1
	1.0%	**14.0**	2.2
	2.0%	**39.1**	4.9

Subsequent to 31 December 2014, the Trust has entered into the following interest rate swaptions to pay fixed at weighted average rates: A$500.0 million at 2.50% from April 2015 to April 2020; A$700.0 million at 2.50% from April 2015 to July 2021; NZ$100.0 million at 3.75% from April 2015 to January 2021; and, NZ$50.0 million at 3.75% from January 2016 to January 2020.

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 those exposures are as follows:

	Note	**31 Dec 14 $million**	31 Dec 13 $million
Foreign currency net investments			
New Zealand Dollar			
NZ$ net assets		**NZ$1,300.2**	NZ$1,252.0
NZ$ borrowings		**NZ$(568.3)**	NZ$(581.8)
NZ$ currency swaps	33(i)	**NZ$(290.0)**	–
NZ$ denominated net assets		**NZ$441.9**	NZ$670.2
US Dollar			
US$ borrowings		**US$(1,350.0)**	–
US$ cross currency swaps	33(ii)	**US$1,350.0**	–
US$ denominated net assets		**–**	–
British Pound			
£ net assets		**£0.6**	–
£ borrowings		**£(418.1)**	–
£ cross currency swaps	33(ii)	**£400.0**	–
£ denominated net assets		**£(17.5)**	–
Euro			
€ borrowings		**€(1,600.0)**	–
€ cross currency swaps	33(ii)	**€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.

NOTE 33 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

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

Foreign currency sensitivity		**31 Dec 14 $million**	31 Dec 13 $million
The sensitivity of NZ$ denominated net assets to changes in the year end A$/NZ$1.0472 rate (31 December 2013: 1.0869) is as follows:	A$/NZ$ Currency movement	Gain/(loss) to foreign currency translation reserve	
	-20 cents	**99.6**	139.1
	-10 cents	**44.6**	62.5
	-5 cents	**21.2**	29.7
	+5 cents	**(19.2)**	(27.1)
	+10 cents	**(36.8)**	(52.0)
	+20 cents	**(67.7)**	(95.8)
The sensitivity of £ denominated net assets to changes in the year end A$/£0.5255 rate (31 December 2013: 0.5401) is as follows:	A$/£ Currency movement	Gain/(loss) to income statement	
	-20 pence	**(20.4)**	–
	-10 pence	**(7.8)**	–
	-5 pence	**(3.5)**	–
	+5 pence	**2.9**	–
	+10 pence	**5.3**	–
	+20 pence	**9.2**	–

(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 14	31 Dec 13	**31 Dec 14**	**31 Dec 14**	31 Dec 13	31 Dec 13
Contracts to receive A$ and pay NZ$						
31 December 2014	**1.0517**	–	**A$275.7**	**NZ$(290.0)**	–	–

The NZ$ payable exposure is an effective net investment hedge and is recorded directly in the foreign currency translation reserve. At 31 December 2014, the aggregate fair value is a receivable of $0.1 million (31 December 2013: nil). The change in fair value for the year ended 31 December 2014 was $0.1 million (31 December 2013: nil).

Foreign currency sensitivity		**31 Dec 14 $million**	31 Dec 13 $million
The sensitivity of fair value of foreign exchange contracts to changes in the year end A$/NZ$1.0472 rate (31 December 2013: 1.0869) is as follows:	A$/NZ$ Currency movement	Gain/(loss) to foreign currency translation reserve	
	-20 cents	**(63.5)**	–
	-10 cents	**(28.3)**	–
	-5 cents	**(13.5)**	–
	+5 cents	**12.5**	–
	+10 cents	**23.9**	–
	+20 cents	**44.0**	–

Subsequent to 31 December 2014, the Trust has entered into foreign exchange contracts to pay NZ$190.0 million and receive A$181.1 million maturing in July 2015.

NOTE 33 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

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

(ii) Cross currency swaps in respect of the Trust's foreign currency assets and liabilities

The following table details the cross currency swaps 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 14	31 Dec 13	**31 Dec 14**	**31 Dec 14**	31 Dec 13	31 Dec 13
US$						
Contracts to receive US$ and pay A$						
31 December 2013	**–**	0.8505	**–**	**–**	A$(1,175.8)	US$1,000.0
31 December 2014	**0.8745**	0.8273	**A$(1,543.8)**	**US$1,350.0**	A$(906.6)	US$750.0
31 December 2015	**0.8745**	–	**A$(1,543.8)**	**US$1,350.0**	–	–
31 December 2016	**0.8745**	–	**A$(1,543.8)**	**US$1,350.0**	–	–
31 December 2017	**0.8745**	–	**A$(1,543.8)**	**US$1,350.0**	–	–
31 December 2018	**0.8745**	–	**A$(1,543.8)**	**US$1,350.0**	–	–
31 December 2019	**0.8571**	–	**A$(700.0)**	**US$600.0**	–	–
31 December 2020	**0.8571**	–	**A$(700.0)**	**US$600.0**	–	–
31 December 2021	**0.8571**	–	**A$(700.0)**	**US$600.0**	–	–
31 December 2022	**0.8571**	–	**A$(700.0)**	**US$600.0**	–	–
31 December 2023	**0.8571**	–	**A$(700.0)**	**US$600.0**	–	–
31 December 2024	**0.8571**	–	**A$(700.0)**	**US$600.0**	–	–
£						
Contracts to receive £ and pay A$						
31 December 2014	**0.5491**	–	**A$(728.5)**	**£400.0**	–	–
31 December 2015	**0.5491**	–	**A$(728.5)**	**£400.0**	–	–
31 December 2016	**0.5491**	–	**A$(728.5)**	**£400.0**	–	–
31 December 2017	**0.5491**	–	**A$(728.5)**	**£400.0**	–	–
31 December 2018	**0.5491**	–	**A$(728.5)**	**£400.0**	–	–
31 December 2019	**0.5491**	–	**A$(728.5)**	**£400.0**	–	–
31 December 2020	**0.5491**	–	**A$(728.5)**	**£400.0**	–	–
31 December 2021	**0.5491**	–	**A$(728.5)**	**£400.0**	–	–
31 December 2022	**0.5491**	–	**A$(728.5)**	**£400.0**	–	–
31 December 2023	**0.5491**	–	**A$(728.5)**	**£400.0**	–	–
31 December 2024	**0.5491**	–	**A$(728.5)**	**£400.0**	–	–
31 December 2025	**0.5491**	–	**A$(728.5)**	**£400.0**	–	–
€						
Contracts to receive € and pay A$						
31 December 2014	**0.6904**	–	**A$(2,317.3)**	**€1,600.0**	–	–
31 December 2015	**0.6904**	–	**A$(2,317.3)**	**€1,600.0**	–	–
31 December 2016	**0.6904**	–	**A$(2,317.3)**	**€1,600.0**	–	–
31 December 2017	**0.6904**	–	**A$(2,317.3)**	**€1,600.0**	–	–
31 December 2018	**0.6904**	–	**A$(1,738.1)**	**€1,200.0**	–	–
31 December 2019	**0.6904**	–	**A$(1,738.1)**	**€1,200.0**	–	–
31 December 2020	**0.6903**	–	**A$(869.2)**	**€600.0**	–	–
31 December 2021	**0.6903**	–	**A$(869.2)**	**€600.0**	–	–
31 December 2022	**0.6903**	–	**A$(869.2)**	**€600.0**	–	–
31 December 2023	**0.6903**	–	**A$(869.2)**	**€600.0**	–	–

At 31 December 2014, none of the above described cross currency swaps qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement. At 31 December 2014, the aggregate fair value is a receivable of $183.8 million (31 December 2013: payable of $54.6 million). The change in fair value for the year ended 31 December 2014 was $238.4 million (31 December 2013: $527.7 million).

NOTE 33 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

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

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

Foreign currency sensitivity		**31 Dec 14 $million**	31 Dec 13 $million
The sensitivity of fair value of cross currency swaps to changes in the year end A$/US$0.8200 rate (31 December 2013: 0.8932) is as follows:	A$/US$ Currency movement	Gain/(loss) to income statement	
	– 20 cents	**517.8**	319.5
	– 10 cents	**222.9**	139.1
	– 5 cents	**104.2**	65.1
	+5 cents	**(91.4)**	(58.3)
	+10 cents	**(169.7)**	(110.6)
	+20 cents	**(301.8)**	(200.9)
The sensitivity of fair value of cross currency swaps to changes in the year end A$/£0.5255 rate (31 December 2013: 0.5401) is as follows:	A$/£ Currency movement	Gain/(loss) to income statement	
	- 20 pence	**450.3**	–
	- 10 pence	**172.2**	–
	- 5 pence	**77.1**	–
	+ 5 pence	**(60.9)**	–
	+ 10 pence	**(109.7)**	–
	+ 20 pence	**(187.1)**	–
The sensitivity of fair value of cross currency swaps to changes in the year end A$/€0.6749 rate (31 December 2013: 0.6484) is as follows:	A$/€ Currency movement	Gain/(loss) to income statement	
	– 20 cents	**975.0**	–
	– 10 cents	**402.7**	–
	– 5 cents	**185.2**	–
	+5 cents	**(153.9)**	–
	+10 cents	**(285.4)**	–
	+20 cents	**(503.4)**	–

(iii) 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.

Foreign currency swaps contracted as at the reporting date and maturing during the year ended	**Weighted average exchange rate**		**Amount receivable/(payable) million**			
	31 Dec 14	31 Dec 13	**31 Dec 14**	**31 Dec 14**	31 Dec 13	31 Dec 13
£						
Contracts to buy £ and sell A$						
31 December 2014	**–**	0.5501	**–**	**–**	£114.0	A$(207.2)

At 31 December 2014, none of the above described foreign exchange derivatives qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement. At 31 December 2014, the aggregate fair value is nil (31 December 2013: a receivable of $4.5 million). The change in fair value for the year ended 31 December 2014 was $4.5 million (31 December 2013: $3.4 million).

Foreign currency sensitivity		**31 Dec 14 $million**	31 Dec 13 $million
The sensitivity of fair value of foreign currency swaps to changes in the year end A$/£0.5255 rate (31 December 2013: 0.5401) rate is as follows:	A$/£ Currency movement	Gain/(loss) to income statement	
	-20 pence	**–**	123.9
	-10 pence	**–**	47.9
	-5 pence	**–**	21.5
	+5 pence	**–**	(17.8)
	+10 pence	**–**	(32.8)
	+20 pence	**–**	(56.7)

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 2014, the aggregate credit risk in respect of cash and cash equivalents is $26.6 million (31 December 2013: $99.2 million).

At 31 December 2014, the aggregate credit risk in respect of derivative financial instruments is $341.3 million (31 December 2013: $46.7 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 14 $million	31 Dec 13 $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	**(1,222.7)**	(1,817.8)
Due between one and five years	**(3,447.9)**	(3,862.9)
Due after five years	**(4,123.3)**	(369.3)
	(8,793.9)	(6,050.0)
Comprising:		
– principal amounts of current and non current interest bearing liabilities	**(7,506.3)**	(5,498.7)
– aggregate future estimated nominal interest	**(1,287.6)**	(551.3)
	(8,793.9)	(6,050.0)
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	**(90.5)**	(6.2)
Due between one and five years	**(231.4)**	(90.1)
Due after five years	**(48.1)**	9.1
	(370.0)	(87.2)

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**	
	31 Dec 14 $million	31 Dec 13 $million	**31 Dec 14 $million**	31 Dec 13 $million
Consolidated assets				
Cash and cash equivalents	**14.3**	77.7	**14.3**	77.7
Trade debtors (i)	**1.6**	1.2	**1.6**	1.2
Receivables (i)	**418.7**	2,041.0	**418.7**	2,041.0
Other investments (ii)	**–**	1,623.4	**–**	1,623.4
Derivative assets (ii)	**341.3**	46.7	**341.3**	46.7
Consolidated liabilities				
Payables (i)	**1,357.5**	262.8	**1,357.5**	262.8
Interest bearing liabilities (ii)				
– Fixed rate debt	**4,752.4**	2,153.5	**4,585.5**	1,990.2
– Floating rate debt	**2,907.1**	3,508.6	**2,920.8**	3,508.5
Other financial liabilities (ii)	**1,409.1**	1,371.4	**1,409.1**	1,371.4
Derivative liabilities (ii)	**70.5**	102.0	**70.5**	102.0

(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 subjected to interest rate and market risks, the basis of determining the fair value is set out in the fair value hierarchy below.

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

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.

	31 Dec 14 $million	**Level 1 $million**	**Level 2 $million**	**Level 3 $million**
Consolidated assets measured at fair value				
Derivative assets				
– Currency derivatives	**184.6**	–	184.6	–
– Interest rate derivatives	**156.7**	–	156.7	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	**4,752.4**	–	4,752.4	–
– Floating rate debt	**2,907.1**	–	2,907.1	–
Derivative liabilities				
– Currency derivatives	**0.6**	–	0.6	–
– Interest rate derivatives	**69.9**	–	69.9	–
Other financial liabilities				
– Property linked notes	**1,409.1**	–	–	1,409.1

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

	31 Dec 13 $million	Level 1 $million	Level 2 $million	Level 3 $million
Consolidated assets measured at fair value				
Derivative assets				
– Currency derivatives	15.2	–	15.2	–
– Interest rate derivatives	31.5	–	31.5	–
Other investments				
– Listed investments	129.4	129.4	–	–
– Unlisted investments	1,494.0	–	–	1,494.0
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	2,153.5	–	2,153.5	–
– Floating rate debt	3,508.6	–	3,508.6	–
Derivative liabilities				
– Currency derivatives	65.3	–	65.3	–
– Interest rate derivatives	36.7	–	36.7	–
Other financial liabilities				
– Property linked notes	1,371.4	–	–	1,371.4

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

	Unlisted investments[(i)] 31 Dec 14 $million	**Property linked notes[(ii)] 31 Dec 14 $million**
Level 3 fair value movements		
Balance at the beginning of the year	**1,494.0**	**1,371.4**
Net revaluation increment	**212.5**	**37.7**
Distributed to Westfield Corporation	**(1,706.5)**	**–**
Balance at the end of the year	**–**	**1,409.1**

(i) The fair value of unlisted investments has been determined by reference to the fair value of the underlying investment properties which are valued by independent appraisers.

(ii) 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: Details of shopping centre investments for relevant fair value disclosures.

	31 Dec 14 $million	31 Dec 13 $million

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 14 $million	31 Dec 13 $million
(a) Assets		
Current assets	**585.5**	2,190.8
Non current assets	**14,479.2**	15,140.4
Total assets	**15,064.7**	17,331.2
(b) Liabilities		
Current liabilities	**1,745.8**	1,946.5
Non current liabilities	**7,766.4**	4,585.8
Total liabilities	**9,512.2**	6,532.3
(c) Total equity		
Contributed equity	**1,658.1**	5,777.5
Reserves	**5,536.9**	5,001.2
Retained profits	**(1,642.5)**	20.2
Total equity	**5,552.5**	10,798.9
(d) Comprehensive income		
Profit after tax for the period	**508.9**	426.2
Other comprehensive income	**535.7**	669.0
Total comprehensive income for the period	**1,044.6**	1,095.2
(e) Contingent liabilities		
Performance guarantees	**0.1**	0.1
Guaranteed borrowings of controlled entities	**–**	3,640.1
Guaranteed borrowings of associates of the Responsible Entity	**5,278.4**	7,446.6
Total contingent liabilities	**5,278.5**	11,086.8

NOTE 38 AUDITOR'S REMUNERATION

	$'000	$'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	**707**	920
– Assurance and compliance services	**348**	586
	1,055	1,506
Amounts received or due and receivable by affiliates of the auditor of the Parent Entity for:		
– Audit or review of the financial reports	**119**	204
	119	204
	1,174	1,710

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 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 Scentre Group, they also relate to the Trust.

Nature of relationship with related parties

Key Management Personnel of the Trust

Details of Key Management Personnel are disclosed in Note 40.

Other Related Parties

Westfield Corporation is considered to be a related party of Scentre Group as Directors Mr Frank Lowy and Mr Steven Lowy are also Directors of Westfield Corporation.

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 (retired 30 June 2014).

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 (retired 30 June 2014).

Prior to the Restructure and Merger implemented on 30 June 2014, Westfield Retail Trust (WRT) was considered to be a related party of Scentre Group as subsidiaries of Scentre Group Limited are the responsible entities of WRT and also manage the shopping centres owned by WRT. Details of transactions with WRT for the period from 1 January 2014 to 30 June 2014 are set out below in Note 39(e).

Transactions and their terms and conditions with related parties

Transactions with Key Management Personnel of the Trust

Details of Key Management Personnel are disclosed in Note 40.

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) Westfield Corporation

Arrangements with Westfield Corporation

Following the Restructure and Merger, 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.

(i) Royalty free licence to use the Westfield brand

Scentre Group's existing shopping centres and any new shopping centres in Australia and New Zealand will continue to be branded Westfield under an exclusive, royalty free licence from Westfield Corporation.

Under the Trade Mark Licence Agreement, Scentre Group has the royalty free right to use (and to sub-license) the Westfield brand in Australia and New Zealand in relation to its existing shopping centres and any new shopping centres managed by Scentre Group which meet certain agreed characteristics.

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

LABS is a San Francisco based team owned by Westfield Corporation which serves as a global digital lab focused on innovating and developing the technological platform and infrastructure necessary to better connect consumers with physical shopping centre assets.

Scentre Group has entered into an agreement with Westfield Corporation under which it will have access to core digital services to be provided by LABS in return for an agreed contribution to the funding of Westfield Labs over the term of the agreement and to product innovations by LABS on a case by case basis. Scentre Group may, but is not obliged to, use LABS to develop its own digital initiatives, again on a case by case basis. The LABS Agreement has been entered into for an initial term until 31 December 2016.

Under the LABS Agreement, LABS will provide agreed core services to Scentre Group, which will include services relating to the Searchable Mall, data analytics, mobile applications, consumer website development, platform (including publishing) hosting and maintenance, consumer insights reporting and certain research and development. Westfield Corporation charged Scentre Group $5.5 million for the six month ended 31 December 2014, and Scentre Group will not without agreement of the parties be required to pay more than $11.2 million for the year ending 31 December 2015 or $11.6 million for the year ending 31 December 2016. Payment for LABS services are made in arrears.

(iii) Provision of transitional services to Westfield Corporation

As part of the transition, Scentre Group and Westfield Corporation have entered into a Transitional Services Agreement, under which Scentre Group will provide various corporate infrastructure services to Westfield Corporation for a transitional period. For the six months ended 31 December 2014, Scentre Group charged Westfield Corporation $6.2 million for transitional services. The transition is expected to be substantially completed within two years.

As part of the transition, Westfield Corporation also provides corporate services to Scentre Group. For the six months ended 31 December 2014, Westfield Corporation charged Scentre Group $0.3 million for the provision of corporate services.

Scentre Group subleases office space to Westfield Corporation at its Westfield Sydney premises. The lease is at commercial, arm's length terms. For the six months ended 31 December 2014 the total office rent charged to Westfield Corporation was $0.7 million.

At year end the following amounts were recorded in Scentre Group's balance sheet as payable/receivable with Westfield Corporation:

Nature	Type	**2014 $million**	2013 $million
Owing to Westfield Corporation	Current payable	**5.5**	nil
Owing from Westfield Corporation	Current receivable	**0.6**	nil

No provision for doubtful debts has been recognised or bad debts incurred with respect to amounts payable or receivable from Westfield Corporation during the period.

(b) LFG

Prior to the Restructure and Merger on 30 June 2014, Scentre Group owned two aircraft (which were transferred to Westfield Corporation as part of the Restructuring and Merger) for business use by its executives. One was located in Australia and the other located in the United States. Scentre Group and LFG had entered into an aircraft interchange agreement, whereby Scentre Group provided its aircraft (when the aircraft was not required for Scentre Group business use) and flight crew to LFG in exchange for equal time usage of an equivalent standard aircraft owned by LFG and flight crew provided by LFG. The agreement was for rolling periods of one year but may be terminated by either party by giving 30 days written notice. This arrangement was entered into on arm's length commercial terms. During the financial year, LFG utilised 86.7 hours (31 December 2013: 264 hours) of Scentre Group's aircraft which was offset by Scentre Group's business use of the LFG aircraft for an equivalent number of hours.

In addition to the interchange agreement, there were arrangements between Scentre Group and LFG in relation to the use of Scentre Group's aircraft by LFG and use of LFG's aircraft by Scentre Group. These arrangements, including rates, were at arm's length.

NOTE 39 RELATED PARTY DISCLOSURES (CONTINUED)

(b) LFG (continued)

Scentre Group incurred costs in the financial year amounting to $409,043 (31 December 2013: $746,237) in relation to the use of the LFG aircraft in excess of the interchange agreement. Amounts charged were payable on 30 day terms.

Scentre Group also had aircraft operation, maintenance, crew sharing, and hangar facility agreements with LFG. The agreements enabled the parties to, where possible, cooperate with each other with a view to enhancing the economy of operation of their respective aircraft through their combined resources and purchasing power, including the cost of fuel, parts, maintenance, landing, engineering, insurance and aircrew services. During the financial year, Scentre Group charged LFG $963,738 (31 December 2013: $1,251,785) 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.

Scentre Group has entered into a leasing agreement with LFG to provide office space at Westfield Sydney. The rental of the space commenced in 2012 and is on commercial arm's length terms. Scentre Group's rental charge for the Westfield Sydney lease was $1,391,449 (31 December 2013: $831,113).

During the financial year, Scentre Group charged LFG $889,625 (31 December 2013: $1,068,888) for service costs in relation to the provision of communication, security and other services on arm's length terms and conditions.

During the financial year Scentre Group provided security services to certain Directors necessary for them to fulfil their responsibilities.

At year end the following amounts were recorded in Scentre Group's balance sheet as payable/receivable with the following related parties:

Nature	Type	**2014 $**	2013 $
Owing to LFG	Current payable	**nil**	nil
Owing from LFG	Current receivable	**nil**	nil

No provision for doubtful debts has been recognised or bad debts incurred with respect to amounts payable or receivable from LFG during the period.

(c) The Lowy Institute

During the financial year Scentre Group provided development services to The Lowy Institute totalling $7,682 (31 December 2013: nil). The amount charged was on arm's length, commercial terms.

During the financial year, Scentre Group charged The Lowy Institute $3,182 (31 December 2013: $4,762) for service costs in relation to the provision of communication and security services on arm's length terms and conditions.

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

(d) Scentre Group Limited, Scentre Group Trust 2, Scentre Group Trust 3, and Westfield America Trust

SGL, SGT2 and SGT3 are considered to be related parties of the Trust.

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. Details of transactions with WAT for the period from 1 January 2014 to 30 June 2014 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 $57.0 million (31 December 2013: $55.3 million) of which $5.0 million (31 December 2013: $4.7 million) was payable to associates of the Responsible Entity.

Manager's service charge

Manager's service charge expensed of $10.8 million (31 December 2013: $11.7 million) of which $2.2 million (31 December 2013: $2.1 million) was payable to associates of the Responsible Entity.

Reimbursement of expenses

Reimbursement of shopping centre indirect overhead expenses of $21.6 million (31 December 2013: $19.9 million).

Tenancy coordination fees

Tenancy coordination fee of $5.1 million (31 December 2013: $5.8 million).

Construction contracts

Amounts paid (excluding GST) to associates of the Responsible Entity for construction contracts amounted to $289.0 million (31 December 2013: $153.1 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 income for the year in respect of financial derivatives with the SGL entity was $49.5 million (31 December 2013: nil), with net accrued interest payable of $1.8 million at year end (31 December 2013: nil). The net foreign currency gain in respect of the cross currency swaps principals and forward exchange contracts with the SGL entity was $165.0 million (31 December 2013: nil).

Foreign currency contracts WAT

SGT1 and WAT entered into foreign currency contracts in 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 the year and the net loss from the contracts was $2.4 million.

Foreign currency contracts with SGL entities

SGT1 and a SGL entity entered into the following foreign currency contracts in 2014:

i) SGT1 received net US$60.4 million from a SGL entity in exchange for SGT1 paying net A$71.2 million to the SGL entity. The foreign currency contracts matured during the year and the net gain from the contracts was $0.2 million.

ii) SGT1 received net £137.2 million from a SGL entity in exchange for SGT1 paying net A$248.8 million to the SGL entity. The foreign currency contracts matured during the year and the net loss from the contracts was $0.7 million.

iii) SGT1 received net NZ$3.2 million from a SGL entity in exchange for SGT1 paying net A$3.0 million to the SGL entity. The foreign currency contracts matured during the year and the net loss from the contracts was $41,502.

iv) 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 and the loss from the contract was $14,929.

Cross currency swaps with WAT

SGT1 had cross currency swaps with WAT in 2013. The interest expense for the year in respect of these cross currency swaps was $24.3 million. The net foreign currency loss of $146.7 million in respect of the cross currency swap principals was recorded in the income statement.

Foreign currency contracts with SGT2

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

Loans

Loans to/from SGL entities

During the year, SGT1 had A$ interest bearing loans to SGL. The balance of these loans at year end is a receivable of $294.4 million (31 December 2013: $1,077.3 million), with accrued interest receivable of $4.3 million (31 December 2013: $3.8 million). Interest accrues on these loans based on a floating rate. The interest income for the year in respect of the loans to SGL was $38.3 million (31 December 2013: $46.5 million).

During the year, SGT1 had A$ interest bearing loans from SGL. The balance of these loans at year end is a payable of $21.6 million (31 December 2013: $846.6 million), with accrued interest payable of $5,476 (31 December 2013: $2.9 million). Interest accrues on these loans based on a floating rate. The interest expense for the year in respect of the loans from SGL was $24.3 million (31 December 2013: $16.3 million).

NOTE 39 RELATED PARTY DISCLOSURES (CONTINUED)

(d) Scentre Group Limited, Scentre Group Trust 2, Scentre Group Trust 3, and Westfield America Trust (continued)

Loans (continued)

During the year, SGT1 had a £ interest bearing loan from SGL. The balance of the loan at year end is a payable of $34.4 million (31 December 2013: $16.7 million), with accrued interest payable of $2,786 (31 December 2013: $3,496). Interest accrues on the loan based on a floating rate. The interest expense for the year in respect of the loan from SGL was $0.3 million (31 December 2013: $75,898).

During the year, SGT1 had a NZ$ interest bearing loan from a SGL entity. The balance of the loan at year end is nil (31 December 2013: nil). Interest accrues on the loan based on a floating rate. The interest expense for the year in respect of the loan from the SGL entity was $0.5 million (31 December 2013: nil).

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 $1,045.6 million (31 December 2013: nil)

Loans to/from WAT

During the year, SGT1 had net A$ interest bearing loans to WAT. The balance of these loans at year end is nil (31 December 2013: $926.4 million), with accrued interest receivable of nil (31 December 2013: $0.2 million). Interest accrued on these loans based on a floating rate. The net interest income for the year in respect of the loans to WAT was $13.1 million (31 December 2013: $28.7 million).

During the year, SGT1 had a US$ interest bearing loan from WAT. The balance of this loan at year end is nil (31 December 2013: $783.0 million). Interest accrued on this loan based on a fixed rate. The interest expense for the year in respect of the loan from WAT was $0.7 million (31 December 2013: $1.1 million).

Loans from SGT2

During the year, SGT1 had net A$ interest bearing loans from SGT2. The balance of these loans at year end is a payable of $415.4 million (31 December 2013: nil), with accrued interest payable of $48,592 (31 December 2013: nil). Interest accrues on these loans based on a floating rate. The net interest expense for the year in respect of the loans from SGT2 was $6.2 million (31 December 2013: nil).

Loans 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 $526.7 million (31 December 2013: nil), with accrued interest payable of $1.1 million (31 December 2013: nil). 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 $13.3 million (31 December 2013: nil).

(e) 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 Westfield Group and WRT are summarised as follows:

- the Westfield Group and WRT directly and indirectly owned the properties including properties where there are 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 will have access to the Westfield brand; and
- the Westfield Group provided corporate services to WRT.

Transactions with Westfield Retail Trust

The transactions with WRT for the 6 months to 30 June 2014 and the year ended 31 December 2013, were as follows:

Property management fee

During the six months to 30 June 2014, Westfield Group charged WRT property management fees of $26.9 million (year ended 31 December 2013: $52.3 million).

Tenancy coordination fee

During the six months to 30 June 2014, Westfield Group charged WRT tenancy coordination fees of $2.3 million (year ended 31 December 2013: $5.6 million).

Reimbursement of expenses

During the six months to 30 June 2014, Westfield Group charged WRT $10.1 million (year ended 31 December 2013: $18.8 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

During the six months to 30 June 2014, Westfield Group charged WRT corporate service fees of $10.0 million (year ended 31 December 2013: $20.0 million).

Development framework agreements

During the six months to 30 June 2014, Westfield Group charged WRT property development progress billings and fees of $97.1 million (year ended 31 December 2013: $155.0 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 (year ended 31 December 2013: $10.0 million).

Other

During the six months to 30 June 2014, Westfield Group charged WRT $0.1 million (year ended 31 December 2013: $0.2 million) for the lease of office space.

During the six months to 30 June 2014, Westfield Group paid WRT $3.2 million (year ended 31 December 2013: $5.5 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 (year ended 31 December 2013: $9.4 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 2014. At 31 December 2013, payable and receivable balances with WRT were as follows:

- $2.3 million receivable for property development progress billings and fees;
- $5.0 million receivable relating to property management fees, tenancy coordination fee and reimbursement of shopping centre indirect expenses; and
- $6.4 million payable relating to property related advertising and promotional income collected by Westfield Group on behalf of WRT.

NOTE 40 DETAILS OF 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 the Scentre Group.

(i) Directors

In connection with the Restructure and Merger of the Westfield Group implemented on 30 June 2014, the composition of the Board of Scentre Management Limited (formerly Westfield Management Limited) the responsible entity of SGT1, changed.

The Board currently 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
Laurence Brindle	Non-Executive Director (appointed 30 June 2014)
Richard Egerton-Warburton AO LVO	Non-Executive Director (appointed 30 June 2014)
Andrew Harmos	Non-Executive Director (appointed 30 June 2014)
Michael Ihlein	Non-Executive Director (appointed 30 June 2014)
Steven Lowy AM	Non-Executive Director (from 30 June 2014)
Sandra McPhee AM	Non-Executive Director (appointed 30 June 2014)

The following Directors retired from the Board of the Responsible Entity on 30 June 2014 in connection with the Restructure and Merger:

Ilana Atlas, Roy Furman, Lord (Peter) Goldsmith QC PC, Mark G. Johnson, Mark R. Johnson AO, Peter Lowy, John McFarlane and Judith Sloan.

(ii) Other Key Management Personnel

In addition to the Directors noted above, the following executives were also Key Management Personnel during the Financial Year.

Mark Bloom	Chief Financial Officer (effective from 30 June 2014)
John Widdup	Chief Operating Officer Development, Design and Construction (effective from 30 June 2014)
Robert Jordan	Managing Director, Australia, New Zealand and United States (effective up to 30 June 2014)

Mr Widdup retired from Scentre Group on 31 January 2015.

Compensation 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 the 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 14 – Interest Beneficial [i] Parent Entity %	31 Dec 14 – Interest Beneficial [i] Scentre Group Trust 1 %	31 Dec 14 – Interest Consolidated or Equity accounted %	31 Dec 13 – Interest Beneficial [i] Parent Entity %	31 Dec 13 – Interest Beneficial [i] Scentre Group Trust 1 %	31 Dec 13 – Interest 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 (formerly Westfield Sub Trust G)	**100.0**	**100.0**	**100.0**	100.0	100.0	100.0
SCG1 Finance (Aust) Pty Limited (formerly WT Finance (Aust) Pty Limited)	**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 (formerly WT Finance (NZ) Limited)	**100.0**	**100.0**	**100.0**	100.0	100.0	100.0
SCG1 Finance (NZ) No. 2 Limited (formerly WT Finance (NZ) No. 2 Limited)	**100.0**	**100.0**	**100.0**	100.0	100.0	100.0
Equity Accounted Entities						
Scentre NZ Holdings Limited (formerly Westfield 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).

NOTE 42 SIGNIFICANT TRANSACTIONS

In November 2014, Scentre Group announced a joint venture agreement with GIC, Singapore's sovereign wealth fund, in respect of 5 properties in New Zealand. Under the transaction, GIC will acquire from Scentre Group a 49% (Trust share: 24.5%) ownership interest in Albany, Manukau, Newmarket, Riccarton and St Lukes at a recorded value of $1,004.5 million (Trust share: $502.3 million). Scentre Group will retain a 51% (Trust share: 25.5%) interest in each of these shopping centres and will continue to provide the property management, development, design and construction services. GIC obtained approval from the Overseas Investment Office, New Zealand on 9 March 2015 and the transaction is expected to settle in March 2015.

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 2014 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 18 March 2015 in accordance with a resolution of the Board of Directors.

Frank Lowy AC
Chairman

Michael Ihlein
Director

18 March 2015

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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 2014, 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 2014 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, 18 March 2015

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 2014 (Financial Year).

The Trust is part of the 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 $1,829.1 million and a distribution of $260.8 million for the Financial Year. The basic earnings per unit is 34.35 cents and the distribution per unit is 8.10 cents for the Financial Year.

As at 31 December 2014, the Trust has total consolidated and equity accounted properties of $15.1 billion. Occupancy rates for those properties continues to be in excess of 99.5% leased. The Trust's interest in 47 shopping centres comprises 12,699 retail outlets and approximately 3.8 million square metres of retail space.

The Australian and New Zealand operations contributed net property income of $854.4 million for the year ended 31 December 2014 with an underlying comparable net operating income growth of 2.2%.[i]

There was sustained improvement in retail sales growth, with comparable specialty store sales in Australia up 3.6% for the 12 months to 31 December 2014.

In 2014, Scentre Group completed the $410 million (Trust share: $205 million) development at Westfield Garden City in Queensland and the major stage opening of the $475 million (Trust share: $119 million) development at Westfield Miranda in New South Wales.

In November 2014, Scentre Group announced a NZ$2.1 billion joint venture with GIC for 5 shopping centres in New Zealand, 3 of which have developments planned. More recently, Scentre Group announced a sale process for the remaining 4 shopping centres in New Zealand.

As noted, the Restructure and Merger was implemented on 30 June 2014 as described in Note 1(d) to the Financial Report. Since 30 June 2014, there have been no significant changes in the Trust's state of affairs.

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 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

Other than the transaction disclosed in Note 42 to the Financial Report, 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 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 Scentre Group's operations and in particular to its development, construction and shopping centre management activities. The 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 2015 and will be available on its website.

2. DISTRIBUTIONS

As noted above, Scentre Group was formed on 30 June 2014 by the Restructure and Merger. The distributions shown below for the six month periods to 31 December 2013 and 30 June 2014 respectively relate to periods when the Trust formed part of Westfield Group.

2.1 Westfield Group (WDC)

For the six months ended 31 December 2013, the Trust distribution of 9.74 cents per ordinary unit formed part of the distribution of 25.50 cents per WDC stapled security, paid on 28 February 2014. This distribution was an aggregate of a distribution from the Trust, a distribution from Westfield America Trust and a dividend from Westfield Holdings Limited. The figure reported here only represents that component of the aggregate WDC distribution being the distribution of the Trust.

For the six months ended 30 June 2014, the Trust distribution of 5.25 cents per ordinary unit formed part of the distribution of 26.25 cents per WDC stapled security, paid on 29 August 2014. This distribution was an aggregate of a distribution from the Trust and a distribution from Westfield America Trust. The figure reported here only represents that component of the aggregate WDC distribution being the distribution of the Trust.

2.2 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, payable on 27 February 2015. This distribution is 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.

[i] Pro forma post New Zealand joint venture with GIC, which is expected to settle Q1 2015.

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
Laurence Brindle	Non-Executive Director (appointed 30 June 2014)
Richard Egerton-Warburton AO LVO	Non-Executive Director (appointed 30 June 2014)
Andrew Harmos	Non-Executive Director (appointed 30 June 2014)
Michael Ihlein	Non-Executive Director (appointed 30 June 2014)
Steven Lowy AM	Non-Executive Director (from 30 June 2014)
Sandra McPhee AM	Non-Executive Director (appointed 30 June 2014)

Biographies of the current Board can be found in the 2014 Scentre Group Annual Financial Report.

The following Directors retired from the Board of the Responsible Entity on 30 June 2014 in connection with the Restructure and Merger.

Ilana Atlas	Non-Executive Director
Roy Furman	Non-Executive Director
Lord (Peter) Goldsmith QC PC	Non-Executive Director
Mark G. Johnson	Non-Executive Director
Mark R. Johnson AO	Non-Executive Director
Peter Lowy	Non-Executive Director
John McFarlane	Non-Executive Director
Professor Judith Sloan	Non-Executive Director

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 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	38,781
Peter Allen	981,631
Laurence Brindle	Nil
Richard Egerton-Warburton	73,445
Andrew Harmos	32,079
Michael Ihlein	33,048
Sandra McPhee	33,382

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 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 the Scentre Group.

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
Laurence Brindle	Scentre Management Limited*	30 June 2014	Continuing
	RE1 Limited**	21 December 2010	Continuing
	RE2 Limited***	21 December 2010	Continuing
	National Storage Holdings Limited	1 November 2013	Continuing
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
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
Sandra McPhee	Scentre Management Limited*	30 June 2014	Continuing
	RE1 Limited**	21 December 2010	Continuing
	RE2 Limited***	21 December 2010	Continuing
	AGL Energy Limited	9 October 2006	Continuing
	Kathmandu Holdings Limited	16 October 2009	Continuing
	Fairfax Media Limited	26 February 2010	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 1 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, the shares of which are stapled to units in Westfield America Trust and WFD Trust, and which trade on the ASX as Westfield Corporation.

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.

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 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

- $67.8 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 217,958,211 units as at the end of the Financial Year. Associates of the Responsible Entity also hold 27,661,209 options in the Trust.
- Details of units issued in the Trust during the Financial Year are set out in Note 20 to the Financial Report on page 20.
- 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), 12, 13, 14 and 15 to the Financial Report on pages 10, 15, 16 and 17.
- 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 20.

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.

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

In relation to our audit of the financial report of Scentre Group Trust 1 for the year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Graham Ezzy
Partner

18 March 2015

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

18 March 2015

Corporate Governance Statement

The Corporate Governance Statement for Scentre Group Trust 1 for the financial year ended 31 December 2014 has been incorporated into the Corporate Governance Statement prepared for Scentre Group. This Statement can be found in the 2014 Scentre Group Annual Financial Report. Scentre Group's Annual Financial Report is available on the scentregroup.com website.

Members' Information

Twenty Largest Holders of Stapled Securities in Scentre Group*

		Number of Securities
1.	HSBC Custody Nominees (Australia) Limited	1,688,055,692
2.	National Nominees Limited	978,109,755
3.	J P Morgan Nominees Australia Limited	876,052,094
4.	Citicorp Nominees Pty Limited	383,602,769
5.	BNP Paribas Noms Pty Ltd <DRP>	203,356,508
6.	Cordera Holdings Pty Limited	181,710,620
7.	AMP Life Limited	91,476,681
8.	RBC Investor Services Australia Nominees Pty Limited <APN A/C>	68,910,452
9.	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	66,508,998
10.	BNP Paribas Nominees Pty Ltd <Agency Lending Collateral>	29,032,000
11.	Mr Frank P Lowy	17,577,810
12.	Bond Street Custodians Limited <ENH Property Securities A/C>	13,856,075
13.	RBC Investor Services Australia Nominees Pty Limited <PISELECT>	13,104,088
14.	CS Fourth Nominees Pty Ltd	12,901,226
15.	Australian Foundation Investment Company Limited	11,436,859
16.	Pan Australian Nominees Pty Limited	10,373,327
17.	Ecapital Nominees Pty Limited <Settlement A/C>	10,187,367
18.	RBC Investor Services Australia Nominees Pty Limited <BKCUST A/C>	8,629,327
19.	Argo Investments Limited	8,526,662
20.	BNP Paribas Noms (NZ) Ltd <DRP>	8,390,910
		4,681,799,220

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

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

Voting Rights

Scentre Group Limited – At a meeting of securityholders, on a show of hands, every person present who is a securityholder or representative of a securityholder has one vote, and on a poll every securityholder present in person or by proxy or attorney and every person who is a representative of a securityholder 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 securityholders, on a show of hands, every person present who is a securityholder or representative of a securityholder has one vote, and on a poll, every securityholder present in person or by proxy or attorney and every person who is a representative of a securityholder 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	18,265,751	41,105	0.34
1,001-5,000	127,509,298	53,534	2.39
5,001-10,000	85,445,511	12,197	1.60
10,001-100,000	171,069,604	8,139	3.21
100,001 and over	4,922,006,514	367	92.44
Total	5,324,296,678	115,342	100.00

As at 13 February 2015, 8,700 security holders hold less than a marketable parcel of quoted securities in Scentre Group.

* There are 11,471,651 performance rights on issue to a total of 137 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.

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:

BlackRock Group	340,719,406
The Vanguard Group	329,954,857
National Nominees as custodian for Unisuper Limited	294,417,792

Annual Financial Report

SCENTRE GROUP TRUST 2[(i)]
For the financial year ended 31 December 2014

Contents

[(i)] Formerly Westfield Retail Trust 1

Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	31 Dec 14 $million	31 Dec 13 $million
Revenue			
Property revenue	3	**528.0**	534.3
		528.0	534.3
Share of after tax profits of equity accounted entities			
Property revenue		**580.2**	567.5
Property revaluations	7	**208.0**	59.8
Property expenses, outgoings and other costs		**(153.2)**	(155.2)
Gain in respect of asset dispositions		**–**	19.6
Net interest income/(expense)		**(13.1)**	0.2
Tax expense		**(17.2)**	(20.9)
	15(a)	**604.7**	471.0
Expenses			
Property expenses, outgoings and other costs		**(141.5)**	(147.6)
Overheads		**(22.3)**	(36.1)
		(163.8)	(183.7)
Interest income		**7.5**	1.3
Currency gain/(loss)	4	**2.9**	(0.1)
Financing costs	5	**(140.1)**	(147.1)
Charges in respect of the Restructure and Merger	6	**(46.4)**	–
Property revaluations	7	**230.4**	103.8
Profit before tax for the period		**1,023.2**	779.5
Tax expense	8	**(0.8)**	(2.4)
Profit after tax for the period (i)		**1,022.4**	777.1
Profit after tax for the period attributable to:			
– Unitholders of Scentre Group Trust 2		**1,020.0**	772.1
– Unitholders of Scentre Group Trust 3		**2.4**	5.0
Profit after tax for the period (i)		**1,022.4**	777.1
		cents	cents
Basic earnings per Scentre Group Trust 2 unit	9(a)	**19.16**	14.43
Diluted earnings per Scentre Group Trust 2 unit	9(a)	**19.16**	14.43

(i) The full year results 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. The results for the comparative year ended 31 December 2013 comprises the earnings of the former Westfield Retail Trust. Westfield Retail Trust comprised Scentre Group Trust 2 and Scentre Group Trust 3 (formerly Westfield Retail Trust 2), which entities were, prior to 30 June 2014, 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 1(d) for further details.

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2014

	31 Dec 14 $million	31 Dec 13 $million
Profit after tax for the period	**1,022.4**	777.1
Other comprehensive income		
Movement in foreign currency translation reserve [i]		
– Net exchange difference on translation of foreign operations	**25.4**	87.8
– Derecognition of accumulated exchange differences on realisation of net investment in foreign operations	**–**	(5.5)
Total comprehensive income for the period [ii]	**1,047.8**	859.4
Total comprehensive income attributable to:		
– Unitholders of Scentre Group Trust 2	**1,045.4**	854.4
– Unitholders of Scentre Group Trust 3	**2.4**	5.0
Total comprehensive income for the period [ii]	**1,047.8**	859.4

(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.

(ii) The full year results 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. The results for the comparative year ended 31 December 2013 comprises the earnings of the former Westfield Retail Trust.

Balance Sheet

AS AT 31 DECEMBER 2014

	Note	31 Dec 14 $million	31 Dec 13 $million
Current assets			
Cash and cash equivalents	23(a)	**10.6**	21.4
Trade debtors		**2.4**	8.8
Derivative assets	10	**0.9**	–
Receivables	11	**439.6**	23.4
Prepayments and deferred costs	12	**9.3**	9.7
Total current assets		**462.8**	63.3
Non current assets			
Investment properties	13	**7,044.7**	6,676.6
Equity accounted investments	15(c)	**6,885.8**	6,985.2
Derivative assets	10	**106.5**	55.6
Deferred tax assets		**–**	0.5
Prepayments and deferred costs	12	**11.4**	11.3
Total non current assets		**14,048.4**	13,729.2
Total assets		**14,511.2**	13,792.5
Current liabilities			
Trade creditors		**46.1**	43.6
Payables and other creditors	16	**123.3**	87.2
Interest bearing liabilities	17	**579.1**	246.1
Tax payable		**–**	1.4
Derivative liabilities	18	**0.9**	1.7
Total current liabilities		**749.4**	380.0
Non current liabilities			
Payables and other creditors	16	**–**	2.2
Interest bearing liabilities	17	**3,648.9**	2,902.7
Derivative liabilities	18	**55.6**	32.3
Total non current liabilities		**3,704.5**	2,937.2
Total liabilities		**4,453.9**	3,317.2
Net assets [i]		**10,057.3**	10,475.3
Equity attributable to unitholders of Scentre Group Trust 2			
Contributed equity	19(b)	**8,159.8**	9,010.2
Reserves	21	**125.4**	100.0
Retained profits	22	**1,772.1**	1,343.0
Total equity attributable to unitholders of Scentre Group Trust 2		**10,057.3**	10,453.2
Equity attributable to unitholders of Scentre Group Trust 3			
Contributed equity	19(b)	**–**	11.2
Retained profits	22	**–**	10.9
Total equity attributable to unitholders of Scentre Group Trust 3		**–**	22.1
Total equity [i]		**10,057.3**	10,475.3

[i] Comprising the Balance Sheet of Scentre Group Trust 2 (31 December 2013: Westfield Retail Trust).

	Note	Contributed equity 31 Dec 14 $million	Foreign currency translation reserve 31 Dec 14 $million	Retained profits 31 Dec 14 $million	Total equity 31 Dec 14 $million
Changes in equity attributable to unitholders of Scentre Group Trust 2					
Balance at the beginning of the period		**9,010.2**	**100.0**	**1,343.0**	**10,453.2**
– Profit after tax for the period		**–**	**–**	**1,020.0**	**1,020.0**
– Other comprehensive income		**–**	**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 shares 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 securities resulting from the Restructure and Merger	19(b)	**2.6**	**–**	**–**	**2.6**
– Distributions paid	24(b)	**–**	**–**	**(590.9)**	**(590.9)**
Closing balance of equity attributable to unitholders of Scentre Group Trust 2		**8,159.8**	**125.4**	**1,772.1**	**10,057.3**
Changes in equity attributable to unitholders of Scentre Group Trust 3					
Balance at the beginning of the period		**11.2**	**–**	**10.9**	**22.1**
– Profit after tax for the period		**–**	**–**	**2.4**	**2.4**
– Other comprehensive income		**–**	**–**	**–**	**–**
Transactions with owners in their capacity as owners:					
– Issuance of securities resulting from the Restructure and Merger	19(b)	**0.3**	**–**	**–**	**0.3**
– Distributions paid	24(b)	**–**	**–**	**(8.6)**	**(8.6)**
– Deconsolidation of Scentre Group Trust 3		**(11.5)**	**–**	**(4.7)**	**(16.2)**
Closing balance of equity attributable to unitholders of Scentre Group Trust 3		**–**	**–**	**–**	**–**
Total equity		**8,159.8**	**125.4**	**1,772.1**	**10,057.3**

	Note	31 Dec 13 $million	31 Dec 13 $million	31 Dec 13 $million	31 Dec 13 $million
Changes in equity attributable to unitholders of Scentre Group Trust 2					
Balance at the beginning of the period		9,212.4	17.7	1,157.6	10,387.7
– Profit after tax for the period		–	–	772.1	772.1
– Other comprehensive income		–	82.3	–	82.3
Transactions with owners in their capacity as owners:					
– Buy-back and cancellation of contributed equity, including transaction costs	19(b)	(202.2)	–	–	(202.2)
– Distributions paid	24(b)	–	–	(586.7)	(586.7)
Closing balance of equity attributable to unitholders of Scentre Group Trust 2		9,010.2	100.0	1,343.0	10,453.2
Changes in equity attributable to unitholders of Scentre Group Trust 3					
Balance at the beginning of the period		11.6	–	5.9	17.5
– Profit after tax for the period		–	–	5.0	5.0
– Other comprehensive income		–	–	–	–
Transactions with owners in their capacity as owners:					
– Buy-back and cancellation of contributed equity, including transaction costs		(0.4)	–	–	(0.4)
– Distributions paid		–	–	–	–
Closing balance of equity attributable to unitholders of Scentre Group Trust 3		11.2	–	10.9	22.1
Total equity		9,021.4	100.0	1,353.9	10,475.3

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	31 Dec 14 $million	31 Dec 13 $million
Cash flows from operating activities			
Receipts in the course of operations (including Goods and Services Tax (GST))		**606.2**	608.6
Payments in the course of operations (including GST)		**(177.6)**	(195.6)
Settlement of income hedging currency derivatives		**(0.8)**	(1.2)
Dividends/distributions received from equity accounted associates		**348.9**	346.4
Interest received from equity accounted entities		**14.7**	19.5
Income and withholding taxes paid		**(2.5)**	(3.0)
GST paid		**(42.2)**	(40.3)
Net cash flows from operating activities	23(b)	**746.7**	734.4
Cash flows used in investing activities			
Capital expenditure on property investments		**(130.1)**	(88.1)
Net inflows from/(outflows for) investments in and loans to equity accounted entities		**(159.5)**	72.7
Financing costs capitalised to qualifying development projects and construction in progress		**(10.2)**	(5.5)
Net cash flows used in investing activities		**(299.8)**	(20.9)
Cash flows used in financing activities			
Capital and stapling distributions resulting from the Restructure and Merger		**(853.0)**	–
Issuance of units resulting from the Restructure and Merger		**2.8**	–
Buy-back of securities		**–**	(202.6)
Net proceeds from interest bearing liabilities		**1,638.7**	251.4
Loans to other entities of the Scentre Group		**(415.4)**	–
Payments of financing costs (excluding interest capitalised)		**(198.7)**	(172.5)
Interest received		**7.5**	1.3
Distributions paid		**(599.5)**	(586.7)
Charges in respect of the Restructure and Merger		**(38.6)**	–
Net cash flows used in financing activities		**(456.2)**	(709.1)
Net increase/(decrease) in cash and cash equivalents held		**(9.3)**	4.4
Add opening cash and cash equivalents brought forward		**21.4**	17.1
Less deconsolidation of Scentre Group Trust 3 cash balance resulting from the Restructure and Merger		**(1.5)**	–
Effects of exchange rate changes on opening cash and cash equivalents brought forward		**–**	(0.1)
Cash and cash equivalents at the end of the period [(i)]	23(a)	**10.6**	21.4

(i) 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. The cash flows for the comparative year ended 31 December 2013 comprises the cash flows of the former Westfield Retail Trust.

Index of Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

(a) Corporate information

This financial report of Scentre Group Trust 2 (formerly Westfield Retail Trust 1), comprising Scentre Group Trust 2 (SGT2) and its controlled entities (the Trust), for the year ended 31 December 2014, was approved in accordance with a resolution of the Board of Directors of RE1 Limited (as responsible entity of SGT2) on 18 March 2015. This financial report is the continuation of the Westfield Retail Trust report.

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 2014.

- AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities;
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets;
- AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting; and
- AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities.

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 2014. 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 of financial assets 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 (effective from 1 January 2017)

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.

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 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2018);
- AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual framework, Materiality and Financial instruments (effective from 1 January 2018); and
- AASB 2014-1 Amendments to Australian Accounting Standards – Part E: Financial Instruments (effective from 1 January 2018).

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 Act 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 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) Detail on the Restructure and Merger

Background

On 30 June 2014, the Westfield Group implemented the restructure of the Westfield Group (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 and Scentre Group Trust 3 (SGT3) respectively.

Accounting for Scentre Group

As a result of the Restructure and Merger the Parent Company, 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.

NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT (CONTINUED)

(e) 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 14: Details of shopping centre investments and Note 37: 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.

(f) 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 SGL, SGT1, SGT2 and SGT3 are stapled and trade as one security on the Australian Securities Exchange (ASX) under the code SCG. The stapling transaction is referred to as the "Merger". The stapled securities cannot be traded separately.

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.

Accounting for the deconsolidation of Scentre Group Trust 2

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 the Westfield Retail Trust stapled group. 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, Scentre Group Trust 2 no longer controlled Scentre Group Trust 3 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.

(b) Consolidation and classification

The consolidated financial report comprises the financial statements and notes to the financial statements of SGT2 (Parent Entity) and each of its controlled entities as from the date the Parent Entity obtained control until such time control ceased. The Parent Entity and subsidiaries are collectively referred to as the economic entity known as the Trust. Where entities adopt accounting policies which differ from those of the Parent Entity, 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 assests, 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) Associates

Where the Trust exerts significant influence but not control, equity accounting is applied. The Trust and its associates use consistent accounting policies. Investments in associates are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Trust's share of net assets of the associates. The consolidated income statement reflects the Trust's share of the results of operations of the associates. Where there has been a change recognised directly in the associates' equity, the Trust recognises its share of any changes and discloses this, when applicable in the consolidated financial statements.

(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.

(i) Shopping centre investments

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. The carrying amount of investment properties includes components relating to lease incentives, leasing costs and receivables on rental income that have been recorded on a straight line basis.

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 Directors' assessment of fair value of each shopping centre investment property takes into account 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, property capitalisation rate and make reference to market evidence of transaction prices for similar properties. Refer to Note 17 of Scentre Group's Annual Financial Report for the capitalisation rate for each property. It is the Trust's policy to appoint a number of qualified independent valuers and that no individual valuer is appointed to appraise any individual property for greater than three consecutive years.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Investment properties (continued)

(ii) Development projects and construction in progress

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.

Development projects and construction in progress are carried at fair value based on the Directors' assessment of fair value at each reporting date taking into account the expected cost to complete, the stage of completion, expected underlying income and yield of the developments. Any increment or decrement in the fair value of development projects and construction in progress resulting from the Directors' assessment of fair value is included in the income statement in the year in which it arises. From time to time during a development, Directors may commission an independent valuation of the development project and construction in progress. On completion, development projects and construction in progress are reclassified to shopping centre investments and an independent valuation is obtained.

The assessment of fair value and possible impairment in the fair value of shopping centre investments, development projects and construction in progress are significant estimates that can change based on the Trust's continuous process of assessing the factors affecting each property.

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

Expenses are brought to account on an accruals basis.

(g) 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 SGT2 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. SGT2's New Zealand entities are subject to New Zealand tax on their earnings. Dividends paid by those entities to SGT2 may be subjected to New Zealand dividend withholding tax.

Under current Australian income tax legislation, holders of the stapled securities of the Scentre Group may be entitled to receive a foreign income tax offset for New Zealand withholding tax deducted from dividends paid by SGT2's New Zealand controlled entities to SGT2.

(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.

(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(m) for other items included in financing costs.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Leases

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

(i) Operating leases

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

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

(ii) Finance leases

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

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

(k) Employee benefits

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

(l) 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.

(m) Derivative and other financial instruments

The Trust utilises 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. Such derivative financial instruments are recognised at fair value.

The Trust 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 the Trust's treasury policy and hedging program. Derivative instruments are not transacted for speculative purposes. Accounting standards however 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 cross currency swaps 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 have 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 cross currency swaps which hedge net investments in foreign operations are recognised in the foreign currency translation reserve. Where a cross currency swap, 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, 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 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.

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 37 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 as at 31 December 2014, for debt with similar maturity, credit risk and terms.

(n) 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 the 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.

(o) 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.

(p) Rounding

In accordance with ASIC Class Order 98/100, the amounts shown in the financial report have, unless otherwise indicated, 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.

	Note	31 Dec 14 $million	31 Dec 13 $million
NOTE 3 PROPERTY REVENUE			
Shopping centre base rent and other property income		**539.7**	543.4
Amortisation of tenant allowances and leasing costs		**(11.7)**	(9.1)
		528.0	534.3
NOTE 4 CURRENCY GAIN/(LOSS)			
Realised loss on income hedging currency derivatives		**(0.8)**	(1.2)
Net fair value gain/(loss) on currency derivatives that do not qualify for hedge accounting		**3.7**	(4.4)
Accumulated exchange differences transferred from foreign currency translation reserve on realisation of net investment in foreign operations		**–**	5.5
		2.9	(0.1)
NOTE 5 FINANCING COSTS			
Gross financing costs (excluding net fair value gain/(loss) on interest rate hedges that do not qualify for hedge accounting)			
– External		**(205.5)**	(174.6)
– Related entities		**(0.2)**	–
Financing costs capitalised to qualifying development projects and construction in progress		**10.2**	5.5
Financing costs		**(195.5)**	(169.1)
Net fair value gain/(loss) on interest rate hedges that do not qualify for hedge accounting		**55.8**	22.4
Finance leases interest expense		**(0.4)**	(0.4)
		(140.1)	(147.1)
NOTE 6 CHARGES IN RESPECT OF THE RESTRUCTURE AND MERGER			
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 7 SIGNIFICANT ITEMS

The following significant items are relevant in explaining the financial performance of the business:

	Note	31 Dec 14 $million	31 Dec 13 $million
Property revaluations		**230.4**	103.8
Equity accounted property revaluations		**208.0**	59.8
Net fair value gain/(loss) on currency derivatives that do not qualify for hedge accounting	4	**3.7**	(4.4)
Net fair value gain on interest rate hedges that do not qualify for hedge accounting	5	**55.8**	22.4
Accumulated exchange differences transferred from foreign currency translation reserve on realisation of net investment in foreign operations	4	**–**	5.5
Equity accounted deferred tax expense		**(2.5)**	(6.3)
Charges in respect of the Restructure and Merger	6	**(46.4)**	–
Equity accounted gain in respect of asset dispositions		**–**	19.6

NOTE 8 TAXATION

	Note	31 Dec 14 $million	31 Dec 13 $million
Tax expense			
Current – underlying operations		**(0.8)**	(2.4)
Deferred tax		**–**	–
		(0.8)	(2.4)
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		**1,023.2**	779.5
Prima facie tax expense on consolidated profit at 30%		**(307.0)**	(233.9)
Trust income not taxable for the Trust – tax payable by unitholders		**309.5**	237.0
Tax on intra-group transactions		**(3.3)**	(5.5)
Tax expense		**(0.8)**	(2.4)

	31 Dec 14 cents	31 Dec 13 cents

NOTE 9 EARNINGS PER UNIT

The calculations of basic and diluted earnings per unit for all periods presented have been adjusted retrospectively for the conversion of units on issue on a 0.918 for 1 basis and the issuance of units resulting from the Restructure and Merger. Refer to Note 19(a) for details.

(a) Summary of earnings per unit

	31 Dec 14 cents	31 Dec 13 cents
Basic earnings per Scentre Group Trust 2 unit	**19.16**	14.43
Diluted earnings per Scentre Group Trust 2 unit	**19.16**	14.43

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)]	**1,020.0**	772.1
Adjustment to earnings relating to options which are considered dilutive	**–**	–
Earnings used in calculating diluted earnings per Scentre Group Trust 2 unit	**1,020.0**	772.1

(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 Scentre Group Trust 2 unit [(i)]	**5,324,296,678**	5,351,744,801
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**	5,351,744,801

(i) The weighted average number of units for all periods takes into account the effect of the conversion and issuance of units resulting from the Restructure and Merger. The weighted average number of units without the retrospective adjustment as required by AASB 133: Earnings Per Share is 2,979,214,029 (31 December 2013: 3,006,662,152).

(b) Conversions, calls, subscription or issues after 31 December 2014

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

	Note	31 Dec 14 $million	31 Dec 13 $million

NOTE 10 DERIVATIVE ASSETS

	Note	31 Dec 14 $million	31 Dec 13 $million
Current			
Receivables on currency derivatives		**0.7**	–
Receivables on interest rate derivatives		**0.2**	–
		0.9	–
Non current			
Receivables on currency derivatives		**20.7**	48.9
Receivables on interest rate derivatives		**85.8**	6.7
		106.5	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 2014, when these netting arrangements are applied to the derivative portfolio, the derivative assets of $107.4 million are reduced by $49.8 million to the net amount of $57.6 million (31 December 2013: derivative assets of $55.6 million reduced by $27.4 million to the net amount of $28.2 million).

NOTE 11 RECEIVABLES

	Note	31 Dec 14 $million	31 Dec 13 $million
Interest bearing loans receivable from related entities	41(d)	**415.4**	–
Sundry debtors		**24.2**	23.4
		439.6	23.4

	Note	31 Dec 14 $million	31 Dec 13 $million
NOTE 12 PREPAYMENTS AND DEFERRED COSTS			
Current			
Prepayments and deposits		**5.4**	4.9
Deferred costs – other		**3.9**	4.8
		9.3	9.7
Non current			
Deferred costs – other		**11.4**	11.3
		11.4	11.3
NOTE 13 INVESTMENT PROPERTIES			
Non current			
Shopping centre investments	14	**6,953.0**	6,571.7
Development projects and construction in progress		**91.7**	104.9
		7,044.7	6,676.6
Movement in total investment properties			
Balance at the beginning of the year		**6,676.6**	6,482.1
Redevelopment costs		**137.7**	90.7
Net revaluation increment		**230.4**	103.8
Balance at the end of the year (i)		**7,044.7**	6,676.6

(i) The fair value of investment properties at the end of the year of $7,044.7 million (31 December 2013: $6,676.6 million) comprises investment properties at market value of $7,039.5 million (31 December 2013: $6,671.4 million) and ground leases included as finance leases of $5.2 million (31 December 2013: $5.2 million).

	31 Dec 14 $million	31 Dec 13 $million
NOTE 14 DETAILS OF SHOPPING CENTRE INVESTMENTS		
Consolidated Australian shopping centres	**6,953.0**	6,571.7
Equity accounted Australian shopping centres	**6,232.0**	5,813.8
Equity accounted New Zealand shopping centres	**1,332.3**	1,246.5
	14,517.3	13,632.0

Investment properties are carried at the Directors' determination of fair value which takes into account latest independent valuations, with updates at each balance date of independent valuations that were prepared previously. The carrying amount of investment properties comprises the original acquisition cost, subsequent capital expenditure, tenant allowances, deferred costs, ground leases, straight-line rent and revaluation increments and decrements.

Independent valuations are conducted in accordance with guidelines set by the International Valuation Standards Committee for Australian and New Zealand properties. The independent valuation uses the capitalisation of net income method and the discounting of future net cash flows to their present value method. The key assumptions in determining the valuation of the investment properties are the estimated capitalisation rate and net operating income. Significant movement in each of these assumptions in isolation would result in a higher/(lower) fair value of the properties. The property capitalisation rates for the year ended 31 December 2014 range from 5.13% to 8.25%. Refer to Note 17(a) and (b) of the Scentre Group's Annual Financial Report for details of property capitalisation rates by shopping centre.

The following qualified independent valuers were appointed by the 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

	31 Dec 14 $million	31 Dec 13 $million

NOTE 15 DETAILS OF EQUITY ACCOUNTED INVESTMENTS

(a) Details of Scentre Group Trust 2's aggregate share of equity accounted entities' net profit

Property revenue	**580.2**	567.5
Share of after tax profit of equity accounted entities	**604.7**	471.0

(b) Details of Scentre Group Trust 2's aggregate share of equity accounted entities' comprehensive income

Share of after tax profit of equity accounted entities	**604.7**	471.0
Other comprehensive income (i)	**25.4**	87.8
Share of total comprehensive income of equity accounted entities	**630.1**	558.8

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

(c) Details of Scentre Group Trust 2's aggregate share of equity accounted entities' assets and liabilities

Cash	**12.2**	21.3
Shopping centre investments	**7,564.3**	7,060.3
Development projects and construction in progress	**95.6**	–
Other assets	**15.4**	16.9
Total assets	**7,687.5**	7,240.6
Payables	**(139.5)**	(127.0)
Interest bearing liabilities	**(549.4)**	(22.2)
Deferred tax liabilities	**(112.8)**	(106.2)
Total liabilities	**(801.7)**	(255.4)
Net assets	**6,885.8**	6,985.2

In November 2014, Scentre Group announced a joint venture agreement with GIC, Singapore's sovereign wealth fund, in respect of 5 properties in New Zealand. Under the transaction, GIC will acquire from Scentre Group a 49% (Trust's share: 24.5%) ownership interest in Albany, Manukau, Newmarket, Riccarton and St Lukes. As a result of this transaction, the Trust is expected to realise $502.3 million of its $6,885.8 million in equity accounted investments. Refer to Note 44 for further details.

(d) Details of Scentre Group Trust 2's aggregate share of equity accounted entities' tax expense

Current – underlying tax	**(14.7)**	(14.6)
Deferred tax	**(2.5)**	(6.3)
	(17.2)	(20.9)

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	**621.9**	491.9
Prima facie tax expense at 30%	**(186.6)**	(147.6)
Australian trust income not taxable by the Trust – tax payable by unitholders	**98.6**	102.3
Property revaluations not assessable	**62.4**	17.9
Tax rate differential on New Zealand foreign income	**1.8**	1.8
Tax on intra-group transactions	**3.3**	5.5
Prior year over/(under) provision	**1.6**	(0.8)
Other items	**1.7**	(0.1)
Tax expense	**(17.2)**	(20.9)

(e) Equity accounted gain in respect of capital transactions

Asset dispositions		
– proceeds from asset dispositions	**–**	133.4
– less: carrying value of assets disposed and other capital costs	**–**	(113.8)
	–	19.6

NOTE 15 DETAILS OF EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

Name of investments	Type of equity	Balance date	Economic interest 31 Dec 14	31 Dec 13
(f) 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	Trust units	31 Dec	**50.0%**	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 [iii]	Shares	31 Dec	**50.0%**	50.0%
Chartwell	Shares	31 Dec	**50.0%**	50.0%
Glenfield	Shares	31 Dec	**50.0%**	50.0%
Manukau [iii]	Shares	31 Dec	**50.0%**	50.0%
Newmarket [iii]	Shares	31 Dec	**50.0%**	50.0%
Queensgate	Shares	31 Dec	**50.0%**	50.0%
Riccarton [iii]	Shares	31 Dec	**50.0%**	50.0%
St Lukes [iii]	Shares	31 Dec	**50.0%**	50.0%
West City	Shares	31 Dec	**50.0%**	50.0%

[i] All equity accounted property 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 November 2014, Scentre Group announced a joint venture agreement with GIC. Under the agreement, GIC will acquire a 49% interest in these shopping centres. GIC obtained approval from the Overseas Investment Office, New Zealand on 9 March 2015.

NOTE 16 PAYABLES AND OTHER CREDITORS

	Note	31 Dec 14 $million	31 Dec 13 $million
Current			
Payables and other creditors		**101.2**	83.3
Payables to related entities	41(d)	**22.1**	–
Employee benefits		**–**	3.9
		123.3	87.2
Non current			
Employee benefits		**–**	2.2
		–	2.2

	31 Dec 14 $million	31 Dec 13 $million
NOTE 17 INTEREST BEARING LIABILITIES		
Current		
Unsecured		
Commercial paper (i)	**578.9**	245.9
Finance leases	**0.2**	0.2
	579.1	246.1
Non current		
Unsecured		
Bank loans (ii)		
– A$ denominated	**1,823.0**	527.0
– NZ$ denominated	**–**	519.6
Notes payable		
– A$ denominated (iii)	**1,080.0**	1,080.0
– € denominated (iv)	**740.9**	771.1
Finance leases	**5.0**	5.0
	3,648.9	2,902.7
Total interest bearing liabilities	**4,228.0**	3,148.8
The maturity profile in respect of current and non current interest bearing liabilities is set out below:		
Due within one year	**579.1**	246.1
Due between one year and five years	**2,724.2**	1,847.5
Due after five years	**924.7**	1,055.2
	4,228.0	3,148.8

(i) Drawings under the Trust's commercial paper program can be refinanced by its 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 requirements. Refer to Note 35. The bank facilities are unsecured, interest only floating rate facilities.

(iii) Notes payable – A$ denominated

As at 31 December 2014, Guaranteed Notes of A$1,080.0 million (31 December 2013: A$1,080.0 million) were issued 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 Scentre Group to comply with certain minimum financial requirements.

(iv) Notes payable – € denominated

Guaranteed Notes of €500.0 million were issued 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 Scentre Group to comply with certain minimum 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.

	31 Dec 14 $million	31 Dec 13 $million
Summary of financing facilities		
Committed financing facilities available to Scentre Group Trust 2:		
Total financing facilities at the end of the year	**5,601.0**	3,763.3
Total interest bearing liabilities	**(4,228.0)**	(3,148.8)
Total bank guarantees	**(6.0)**	–
Available financing facilities (i)	**1,367.0**	614.5
Cash	**10.6**	21.4
Financing resources available at the end of the year	**1,377.6**	635.9
Maturity profile of financing facilities		
Maturity profile in respect of the above financing facilities:		
Due within one year	**0.2**	0.2
Due between one year and five years	**4,526.1**	2,483.0
Due after five years	**1,074.7**	1,280.1
	5,601.0	3,763.3

(i) Total available financing facilities at the end of the financial year of $1,367.0 million (31 December 2013: $614.5 million) are in excess of the Trust's net current liabilities of $286.6 million (31 December 2013: $316.7 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 Scentre Group to comply with specific minimum financial requirements. Amounts which are denominated in foreign currencies are translated at exchange rates ruling at balance date.

The available financing facilities above totalling A$1,367.0 million, are available to all members of the Scentre Group, including the Trust, at year end. The Trust is able to draw on these financing facilities, provided they are unutilised by other members of the Scentre Group. These are interest only unsecured multicurrency multioption facilities.

	31 Dec 14 $million	31 Dec 13 $million
NOTE 18 DERIVATIVE LIABILITIES		
Current		
Payables on currency derivatives	**0.6**	1.6
Payables on interest rate derivatives	**0.3**	0.1
	0.9	1.7
Non current		
Payables on interest rate derivatives	**55.6**	32.3
	55.6	32.3

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 2014, when these netting arrangements are applied to the derivative portfolio, the derivative liabilities of $56.5 million are reduced by $49.8 million to the net amount of $6.7 million (31 December 2013: derivative liabilities of $34.0 million reduced by $27.4 million to the net amount of $6.6 million).

	31 Dec 14 No. of units	31 Dec 13 No. of units
NOTE 19 CONTRIBUTED EQUITY		
(a) Number of units on issue		
Balance at the beginning of the year	**2,979,214,029**	3,046,106,477
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**	–
Buy-back and cancellation of units	**–**	(66,892,448)
Balance at the end of the year	**5,324,296,678**	2,979,214,029

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).

	$million	$million
(b) Amount of contributed equity		
Scentre Group Trust 2	**8,159.8**	9,010.2
Scentre Group Trust 3	**–**	11.2
	8,159.8	9,021.4
Movement in contributed equity attributable to members of the Trust		
Balance at the beginning of the year	**9,021.4**	9,224.0
Payment of capital return	**(850.0)**	–
Stapling distribution applied on behalf of investors to subscribe for shares in Scentre Group Limited and units in Scentre Group Trust 1 as part of the Restructure and Merger	**(3.0)**	–
Issuance of units resulting from the Restructure and Merger	**2.9**	–
Deconsolidation of Scentre Group Trust 3 [(i)]	**(11.5)**	–
Buy-back and cancellation of units	**–**	(202.4)
Costs associated with the buy-back of units	**–**	(0.2)
Balance at the end of the year	**8,159.8**	9,021.4

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

NOTE 20 SHARE BASED PAYMENTS AND OTHER LONG TERM INCENTIVES

(a) Executive Performance and Partnership Incentive Rights issued to employees of related entities

As at 31 December 2014, there were 11,558,902 Executive Performance and Partnership Incentive Rights issued to employees of related entities of the Scentre Group. Under the stapling arrangement each of SGT1, SGT2, SGT3 and the Parent Company are required to issue securities/units on the vesting of an Executive Performance and Partnership Incentive Rights. At 31 December 2014, the 11,558,902 Executive Performance and Partnership Incentive Rights issued to employees of related entities were convertible to 11,558,902 Scentre Group stapled securities.

	31 Dec 14 Number of rights	31 Dec 14 Weighted average exercise price $
Rights on issue		
– Executive Performance and Partnership Incentive Rights	**11,558,902**	**–**

Vesting profile	31 Dec 14 Number of rights
2015	**3,970,210**
2016	**5,419,404**
2017	**1,063,720**
2018	**1,105,568**
	11,558,902

	31 Dec 14 Number of award securities	31 Dec 13 Number of award securities
(b) Executive Deferred Award Plan (Trust Plan) [(i), (ii)] – Cash settled		
Movement in award securities		
Balance at the beginning of the year	**1,556,792**	1,203,411
Awards issued during the year	**625,788**	591,129
Distribution reinvested as awards during the year	**94,988**	82,461
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	**(772,391)**	(320,209)
Awards forfeited during the year	**(144,480)**	–
Balance at the end of the year	**1,356,801**	1,556,792

Vesting profile	31 Dec 14 Cumulative value granted $	31 Dec 14 Number of award securities	31 Dec 13 Cumulative value granted $	31 Dec 13 Number of award securities
2014	**–**	**–**	1,102,639	528,322
2015	**460,535**	**232,286**	494,125	249,959
2016	**2,619,651**	**1,124,515**	1,738,554	778,511
	3,080,186	**1,356,801**	3,335,318	1,556,792

(i) The Trust Plan is a plan in which senior management of the former WRT participate. The fair value of the Trust Plan is measured at each reporting date using inputs that include the number of employees remaining in service, the volume weighted average of the Trust security prices and the distribution policy during the vesting period. The terms of the Trust Plan are described in Scentre Group Trust 3's 2013 financial report Note 29: Remuneration, options and security holdings of Key Management Personnel.

(ii) Certain performance hurdles were required to be met in order for participants to be entitled to rights under the Trust Plan. The application of graduated scaling for entitlement to rights during the year resulted in participants receiving 100% of the targeted number of rights.

The senior management team of the former Westfield Retail Trust participate in the Trust Plan. The fair value of awards issued under the Trust Plan is measured at each grant date using a Black-Scholes option pricing model. The inputs include the Trust's 10 day volume weighted average security price prior to the grant date, the risk free interest rate, expected volatility and expected dividend yield during the vesting period. Expected volatility is based on the historical security price volatility since listing. Vesting conditions such as number of employees remaining in service is taken into account in determining the total amortisation for each reporting period. In calculating the Black-Scholes' value of rights granted, it has been assumed that the hurdle conditions are met and consequently, the value of the option is not reduced to reflect the hurdle conditions. The terms of the Trust Plan are described in Scentre Group Trust 3's 2013 financial report Note 29: Remuneration, options and security holdings of Key Management Personnel.

NOTE 20 SHARE BASED PAYMENTS AND OTHER LONG TERM INCENTIVES (CONTINUED)

(b) Executive Deferred Award Plan (Trust Plan) – Cash settled (continued)

Accounting for cash settled share based payments

The accounts of the Trust and the remuneration disclosures in the financial report disclose the full liability to unit holders of the grant of awards under the Trust Plan, and not simply the amortisation of the nominal amount of the grant when originally made.

At the date of granting an award, the nominal value of the award is adjusted for anticipated increases in the value of that award over its life. Assumptions regarding both future distributions and security price increases are made for the purposes of estimating the Trust's future liability with respect to each award. The estimated future liability is then amortised over the life of the award. At the end of each accounting period, the awards are adjusted to fair market value and any gains and losses are amortised over the remaining life of the awards.

During the 6 month period to 30 June 2014, $1,343,359 (31 December 2013: $1,922,958) was charged to the income statement as gross amortisation in respect of cash settled share based payments.

(c) Other Long Term Incentives (LTI)

Westfield Retail Trust was established in December 2010 and at this time key members of Westfield Retail Trust's senior management team joined WRT from Westfield Group. These employees had, prior to their resignation from Westfield Group, been entitled to long term benefits under the Westfield Group Executive Deferred Award Plan (Westfield Group Awards). WRT agreed to continue with the pre-existing arrangements with respect to those Westfield Group Awards granted as at 31 December 2010. As a result of that commitment, Westfield Group agreed to make a cash payment of $2,366,384 to WRT, representing the total amount earned and not yet vested in relation to Westfield Group Securities at that time. The terms of the securities are similar to the Trust Plan which are described in Scentre Group Trust 3's 2013 financial report Note 29: Remuneration, options and security holdings of Key Management Personnel.

	31 Dec 14 Number of award securities	31 Dec 13 Number of award securities
Movement in Westfield Group securities		
Balance at the beginning of the year	**36,233**	104,674
Rights exercised	**(36,233)**	(68,441)
Balance at the end of the year	**–**	36,233

Vesting profile	**31 Dec 14 Cumulative value granted $**	**31 Dec 14 Number of award securities**	31 Dec 13 Cumulative value granted $	31 Dec 13 Number of award securities
2014	**–**	**–**	347,016	36,223

Accounting for long term incentives

The accounts of the Trust and the remuneration disclosures in this Report disclose the full liability to unit holders for the LTI.

During the 6 months ended 30 June 2014, $58,772 (31 December 2013: $250,562) was recognised as an expense in the income statement as gross amortisation in respect of Westfield Group Awards.

	31 Dec 14 $million	31 Dec 13 $million
NOTE 21 RESERVES		
Scentre Group Trust 2	**125.4**	100.0
Scentre Group Trust 3	**–**	–
	125.4	100.0
Total reserves of the Trust		
Foreign currency translation reserve	**125.4**	100.0
	125.4	100.0
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	**100.0**	17.7
Foreign exchange movement		
– Net exchange differences on translation of foreign operations	**25.4**	87.8
– Derecognition of accumulated exchange differences on realisation of net investment in foreign operations	**–**	(5.5)
Balance at the end of the year	**125.4**	100.0

	31 Dec 14 $million	31 Dec 13 $million

NOTE 22 RETAINED PROFITS

Scentre Group Trust 2	**1,772.1**	1,343.0
Scentre Group Trust 3	**–**	10.9
	1,772.1	1,353.9
Movement in retained profits		
Balance at the beginning of the year	**1,353.9**	1,163.5
Profit after tax for the period	**1,022.4**	777.1
Distributions paid	**(599.5)**	(586.7)
Deconsolidation of Scentre Group Trust 3	**(4.7)**	–
Balance at the end of the year	**1,772.1**	1,353.9

NOTE 23 CASH AND CASH EQUIVALENTS

(a) Components of cash and cash equivalents		
Cash	**10.6**	21.4
Total cash and cash equivalents	**10.6**	21.4
(b) Reconciliation of profit after tax to net cash flows from operating activities		
Profit after tax	**1,022.4**	777.1
Property revaluations	**(438.4)**	(163.6)
Share of equity accounted profit in excess of distribution	**(47.8)**	(64.8)
Net fair value gain of forward exchange contracts	**(3.7)**	(1.1)
Borrowing costs	**140.1**	147.1
Interest income	**(7.5)**	(1.3)
Interest received from equity accounted entities	**14.7**	19.5
Amortisation of tenant allowances	**11.7**	9.1
Charges in respect of the Restructure and Merger	**46.4**	–
Decrease in working capital attributable to operating activities	**8.8**	12.4
Net cash flows from operating activities	**746.7**	734.4

	31 Dec 14 $million	31 Dec 13 $million
NOTE 24 DISTRIBUTIONS		
(a) Final distribution paid		
Distribution in respect of the 6 months to 31 December 2014		
– paid on 27 February 2015		
SGT2: 4.50 cents per unit, 25% estimated tax deferred	**239.6**	–
Distribution in respect of the 6 months to 31 December 2013		
– paid on 28 February 2014		
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
SGT2 4.50 cents per unit (31 Dec 13: Westfield Retail Trust 9.925 cents per stapled security)	**239.6**	295.7

Interim distributions of 10.20 cents were paid on 29 August 2014. Final distributions were paid on 27 February 2015. The record date for the final distributions was 5pm, 13 February 2015. Scentre Group does not operate a Distribution Reinvestment Plan.

(b) Distributions paid during the year

	31 Dec 14 $million	31 Dec 13 $million
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)	**3.0**	–
Distribution in respect of the 6 months to 30 June 2014		
SGT2: 10.20 cents per unit, 25% estimated 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**	–
Distribution in respect of the 6 months to 30 June 2013		
SGT2: 9.925 cents per unit, 16% tax deferred and 4% capital gains tax concession	**–**	297.3
SGT3: nil cents per unit	**–**	–
Distribution in respect of the 6 months to 31 December 2012		
SGT2: 9.50 cents per unit, 5% tax deferred and 3.6% capital gains tax concession	**–**	289.4
SGT3: nil cents per unit	**–**	–
	1,452.5	586.7

	$	$
NOTE 25 NET TANGIBLE ASSET BACKING		
Net tangible asset backing per unit	**1.89**	3.52

Net tangible asset backing per unit is calculated by dividing total equity attributable to unit holders of the Trust by the number of units on issue. The number of units used in the calculation of the consolidated net tangible asset backing is 5,324,296,678 (31 December 2013: 2,979,214,029).

	31 Dec 14 $million	31 Dec 13 $million

NOTE 26 OPERATING LEASE RECEIVABLES

The following are 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.

	31 Dec 14 $million	31 Dec 13 $million
Future minimum rental revenues under non cancellable operating retail property leases		
Due within one year	**810.7**	783.2
Due between one and five years	**1,997.7**	1,948.1
Due after five years	**1,233.0**	1,221.9
	4,041.4	3,953.2

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

	31 Dec 14 $million	31 Dec 13 $million
Estimated capital expenditure committed at balance date but not provided for in relation to development projects		
Due within one year	**70.6**	213.4
Due between one and five years	**7.5**	19.0
Due after five years	**–**	–
	78.1	232.4

NOTE 28 CONTINGENT LIABILITIES

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

	31 Dec 14 $million	31 Dec 13 $million
Performance guarantees and other	**3.1**	4.7
Guaranteed borrowings of associate of the Responsible Entity	**7,348.9**	–
	7,352.0	4.7

The Trust's obligation in respect of performance guarantees may be called on at anytime 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 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 that, given that the assets underlying both the consolidated and the equity accounted components of the statutory income statement are similar, and that most of the centres are under common management, and therefore, the drivers of their results are similar, the proportionate format income statement 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 14 $million	31 Dec 13 $million	**31 Dec 14 $million**	31 Dec 13 $million	**31 Dec 14 $million**	31 Dec 13 $million
Revenue						
Property revenue	**971.1**	976.8	**137.1**	125.0	**1,108.2**	1,101.8
	971.1	976.8	**137.1**	125.0	**1,108.2**	1,101.8
Expenses						
Property expenses, outgoings and other costs	**(256.2)**	(268.3)	**(38.5)**	(34.5)	**(294.7)**	(302.8)
Segment result	**714.9**	708.5	**98.6**	90.5	**813.5**	799.0
Property revaluations					**438.4**	163.6
Overheads					**(22.3)**	(36.1)
Currency gain/(loss)					**2.9**	(0.1)
Gain in respect of asset dispositions					**–**	19.6
Charges in respect of the Restructure and Merger					**(46.4)**	–
Interest income					**8.7**	2.2
Financing costs					**(154.4)**	(147.8)
Tax expense					**(18.0)**	(23.3)
Net profit attributable to members					**1,022.4**	777.1
(b) Assets and liabilities						
Total segment assets	**13,919.6**	12,740.4	**1,392.6**	1,307.5	**15,312.2**	14,047.9
Total segment liabilities	**4,554.9**	2,883.7	**700.0**	688.9	**5,254.9**	3,572.6
Total segment net assets	**9,364.7**	9,856.7	**692.6**	618.6	**10,057.3**	10,475.3
Equity accounted investments included in segment assets	**6,294.9**	5,935.7	**1,392.6**	1,304.9	**7,687.5**	7,240.6
Equity accounted investments included in segment liabilities	**101.7**	89.4	**700.0**	166.0	**801.7**	255.4
Additions to segment non current assets during the year	**324.7**	198.2	**11.8**	11.1	**336.5**	209.3

NOTE 29 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 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)
	(141.5)	**(153.2)**	**(294.7)**
Segment result	**386.5**	**427.0**	**813.5**
Property revaluations	230.4	208.0	438.4
Overheads	(22.3)	–	(22.3)
Currency gain	2.9	–	2.9
Charges in respect of the Restructure and Merger	(46.4)	–	(46.4)
Interest income	7.5	1.2	8.7
Financing costs	(140.1)	(14.3)	(154.4)
Tax expense	(0.8)	(17.2)	(18.0)
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	–	442.0
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	15.4	143.5
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 SEGMENT REPORTING (CONTINUED)

(c) Reconciliation of segment results (continued)

31 December 2013	Consolidated $million	Equity accounted $million	Total $million
Revenue			
Property revenue	534.3	567.5	1,101.8
	534.3	**567.5**	**1,101.8**
Expenses			
Property expenses, outgoings and other costs	(147.6)	(155.2)	(302.8)
	(147.6)	**(155.2)**	**(302.8)**
Segment result	**386.7**	**412.3**	**799.0**
Property revaluations	103.8	59.8	163.6
Overheads	(36.1)	–	(36.1)
Currency loss	(0.1)	–	(0.1)
Gain in respect of asset dispositions	–	19.6	19.6
Interest income	1.3	0.9	2.2
Financing costs	(147.1)	(0.7)	(147.8)
Tax expense	(2.4)	(20.9)	(23.3)
Net profit attributable to members	**306.1**	**471.0**	**777.1**
Cash and cash equivalents	21.4	21.3	42.7
Trade debtors and receivables	32.2	14.0	46.2
Shopping centre investments	6,571.7	7,060.3	13,632.0
Development projects and construction in progress	104.9	142.1	247.0
Other assets	77.1	2.9	80.0
Total assets	**6,807.3**	**7,240.6**	**14,047.9**
Interest bearing liabilities	(3,148.8)	(22.2)	(3,171.0)
Deferred tax liabilities	–	(106.2)	(106.2)
Other liabilities	(168.4)	(127.0)	(295.4)
Total liabilities	**(3,317.2)**	**(255.4)**	**(3,572.6)**
Net assets	**3,490.1**	**6,985.2**	**10,475.3**

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 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 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 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 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 the 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.

NOTE 32 INTEREST RATE RISK MANAGEMENT (CONTINUED)

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 14 $million**	31 Dec 13 $million
Principal amounts of all interest bearing liabilities:			
Current interest bearing liabilities	17	**579.1**	246.1
Non current interest bearing liabilities	17	**3,648.9**	2,902.7
Share of equity accounted entities' interest bearing liabilities	15(c)	**549.4**	22.2
Cross currency swaps			
– A$	33(ii)	**719.5**	719.5
Principal amounts subject to interest rate payable exposure		**5,496.9**	3,890.5
Principal amounts of all interest bearing assets:			
Loans receivable from related entities			
– A$	11	**415.4**	–
Cross currency swaps			
– €500.0 million (31 December 2013: €500.0 million)	33(ii)	**740.9**	771.1
Cash	23(a)	**10.6**	21.4
Share of equity accounted entities' cash	15(c)	**12.2**	21.3
Principal amounts subject to interest rate receivable exposure		**1,179.1**	813.8
Principal amounts of net interest bearing liabilities subject to interest rate payable exposure		**4,317.8**	3,076.7
Principal amounts of fixed interest rate liabilities:			
Fixed rate notes			
– A$	32(ii)	**980.0**	980.0
– €500.0 million (31 December 2013: €500.0 million)	32(ii)	**740.9**	771.1
Fixed rate derivatives			
– A$	32(ii)	**1,278.0**	1,428.0
– NZ$310.0 million (31 December 2013: NZ$425.0 million)	32(ii)	**296.0**	391.0
Interest rate caps			
– A$	32(iii)	**500.0**	–
Principal amounts on which interest rate payable exposure has been hedged		**3,794.9**	3,570.1
Principal amounts of fixed interest rate assets:			
Fixed rate derivatives			
– A$	32(ii)	**150.0**	150.0
– €500.0 million (31 December 2013: €500.0 million)	32(ii)	**740.9**	771.1
Principal amounts on which interest rate receivable exposure has been hedged		**890.9**	921.1
Principal amounts on which net interest rate payable exposure has been hedged		**2,904.0**	2,649.0

At 31 December 2014, the Trust has hedged 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 33% is exposed to floating rates on a principal payable of $1,413.8 million, at an average interest rate of 4.22%, including margin (31 December 2013: 86% hedged with floating exposure of $427.7 million at an average rate of 3.87%). Changes to derivatives due to interest rate movements are set out in Notes 32(ii) and 32(iii).

Interest rate sensitivity		**31 Dec 14 $million**	31 Dec 13 $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%	**28.3**	8.6
	-1.0%	**14.1**	4.3
	-0.5%	**7.1**	2.1
	0.5%	**(7.1)**	(2.1)
	1.0%	**(14.1)**	(4.3)
	2.0%	**(28.3)**	(8.6)

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 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 14 Notional principal amount million**	**31 Dec 14 Average rate**	**31 Dec 14 Principal amount million**	**31 Dec 14 Average rate including margin**	31 Dec 13 Notional principal amount million	31 Dec 13 Average rate	31 Dec 13 Principal amount million	31 Dec 13 Average rate including margin
A$ payable								
31 December 2013	**–**	**–**	**–**	**–**	A$(1,428.0)	3.79%	A$(980.0)	6.61%
31 December 2014	**A$(1,278.0)**	**3.86%**	**A$(980.0)**	**6.66%**	A$(1,278.0)	3.86%	A$(980.0)	6.66%
31 December 2015	**A$(988.0)**	**3.81%**	**A$(980.0)**	**6.66%**	A$(988.0)	3.81%	A$(980.0)	6.66%
31 December 2016	**A$(938.0)**	**3.85%**	**A$(180.0)**	**5.17%**	A$(938.0)	3.85%	A$(180.0)	5.17%
31 December 2017	**A$(690.0)**	**3.96%**	**A$(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 2013	**–**	**–**	**–**	**–**	NZ$(425.0)	3.99%	–	–
31 December 2014	**NZ$(310.0)**	**4.07%**	**–**	**–**	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$(60.0)	4.26%	–	–
€ receivable/(payable)								
31 December 2013	**–**	**–**	**–**	**–**	€500.0	3.25%	€(500.0)	3.25%
31 December 2014	**€500.0**	**3.25%**	**€(500.0)**	**3.25%**	€500.0	3.25%	€(500.0)	3.25%
31 December 2015	**€500.0**	**3.25%**	**€(500.0)**	**3.25%**	€500.0	3.25%	€(500.0)	3.25%
31 December 2016	**€500.0**	**3.25%**	**€(500.0)**	**3.25%**	€500.0	3.25%	€(500.0)	3.25%
31 December 2017	**€500.0**	**3.25%**	**€(500.0)**	**3.25%**	€500.0	3.25%	€(500.0)	3.25%
31 December 2018	**€500.0**	**3.25%**	**€(500.0)**	**3.25%**	€500.0	3.25%	€(500.0)	3.25%
31 December 2019	**€500.0**	**3.25%**	**€(500.0)**	**3.25%**	€500.0	3.25%	€(500.0)	3.25%
31 December 2020	**€500.0**	**3.25%**	**€(500.0)**	**3.25%**	€500.0	3.25%	€(500.0)	3.25%
31 December 2021	**€500.0**	**3.25%**	**€(500.0)**	**3.25%**	€500.0	3.25%	€(500.0)	3.25%
31 December 2022	**€500.0**	**3.25%**	**€(500.0)**	**3.25%**	€500.0	3.25%	€(500.0)	3.25%
A$ receivable								
31 December 2013	**–**	**–**	**–**	**–**	A$150.0	3.05%	–	–
31 December 2014	**A$150.0**	**3.05%**	**–**	**–**	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%	–	–

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 2014, the aggregate fair value is a receivable of $30.1 million (31 December 2013: a payable of $25.7 million). The change in fair value for the year ended 31 December 2014 was $55.8 million (31 December 2013: $22.3 million).

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)

Fair value sensitivity		31 Dec 14 $million	31 Dec 13 $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%	**73.4**	(100.4)
	-1.0%	**33.7**	(48.9)
	-0.5%	**11.4**	(28.8)
	0.5%	**(10.9)**	30.1
	1.0%	**(27.5)**	49.0
	2.0%	**(55.7)**	95.2

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 14 Notional principal amount million**	**31 Dec 14 Average strike rate**	31 Dec 13 Notional principal amount million	31 Dec 13 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 2014, the aggregate fair value is nil (31 December 2013: nil). The change in fair value for the year ended 31 December 2014 was nil (31 December 2013: $0.1 million).

The above options matured on 18 January 2015 and the income statement is not materially affected by any movements in interest rates in relation to these contracts.

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 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 14 million	31 Dec 13 million
Foreign currency net investments			
New Zealand dollar			
NZ$ net assets		**NZ$1,293.3**	NZ$1,252.4
NZ$ bank loans		**NZ$(568.0)**	NZ$(581.4)
NZ$ currency swaps	33(i)	**NZ$(290.0)**	–
NZ$ denominated net assets		**NZ$435.3**	NZ$671.0
Euro			
€ fixed rate loans		**€(500.0)**	€(500.0)
€ cross currency swaps	33(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.

NOTE 33 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

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

Foreign currency sensitivity		**31 Dec 14 $million**	31 Dec 13 $million
The sensitivity of NZ$ denominated net assets to changes in the year end A$/NZ$1.0472 exchange rate (31 December 2013: 1.0869) is as follows:	A$/NZ$ currency movement	Gain/(loss) to foreign currency translation reserve	
	-20 cents	**98.1**	139.2
	-10 cents	**43.9**	62.6
	-5 cents	**20.8**	29.8
	+5 cents	**(18.9)**	(27.2)
	+10 cents	**(36.2)**	(52.0)
	+20 cents	**(66.7)**	(95.9)

(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 14	31 Dec 13	**31 Dec 14**	**31 Dec 14**	31 Dec 13	31 Dec 13
NZ$						
Contracts to buy A$ and sell NZ$						
31 December 2014	**1.0517**	–	**A$275.7**	**NZ$(290.0)**	–	–

The NZ$ payable exposure is an effective net investment hedge and is recorded directly in the foreign currency translation reserve. At 31 December 2014, the aggregate fair value is a receivable of $0.1 million (31 December 2013: nil). The change in fair value for the year ended 31 December 2014 was $0.1 million (31 December 2013: nil).

Foreign currency sensitivity		**31 Dec 14 $million**	31 Dec 13 $million
The sensitivity of fair value of foreign exchange contracts to changes in the year end A$/NZ$1.0472 exchange rate (31 December 2013: 1.0869) is as follows:	A$/NZ$ currency movement	Gain/(loss) to foreign currency translation reserve	
	-20 cents	**(63.5)**	–
	-10 cents	**(28.3)**	–
	-5 cents	**(13.5)**	–
	+5 cents	**12.5**	–
	+10 cents	**23.9**	–
	+20 cents	**44.0**	–

Subsequent to 31 December 2014, the Trust has entered into foreign exchange contracts to pay NZ$190.0 million and receive A$181.1 million maturing in July 2015.

(ii) 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 14	31 Dec 13	**31 Dec 14**	**31 Dec 14**	31 Dec 13	31 Dec 13
€						
Contracts to receive € (i) and pay A$						
31 December 2013	**–**	0.6949	**–**	**–**	€500.0	A$(719.5)
31 December 2014	**0.6949**	0.6949	**€500.0**	**A$(719.5)**	€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)

(i) The receivable € exposure is matched with a payable € exposure; therefore, the income statement is not affected by any movements in exchange rates in relation to these contracts.

NOTE 33 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

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

(iii) Forward exchange derivatives to hedge the Trust's foreign currency earnings

These derivatives manage the impact of exchange rate movements on the Trust's foreign currency denominated earnings and the Trust's distribution.

The following table details the forward exchange contracts outstanding at reporting date and are considered ineffective hedges for accounting purposes.

Forward exchange contracts contracted as at the reporting date and maturing during the year ended	**Weighted average exchange rate**		**Amount receivable/(payable) million**			
	31 Dec 14	31 Dec 13	**31 Dec 14**	**31 Dec 14**	31 Dec 13	31 Dec 13
NZ$						
Contracts to buy A$ and sell NZ$						
31 December 2014	–	1.1996	–	–	A$16.7	NZ$(20.0)

At 31 December 2014, none of the above described forward exchange contracts qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement. At 31 December 2014, the aggregate fair value is nil (31 December 2013: a payable of $1.6 million). The change in fair value for the year ended 31 December 2014 was $1.6 million (31 December 2013: $1.6 million).

Foreign currency sensitivity		**31 Dec 14 $million**	31 Dec 13 $million
The sensitivity of fair value of forward exchange contracts to changes in the year end A$/NZ$1.0472 exchange rate (31 December 2013: 1.0869) is as follows:	A$/NZ$ currency movement		Gain/(loss) to income statement
	-20 cents	–	(4.0)
	-10 cents	–	(1.8)
	-5 cents	–	(0.8)
	+5 cents	–	0.8
	+10 cents	–	1.5
	+20 cents	–	2.8

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 2014, the aggregate credit risk in respect of cash and cash equivalents is $22.8 million (31 December 2013: $42.7 million).

At 31 December 2014, the aggregate credit risk in respect of derivative financial instruments is $107.4 million (31 December 2013: $55.6 million). In accordance with the Trust's policy, credit risk is spread among a number of creditworthy counterparties within specified limits. The Trust had 96.5% (31 December 2013: 96.7%) 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 35 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 2014 and 2013, the Trust was in compliance with all the above financial covenants.

	31 Dec 14 $million	31 Dec 13 $million

NOTE 36 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 17) together with the aggregate future estimated nominal interest thereon is set out below:

	31 Dec 14 $million	31 Dec 13 $million
Due within one year	**(737.1)**	(375.8)
Due between one and five years	**(3,042.1)**	(2,161.6)
Due after five years	**(1,017.2)**	(1,183.2)
	(4,796.4)	(3,720.6)
Comprising:		
– principal amounts of current and non current interest bearing liabilities	**(4,228.0)**	(3,148.8)
– aggregate future estimated nominal interest	**(568.4)**	(571.8)
	(4,796.4)	(3,720.6)

Derivatives

Maturity profile of the estimated future nominal cash flows in respect of interest and currency derivative contracts is set out below:

	31 Dec 14 $million	31 Dec 13 $million
Due within one year	**(21.5)**	(27.4)
Due between one and five years	**(68.8)**	(73.5)
Due after five years	**(23.4)**	3.1
	(113.7)	(97.8)

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

NOTE 37 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		Carrying amount	
	31 Dec 14 $million	31 Dec 13 $million	**31 Dec 14 $million**	31 Dec 13 $million
Consolidated assets				
Cash and cash equivalents	**10.6**	21.4	**10.6**	21.4
Trade debtors [(i)]	**2.4**	8.8	**2.4**	8.8
Receivables [(i)]	**439.6**	23.4	**439.6**	23.4
Derivative assets [(ii)]	**107.4**	55.6	**107.4**	55.6
Consolidated liabilities				
Payables [(i)]	**169.4**	133.0	**169.4**	133.0
Interest bearing liabilities [(ii)]				
– Fixed rate debt	**1,898.9**	1,820.1	**1,720.9**	1,751.1
– Floating rate debt	**2,507.1**	1,397.7	**2,507.1**	1,397.7
Derivative liabilities [(ii)]	**56.5**	34.0	**56.5**	34.0

(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 subjected 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.

NOTE 37 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

	31 Dec 14 $million	**Level 1 $million**	**Level 2 $million**	**Level 3 $million**
Consolidated assets measured at fair value				
Derivative assets				
– Currency derivatives	**21.4**	–	21.4	–
– Interest rate derivatives	**86.0**	–	86.0	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	**1,898.9**	–	1,898.9	–
– Floating rate debt	**2,507.1**	–	2,507.1	–
Derivative liabilities				
– Currency derivatives	**0.6**	–	0.6	–
– Interest rate derivatives	**55.9**	–	55.9	–

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

	31 Dec 13 $million	Level 1 $million	Level 2 $million	Level 3 $million
Consolidated assets measured at fair value				
Derivative assets				
– Currency derivatives	48.9	–	48.9	–
– Interest rate derivatives	6.7	–	6.7	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	1,820.1	–	1,820.1	–
– Floating rate debt	1,397.7	–	1,397.7	–
Derivative liabilities				
– Currency derivatives	1.6	–	1.6	–
– Interest rate derivatives	32.4	–	32.4	–

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

Investment properties are considered Level 3, refer to Scentre Group's Annual Financial Report Note 17: Details of shopping centre investments for relevant fair value disclosures.

	31 Dec 14 $million	31 Dec 13 $million

NOTE 38 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 14 $million	31 Dec 13 $million
(a) Assets		
Current assets	**546.7**	134.0
Non current assets	**13,948.4**	13,114.9
Total assets	**14,495.1**	13,248.9
(b) Liabilities		
Current liabilities	**737.3**	384.3
Non current liabilities	**3,700.5**	2,411.4
Total liabilities	**4,437.8**	2,795.7
(c) Total equity		
Contributed equity	**8,159.8**	9,010.2
Reserves	**1,122.4**	798.6
Retained profits	**775.1**	644.4
Total equity	**10,057.3**	10,453.2
(d) Comprehensive income		
Profit after tax for the period	**721.7**	707.7
Other comprehensive income	**323.7**	146.7
Total comprehensive income for the period	**1,045.4**	854.4
(e) Contingent liabilities		
Performance guarantees and other	**0.1**	1.6
Guaranteed borrowings of associates of the Responsible Entity	**7,348.9**	–
Total contingent liabilities	**7,349.0**	1.6

NOTE 39 AUDITOR'S REMUNERATION

	$000	$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	**646.4**	719.1
– Assurance and compliance services	**269.8**	224.1
– Other services	**–**	97.7
	916.2	1,040.9
Amounts received or due and receivable by affiliates of the auditor of the Parent Entity for:		
– Audit or review of the financial reports	**119.0**	107.4
– Assurance and compliance services	**–**	3.5
	119.0	110.9
	1,035.2	1,151.8

NOTE 40 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 41 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 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 the Trust.

Nature of relationship with related parties

Key Management Personnel of the entity

Details of Key Management Personnel are disclosed in Note 42.

Other Related Parties

Westfield Corporation is considered to be a related party of Scentre Group as Directors Mr Frank Lowy and Mr Steven Lowy are also Directors of Westfield Corporation.

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.

Prior to the Restructure and Merger implemented on 30 June 2014, Westfield Group was considered to be a related party of the Trust as subsidiaries of SGL are the responsible entities of the Trust and also manage the shopping centres owned by the Trust. Details of transactions with Westfield Group for the period from 1 January 2014 to 30 June 2014 are set out below in Note 41(e).

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 42.

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) 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 will have 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 will have access to the digital innovation activities of Westfield Labs; and

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

(i) Royalty free licence to use the Westfield brand

Scentre Group's existing shopping centres and any new shopping centres in Australia and New Zealand will continue to be branded Westfield under an exclusive, royalty free licence from Westfield Corporation.

Under the Trade Mark Licence Agreement, Scentre Group has the royalty free right to use (and to sub-license) the Westfield brand in Australia and New Zealand in relation to its existing shopping centres and any new shopping centres managed by Scentre Group which meet certain agreed characteristics.

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

LABS is a San Francisco based team owned by Westfield Corporation which serves as a global digital lab focused on innovating and developing the technological platform and infrastructure necessary to better connect consumers with physical shopping centre assets.

Scentre Group has entered into an agreement with Westfield Corporation under which it will have access to core digital services to be provided by LABS in return for an agreed contribution to the funding of Westfield Labs over the term of the agreement and to product innovations by LABS on a case by case basis. Scentre Group may, but is not obliged to, use LABS to develop its own digital initiatives, again on a case by case basis. The LABS Agreement has been entered into for an initial term until 31 December 2016.

Under the LABS Agreement, LABS will provide agreed core services to Scentre Group, which will include services relating to the Searchable Mall, data analytics, mobile applications, consumer website development, platform (including publishing) hosting and maintenance, consumer insights reporting and certain research and development. Westfield Corporation charged Scentre Group $5.5 million for the six months ended 31 December 2014, and Scentre Group will not without agreement of the parties be required to pay more than $11.2 million for the year ending 31 December 2015 or $11.6 million for the year ending 31 December 2016. Payment for LABS services are made in arrears.

(iii) Provision of transitional services to Westfield Corporation

As part of the transition, Scentre Group and Westfield Corporation have entered into a Transitional Services Agreement, under which Scentre Group will provide various corporate infrastructure services to Westfield Corporation for a transitional period. For the six months ended 31 December 2014, Scentre Group charged Westfield Corporation $6.2 million for transitional services. The transition is expected to be substantially completed within two years.

As part of the transition, Westfield Corporation also provides corporate services to Scentre Group. For the six months ended 31 December 2014, Westfield Corporation charged Scentre Group $0.3 million for the provision of corporate services.

Scentre Group subleases office space to Westfield Corporation at its Westfield Sydney premises. The lease is at commercial, arm's length terms. For the six months ended 31 December 2014 the total office rent charged to Westfield Corporation was $0.7 million.

At year end the following amounts were recorded in Scentre Group's balance sheet as payable/receivable with Westfield Corporation:

Nature	Type	2014 $million
Owing to Westfield Corporation	Current payable	**5.5**
Owing from Westfield Corporation	Current receivable	**0.6**

No provision for doubtful debts has been recognised or bad debts incurred with respect to amounts payable or receivable from Westfield Corporation during the period.

NOTE 41 RELATED PARTY DISCLOSURES (CONTINUED)

(b) LFG

Prior to the Restructure and Merger on 30 June 2014, Scentre Group owned two aircraft (which were transferred to Westfield Corporation as part of the Restructure and Merger) for business use by its executives. One was located in Australia and the other located in the United States. Scentre Group and LFG had entered into an aircraft interchange agreement, whereby Scentre Group provided its aircraft (when the aircraft was not required for Scentre Group business use) and flight crew to LFG in exchange for equal time usage of an equivalent standard aircraft owned by LFG and flight crew provided by LFG. The agreement was for rolling periods of one year but may be terminated by either party by giving 30 days written notice. This arrangement was entered into on arm's length commercial terms. For the 6 months to 31 December 2014, LFG did not utilise any hours of Scentre Group's aircraft.

In addition to the interchange agreement, there were arrangements between Scentre Group and LFG in relation to the use of Scentre Group's aircraft by LFG and use of LFG's aircraft by Scentre Group. These arrangements, including rates, were at arm's length.

Scentre Group did not incur costs in the 6 months to 31 December 2014 in relation to the use of the LFG aircraft in excess of the interchange agreement.

Scentre Group also has aircraft operation, maintenance, crew sharing, and hangar facility agreements with LFG. The agreements enable the parties to, where possible, cooperate with each other with a view to enhancing the economy of operation of their respective aircraft through their combined resources and purchasing power, including the cost of fuel, parts, maintenance, landing, engineering, insurance and aircrew services. During the 6 months to 31 December 2014, LFG did not incur any costs in relation to the provision of aircrew, aircraft maintenance, aircraft services and use of the hangar facility.

Scentre Group has entered into a leasing agreement with LFG to provide office space at Westfield Sydney. The rental of the space commenced in 2012 and is on commercial arm's length terms. Scentre Group's rental charge for the Westfield Sydney lease was $929,884 for the 6 months to 31 December 2014.

During the 6 months to 31 December 2014, Scentre Group charged LFG $349,454 for service costs in relation to the provision of communication, security and other services on arm's length terms and conditions.

During the 6 months to 31 December 2014, Scentre Group provided security services to certain Directors necessary for them to fulfil their responsibilities.

At year end the following amounts were recorded in Scentre Group's balance sheet as payable/receivable with the following related parties:

Nature	Type	2014 $
Owing to LFG	Current payable	**nil**
Owing from LFG	Current receivable	**nil**

No provision for doubtful debts has been recognised or bad debts incurred with respect to amounts payable or receivable from LFG during the period.

(c) The Lowy Institute

During the 6 months to 31 December 2014, Scentre Group charged The Lowy Institute $1,591 for service costs in relation to the provision of communication and security services on arm's length terms and conditions.

During the 6 months to 31 December 2014, Scentre Group did not provide development services to The Lowy Institute.

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

(d) 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 from 1 July 2014 to 31 December 2014 are set out below.

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

Property management fee

Property management fee of $26.9 million of which $4.9 million was payable to associates of the Responsible Entity.

Manager's service charge

Manager's service charge expensed and paid of $2.4 million to associates of the Responsible Entity.

Reimbursement of expenses

Reimbursement of shopping centre indirect overhead expenses of $10.4 million.

Tenancy coordination fees

Tenancy coordination fee of $2.6 million.

Construction contracts

Amounts paid (excluding GST) to associates of the Responsible Entity for construction contracts amounted to $173.9 million.

As at 31 December 2014, the Trust has an amount payable of $4.7 million for the corporate costs recovery and a non interest bearing loan payable of $17.4 million to SGT3.

Loans and financial derivatives:

Loans to SGT1

The Trust had net A$ interest bearing loans to SGT1. The balance of these loans at year end is a receivable of $415.4 million (31 December 2013: nil), with accrued interest receivable of $48,592 (31 December 2013: nil). Interest accrues on these loans based on a floating rate. The net interest income for the period in respect of the loans to SGT1 was $6.2 million (31 December 2013: nil).

Foreign currency contracts with SGT1 and SGL entities

SGT2 and SGT1 entered into foreign currency contracts in 2014. SGT2 received net NZ$0.3 million from SGT1 in exchange for SGT2 paying net A$0.2 million to SGT1. The foreign currency contracts matured during the year and the net gain from the contracts was $2,866.

SGT2 and a SGL entity entered into foreign currency contracts in 2014. SGT2 received net A$7.4 million from the SGL entity in exchange for SGT2 paying net NZ$7.9 million to the SGL entity. The foreign currency contracts matured during the year and the net gain from the contracts was $0.2 million.

The forward exchange contracts disclosed in Note 33(i) were transacted with a SGL entity during the year. The net foreign currency gain in respect of the forward exchange contracts with the SGL entity was $0.2 million (31 December 2013: nil).

(e) Westfield Group

Arrangements with Westfield Group

Prior to the Restructure and Merger implemented on 30 June 2014, the primary arrangements between WRT and Westfield Group are summarised as follows:

- WRT and Westfield Group directly and indirectly co-owned the properties including properties where there are 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;
- WRT and Westfield Group 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 will have access to the Westfield brand; and
- the Westfield Group provided corporate services to WRT.

NOTE 41 RELATED PARTY DISCLOSURES (CONTINUED)

(e) Westfield Group (continued)

Transactions with Westfield Group

The transactions with Westfield Group for the 6 months to 30 June 2014 and the year ended 31 December 2013, were as follows:

Property management fee

During the 6 months to 30 June 2014, Westfield Group charged WRT property management fees of $26.9 million (year ended 31 December 2013: $52.3 million).

Tenancy coordination fee

During the 6 months to 30 June 2014, Westfield Group charged WRT tenancy coordination fees of $2.3 million (year ended 31 December 2013: $5.6 million).

Reimbursement of expenses

During the 6 months to 30 June 2014, Westfield Group charged WRT $10.1 million (year ended 31 December 2013: $18.8 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

During the 6 months to 30 June 2014, Westfield Group charged WRT corporate service fees of $10.0 million (year ended 31 December 2013: $20.0 million).

Development framework agreements

During the 6 months to 30 June 2014, Westfield Group charged WRT property development progress billings and fees of $97.1 million (year ended 31 December 2013: $155.0 million).

Westfield Sydney redevelopment arrangements

The Westfield Sydney income guarantee fee for the period from April 2013 to March 2014, paid during the 6 months to 30 June 2014 to WRT by Westfield Group under the income guarantee arrangements amounted to $3.4 million (year ended 31 December 2013: $10.0 million).

Other

During the 6 months to 30 June 2014, Westfield Group charged WRT $0.1 million (year ended 31 December 2013: $0.2 million) for the lease of office space.

During the 6 months to 30 June 2014, Westfield Group paid WRT $3.2 million (year ended 31 December 2013: $5.5 million) for the lease of office space.

Net property related advertising and promotional income collected by Westfield Group on behalf of WRT for the 6 months ended 30 June 2014 amounted to $3.7 million (year ended 31 December 2013: $9.4 million).

As a result of the Restructure and Merger on 30 June 2014, the Trust forms part of the Scentre Group. As at 31 December 2014, the amounts payable or receivable with related entities are disclosed elsewhere in Note 41 above.

At 31 December 2013, payable and receivable balances with the Westfield Group were as follows:

– $2.3 million payable for property development progress billings and fees;
– $5.0 million payable relating to property management fees, tenancy coordination fee and reimbursement of shopping centre indirect expenses; and
– $6.4 million payable relating to property related advertising and promotional income collected by Westfield Group on behalf of WRT.

NOTE 42 DETAILS AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

(a) Details of 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.

(i) Directors

In connection with the Restructure and Merger implemented on 30 June 2014, the composition of the Board of RE1 Limited, the responsible entity of SGT2, changed.

The Board currently comprises the following Directors:

Frank Lowy AC	Chairman / Non-Executive Director (appointed 30 June 2014)
Brian Schwartz AM	Deputy Chairman / Non-Executive Director (appointed 30 June 2014)
Peter Allen	Chief Executive Officer / Executive Director
Laurence Brindle	Non-Executive Director
Richard Egerton-Warburton AO LVO	Non-Executive Director
Andrew Harmos	Non-Executive Director
Michael Ihlein	Non-Executive Director
Steven Lowy AM	Non-Executive Director
Sandra McPhee AM	Non-Executive Director

Domenic Panaccio, Managing Director, retired from the Board on 30 June 2014 in connection with the Restructure and Merger.

Peter Allen was a Non-Executive Director up to 30 June 2014.

(ii) Other Key Management Personnel

In addition to the Directors noted above, the following executives were also Key Management Personnel during the Financial Year.

Brian J Mackrill	Chief Financial Officer, WRT (effective up to 30 June 2014)
Mark Bloom	Chief Financial Officer, Scentre Group (effective from 30 June 2014)
John Widdup	Chief Operating Officer Development, Design and Construction, Scentre Group (effective from 30 June 2014). 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 42 DETAILS AND REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

(b) Remuneration of Key Management Personnel (continued)

The amounts below represent the total remuneration amounts for key Management Personnel of the Trust for the 6 months to 30 June 2014 and the year ended 31 December 2013. 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									
31 December 2014	**1,684,250**	**2,310,000**	**–**	**–**	**–**	**2,406,667**	**123,702**	**5,709,571**	**12,234,190**
31 December 2013	2,848,500	1,330,000	–	(23,129)	–	–	236,379	1,610,538	6,002,288

(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.

(c) Other transactions and balances with Key Management Personnel

During the year, 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 43 DETAILS OF MATERIAL AND SIGNIFICANT ENTITIES

	31 Dec 14 – Interest			31 Dec 13 – Interest		
	Beneficial[(i)]		Consolidated	Beneficial[(i)]		Consolidated
Name of entity	Parent Entity %	Scentre Group Trust 2 %	or Equity accounted %	Parent Entity %	Westfield Retail Trust %	or Equity accounted %
ENTITIES INCORPORATED IN AUSTRALIA						
Parent Entity						
Scentre Group Trust 2	**100.0**	**100.0**	**100.0**	100.0	100.0	100.0
Consolidated Controlled Entities						
Sydney Investment Trust (formerly Westfield 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	50.0	50.0
WestArt Trust	**–**	**50.0**	**50.0**	–	50.0	50.0
ENTITIES INCORPORATED IN NEW ZEALAND						
Consolidated Controlled Entities						
RE (NZ) Finance Limited	**–**	**–**	**–**	–	100.0	100.0
RE (NZ) Finance No.2 Limited	**–**	**–**	**–**	–	100.0	100.0
Equity Accounted Entities						
Scentre NZ Holdings Limited (formerly Westfield 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).

NOTE 44 SIGNIFICANT TRANSACTIONS

In November 2014, Scentre Group announced a joint venture agreement with GIC, Singapore's sovereign wealth fund, in respect of 5 properties in New Zealand. Under the transaction, GIC will acquire from Scentre Group a 49% (Trust's share: 24.5%) ownership interest in Albany, Manukau, Newmarket, Riccarton and St Lukes at a recorded value of $1,004.5 million (Trust's share: $502.3 million). Scentre Group will retain a 51% (Trust's share: 25.5%) interest in each of these shopping centres and will continue to provide the property management, development, design and construction services. GIC obtained approval from the Overseas Investment Office, New Zealand on 9 March 2015 and the transaction is expected to be settled in March 2015.

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 2014 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 18 March 2015 in accordance with a resolution of the Board of Directors.

Frank Lowy AC
Chairman

Michael Ihlein
Director

18 March 2015

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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 2014, the consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and the 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 judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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 2014 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

Ernst & Young

Graham Ezzy
Partner

Sydney, 18 March 2015

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 2014 (Financial Year). The Trust is part of the 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 $1,020.0 million and a distribution of $543.4 million for the Financial Year. Basic earnings per unit is 19.16 cents and the distribution per unit is 14.70 cents for the Financial Year.

As at 31 December 2014, the Trust has total consolidated and equity accounted properties of $14.2 billion. The Trust's interest in 46 shopping centres, comprises 12,285 retail outlets and approximately 3.7 million square metres of retail space. Occupancy rates for these properties continues to be in excess of 99.5% leased.

The Australian and New Zealand operations contributed net property income of $813.5 million for the year ended 31 December 2014 with an underlying comparable net operating income growth of 2.2% [i].

There was sustained improvement in retail sales growth, with comparable specialty store sales in Australia up 3.6% for the 12 months to 31 December 2014.

During the year, Scentre Group completed the $410 million (Trust share: $205 million) development at Westfield Garden City in Queensland and the major stage opening of the $475 million (Trust share: $119 million) development at Westfield Miranda in New South Wales.

In November 2014, Scentre Group announced a NZ$2.1 billion joint venture with GIC for 5 shopping centres in New Zealand, 3 of which have developments planned. More recently Scentre Group announced a sale process for the remaining 4 shopping centres in New Zealand.

As noted, the Restructure and Merger was implemented on 30 June 2014 as described in Note 1(d) to the Financial Report. Since 30 June 2014 there have been no significant changes in the Trust's state of affairs.

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 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

Other than the transaction disclosed in Note 44 to the Financial Report, 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 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 2015 and will be available on its website.

2. DISTRIBUTIONS

As noted above, Scentre Group was formed on 30 June 2014 by the Restructure and Merger. The distributions shown below for the six month periods to 31 December 2013 and 30 June 2014 respectively relate to periods when the Trust formed part of Westfield Retail Trust (WRT).

2.1 Westfield Retail Trust

For the six months ended 31 December 2013, the Trust distribution of 9.635 cents per unit formed part of the distribution of 9.925 cents per WRT stapled security, paid on 28 February 2014. This distribution was an aggregate of a distribution from the Trust and a distribution from Scentre Group Trust 3 (SGT3) (then Westfield Retail Trust 2). The figure reported here only represents that component of the aggregate Westfield Retail Trust distribution being the distribution of the Trust. For the six months ended 30 June 2014, the Trust distribution of 10.20 cents per unit was the distribution paid per WRT stapled security, paid on 29 August 2014. No distribution was made by SGT3 for the relevant period.

2.2 Scentre Group

For the six months ended 31 December 2014, the Trust distribution of 4.50 cents per unit formed part of the distribution of 10.20 cents per Scentre Group (SCG) stapled security, paid on 27 February 2015. This distribution is 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.

3. THE DIRECTORS

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

Frank Lowy AC	Chairman / Non-Executive Director (appointed 30 June 2014)
Brian Schwartz AM	Deputy Chairman / Non-Executive Director (appointed 30 June 2014)
Peter Allen	Chief Executive Officer / Executive Director
Laurence Brindle	Non-Executive Director
Richard Egerton-Warburton AO LVO	Non-Executive Director
Andrew Harmos	Non-Executive Director
Michael Ihlein	Non-Executive Director
Steven Lowy AM	Non-Executive Director
Sandra McPhee AM	Non-Executive Director

Biographies of the current Board can be found in the 2014 Scentre Group Annual Financial Report. Domenic Panaccio, Managing Director, retired from the Board on 30 June 2014 in connection with the Restructure and Merger. Peter Allen was a Non-executive Director up to 30 June 2014. 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. Units in the Trust are stapled to shares in SGL and units in SGT1 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	38,781
Peter Allen	981,631
Laurence Brindle	Nil
Richard Egerton-Warburton	73,445
Andrew Harmos	32,079
Michael Ihlein	33,048
Sandra McPhee	33,382

[i] Pro forma post New Zealand joint venture with GIC, which is expected to settle Q1 2015.

None of the Directors hold options over any issued or unissued units in the Trust or stapled securities in Scentre Group. No options over any issued or unissued units in any of 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 Directors are party to or entitled to a benefit under a contract which confers a right to call for, or be delivered, interests in the Trust or Scentre Group.

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
Laurence Brindle	Scentre Management Limited*	30 June 2014	Continuing
	RE1 Limited**	21 December 2010	Continuing
	RE2 Limited***	21 December 2010	Continuing
	National Storage Holdings Limited	1 November 2013	Continuing
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
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
Sandra McPhee	Scentre Management Limited*	30 June 2014	Continuing
	RE1 Limited**	21 December 2010	Continuing
	RE2 Limited***	21 December 2010	Continuing
	AGL Energy Limited	9 October 2006	Continuing
	Kathmandu Holdings Limited	16 October 2009	Continuing
	Fairfax Media Limited	26 February 2010	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 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, the shares of which are stapled to units in Westfield America Trust and WFD Trust, and which trade on the ASX as Westfield Corporation.

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.

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 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

- $66.2 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 217,958,211 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 18 to the Financial Report.
- 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), 13, 14 and 15 to the Financial Report 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 18 to the Financial Report.

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

In relation to our audit of the financial report of Scentre Group Trust 2 for the year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Graham Ezzy
Partner

Sydney, 18 March 2015

Liability limited by a scheme approved under Professional Standards Legislation.

9. ASIC DISCLOSURES

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

18 March 2015

Corporate Governance Statement

The Corporate Governance Statement for Scentre Group Trust 2 for the financial year ended 31 December 2014 has been incorporated into the Corporate Governance Statement prepared for Scentre Group. This Statement can be found in the 2014 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	1,688,055,692
2.	National Nominees Limited	978,109,755
3.	J P Morgan Nominees Australia Limited	876,052,094
4.	Citicorp Nominees Pty Limited	383,602,769
5.	BNP Paribas Noms Pty Ltd <DRP>	203,356,508
6.	Cordera Holdings Pty Limited	181,710,620
7.	AMP Life Limited	91,476,681
8.	RBC Investor Services Australia Nominees Pty Limited <APN A/C>	68,910,452
9.	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	66,508,998
10.	BNP Paribas Nominees Pty Ltd <Agency Lending Collateral>	29,032,000
11.	Mr Frank P Lowy	17,577,810
12.	Bond Street Custodians Limited <ENH Property Securities A/C>	13,856,075
13.	RBC Investor Services Australia Nominees Pty Limited <PISELECT>	13,104,088
14.	CS Fourth Nominees Pty Ltd	12,901,226
15.	Australian Foundation Investment Company Limited	11,436,859
16.	Pan Australian Nominees Pty Limited	10,373,327
17.	Ecapital Nominees Pty Limited <Settlement A/C>	10,187,367
18.	RBC Investor Services Australia Nominees Pty Limited <BKCUST A/C>	8,629,327
19.	Argo Investments Limited	8,526,662
20.	BNP Paribas Noms (NZ) Ltd <DRP>	8,390,910
		4,681,799,220

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

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

Voting Rights

Scentre Group Limited – At a meeting of securityholders, on a show of hands, every person present who is a securityholder or representative of a securityholder has one vote, and on a poll every securityholder present in person or by proxy or attorney and every person who is a representative of a securityholder 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 securityholders, on a show of hands, every person present who is a securityholder or representative of a securityholder has one vote, and on a poll, every securityholder present in person or by proxy or attorney and every person who is a representative of a securityholder 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	18,265,751	41,105	0.34
1,001-5,000	127,509,298	53,534	2.39
5,001-10,000	85,445,511	12,197	1.60
10,001-100,000	171,069,604	8,139	3.21
100,001 and over	4,922,006,514	367	92.44
Total	5,324,296,678	115,342	100.00

As at 13 February 2015, 8,700 security holders hold less than a marketable parcel of quoted securities in Scentre Group.

* There are 11,471,651 performance rights on issue to a total of 137 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.

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:

BlackRock Group	340,719,406
The Vanguard Group	329,954,857
National Nominees as custodian for Unisuper Limited	294,417,792

Annual Financial Report

SCENTRE GROUP TRUST 3[i]
For the Financial Year ended 31 December 2014

Contents

(i) Formerly Westfield Retail Trust 2

Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	31 Dec 14 $'000	31 Dec 13 $'000
Revenue and other income			
Property and property related revenue [i]		**17,771**	15,591
Recharge of corporate costs to Scentre Group Trust 2 [ii]		**11,160**	10,549
		28,931	26,140
Expenses			
Property and property related expenses [i]		**(8,046)**	(6,956)
Corporate costs [ii]		**(11,801)**	(11,968)
		(19,847)	(18,924)
Interest income	3	**39,235**	20,086
Financing costs	4	**(38,559)**	(19,466)
Profit before tax for the period		**9,760**	7,836
Tax expense	5	**(2,922)**	(2,388)
Profit after tax for the period		**6,838**	5,448
		cents	cents
Basic earnings per unit	15	**0.13**	0.10
Diluted earnings per unit	15	**0.13**	0.10

(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 2014

	31 Dec 14 $'000	31 Dec 13 $'000
Profit after tax for the period	**6,838**	5,448
Other comprehensive income		
Movement in foreign currency translation reserve		
– Net exchange difference on translation of foreign operations [i]	**17**	14
Total comprehensive income for the period	**6,855**	5,462

[i] This item may be subsequently recycled to the profit and loss.

Balance Sheet

AS AT 31 DECEMBER 2014

	Note	**31 Dec 14 $'000**	31 Dec 13 $'000
Current assets			
Cash and cash equivalents	6(a)	**1,263**	2,307
Receivables	7	**1,086,765**	553,556
Total current assets		**1,088,028**	555,863
Non current assets			
Receivables	7	**1,834**	311
Plant and equipment	8	**1,468**	1,721
Deferred tax assets		**324**	519
Total non current assets		**3,626**	2,551
Total assets		**1,091,654**	558,414
Current liabilities			
Payables and other creditors	9	**10,351**	14,637
Tax payable		**1,068**	1,402
Total current liabilities		**11,419**	16,039
Non current liabilities			
Other creditors	9	**5,421**	2,156
Interest bearing liabilities	10	**1,055,672**	519,551
Total non current liabilities		**1,061,093**	521,707
Total liabilities		**1,072,512**	537,746
Net assets		**19,142**	20,668
Equity			
Contributed equity	11(b)	**11,461**	11,202
Reserves	12	**30**	13
Retained profits	13	**7,651**	9,453
Total equity		**19,142**	20,668

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2014

31 December 2014	Note	Contributed equity $'000	Foreign currency translation reserve $'000	Retained profits $'000	Total equity $'000
Changes in equity					
Balance at the beginning of the period		**11,202**	**13**	**9,453**	**20,668**
– Profit after tax for the period		**–**	**–**	**6,838**	**6,838**
– Other comprehensive income		**–**	**17**	**–**	**17**
Transactions with owners in their capacity as owners:					
– Issuance of units resulting from the Restructure and Merger	11(b)	**259**	**–**	**–**	**259**
– Distributions paid	16	**–**	**–**	**(8,640)**	**(8,640)**
Closing balance of equity		**11,461**	**30**	**7,651**	**19,142**

31 December 2013	Note	Contributed equity $'000	Foreign currency translation reserve $'000	Retained profits $'000	Total equity $'000
Changes in equity					
Balance at the beginning of the period		11,547	(1)	4,005	15,551
– Profit after tax for the period		–	–	5,448	5,448
– Other comprehensive income		–	14	–	14
Transactions with owners in their capacity as owners:					
– Buy-back and cancellation of contributed equity, including transaction costs	11(b)	(345)	–	–	(345)
– Distributions paid	16	–	–	–	–
Closing balance of equity		11,202	13	9,453	20,668

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	31 Dec 14 $'000	31 Dec 13 $'000
Cash flows from operating activities			
Receipts in the course of operations (including Goods and Services Tax (GST))		**30,536**	26,637
Payments in the course of operations (including GST)		**(17,093)**	(16,722)
Income and withholding taxes paid		**(2,965)**	(2,953)
GST paid		**(2,456)**	(1,771)
Net cash flows from operating activities	6(b)	**8,022**	5,191
Cash flows used in investing activities			
Purchase of plant and equipment		**(534)**	(885)
Net cash flows used in investing activities		**(534)**	(885)
Cash flows used in financing activities			
Issuance of units resulting from the Restructure and Merger		**259**	–
Buy-back of units		**–**	(344)
Net proceeds from interest bearing liabilities		**516,424**	11,736
Loans advanced to related entities		**(515,319)**	(14,032)
Payments of financing costs		**(40,768)**	(20,201)
Interest received		**39,532**	19,791
Distributions paid		**(8,640)**	–
Net cash flows used in financing activities		**(8,512)**	(3,050)
Net (decrease)/increase in cash and cash equivalents held		**(1,024)**	1,256
Add opening cash and cash equivalents brought forward		**2,307**	1,010
Effects of exchange rate changes on opening cash and cash equivalents brought forward		**(20)**	41
Cash and cash equivalents at the end of the period [(i)]	6(a)	**1,263**	2,307

[(i)] Cash and cash equivalents comprises cash $1,263,000 million (31 December 2013: $2,307,000 million) net of bank overdraft of nil (31 December 2013: nil).

Index of Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

(a) Corporate information

This financial report of Scentre Group Trust 3 (formerly Westfield Retail Trust 2) and its controlled entities (collectively known as SGT3 or the Trust), for the year ended 31 December 2014, 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 18 March 2015.

The nature of the operations and principal activities of SGT3 include:

- 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;
- provision of corporate and administration services to Scentre Group Trust 2 (SGT2); and
- financing of the New Zealand equity accounted associate of SGT2.

(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 2014.

- AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities;
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets;
- AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting; and
- AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities.

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 2014. 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 of financial assets 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 (effective from 1 January 2017)

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.

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 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2018);
- AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual framework, Materiality and Financial Instruments (effective from 1 January 2018); and
- AASB 2014-1 Amendments to Australian Accounting Standards – Part E: Financial Instruments (effective from 1 January 2018).

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) Detail on the Restructure and Merger

Background

On 30 June 2014, the Westfield Group implemented the 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

As a result of the Restructure and Merger the Parent Company, 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.

(e) 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 25: 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.

NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT (CONTINUED)

(f) 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 each of the Parent Company, SGT1, SGT2 and SGT3 are stapled and trade as one security on the Australian Securities Exchange (ASX) under the code SCG. The stapling transaction is referred to as the "Merger". The stapled securities cannot be traded separately.

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 the 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.

(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 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.

(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(l) 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) Employee benefits

The liability for employees' benefits to wages, salaries, bonuses and annual leave is accrued to balance date based on SGT3's present obligation to pay resulting from the employees' services provided. The liability for employees' benefits to long service leave is provided to balance date based on the present values of the estimated future cash flows to be paid by SGT3 resulting from the employees' services provided.

(k) 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 are recognised directly in equity as a reduction of the proceeds received.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Derivative and other financial instruments

SGT3's treasury policy authorises the use of 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.

SGT3 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 however 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 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.

Where applicable, the fair value of derivatives have 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.

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 25 are determined as follows:

- 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 2014, for debt with similar maturity, credit risk and terms.

(m) 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 the 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.

(n) 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.

(o) Rounding

In accordance with ASIC Class Order 98/100, 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	31 Dec 14 $'000	31 Dec 13 $'000

NOTE 3 INTEREST INCOME

	Note	31 Dec 14 $'000	31 Dec 13 $'000
Gross interest income			
– Interest received from associates of Scentre Group Trust 3		**38,818**	19,788
– Other interest received		**417**	298
		39,235	20,086

NOTE 4 FINANCING COSTS

	Note	31 Dec 14 $'000	31 Dec 13 $'000
Gross financing costs			
– Interest bearing liabilities		**38,559**	19,466
		38,559	19,466

NOTE 5 TAXATION

	Note	31 Dec 14 $'000	31 Dec 13 $'000
Tax expense			
Current – underlying operations		**(2,922)**	(2,388)
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		**9,760**	7,836
Prima facie tax expense at 30%		**(2,928)**	(2,351)
Other items		**6**	(37)
Tax expense		**(2,922)**	(2,388)

NOTE 6 CASH AND CASH EQUIVALENTS

	Note	31 Dec 14 $'000	31 Dec 13 $'000
(a) Components of cash and cash equivalents			
Cash		**1,263**	2,307
Total cash and cash equivalents		**1,263**	2,307
(b) Reconciliation of profit after tax to net cash flows from operating activities			
Profit after tax		**6,838**	5,448
Financing costs		**38,559**	19,466
Interest income		**(39,235)**	(20,086)
Depreciation		**787**	990
Decrease/(Increase) in working capital attributable to operating activities		**1,073**	(627)
Net cash flows from operating activities		**8,022**	5,191

NOTE 7 RECEIVABLES

	Note	31 Dec 14 $'000	31 Dec 13 $'000
Current			
Trade debtors		**7,804**	6,416
Other receivables and prepayments		**722**	592
Interest bearing loans receivable from associates of Scentre Group Trust 3	28(d)	**1,053,177**	520,655
Receivable from Scentre Group Trust 2 and its equity accounted entities		**25,062**	25,893
		1,086,765	553,556
Non Current			
Other receivables		**1,834**	311
		1,834	311

NOTE 8 PLANT AND EQUIPMENT

	Note	31 Dec 14 $'000	31 Dec 13 $'000
Non current			
At cost		**5,896**	5,362
Accumulated depreciation		**(4,428)**	(3,641)
		1,468	1,721
Movement in plant and equipment			
Balance at the beginning of the period		**1,721**	1,337
Additions		**534**	1,374
Depreciation expense		**(787)**	(990)
Balance at the end of the period		**1,468**	1,721

	31 Dec 14 $'000	31 Dec 13 $'000
NOTE 9 PAYABLES AND OTHER CREDITORS		
Current		
Payables and other creditors	**8,247**	10,788
Employee benefits	**2,104**	3,849
	10,351	14,637
Non Current		
Employee benefits	**5,421**	2,156
	5,421	2,156
NOTE 10 INTEREST BEARING LIABILITIES		
Non current		
Unsecured		
Bank loans [(i)]		
– NZ$ denominated	**1,055,672**	519,551
	1,055,672	519,551
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)	**1,055,672**	519,551
Due after five years	**–**	–
	1,055,672	519,551

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

Summary of financing facilities		
Committed financing facilities available to Scentre Group Trust 3:		
Total financing facilities at the end of the year	**4,100,000**	1,407,011
Amounts utilised by other members of Scentre Group	**(2,356,890)**	(352,000)
Less: amounts utilised	**(1,055,672)**	(519,551)
Less: bank guarantees	**(1,406)**	–
Available financing facilities	**686,032**	535,460
Cash and cash equivalents	**1,263**	2,307
Financing resources available at the end of the year	**687,295**	537,767
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)	**4,100,000**	1,282,011
Due after five years	**–**	125,000
	4,100,000	1,407,011

These facilities are unsecured interest only floating rate facilities which are subject to negative pledge arrangements which require the Scentre Group to comply with specific minimum financial requirements. Amounts which are denominated in foreign currencies are translated at exchange rates ruling at balance date.

The available financing facilities above totalling A$686.0 million, are available to all members of the Scentre Group, including the Trust, at year end. The Trust is able to draw on these financing facilities, provided that they are unutilised by other members of the Scentre Group. These are interest only unsecured multicurrency multioption facilities.

	31 Dec 14 No. of units	31 Dec 13 No. of units
NOTE 11 CONTRIBUTED EQUITY		
(a) Number of units on issue		
Balance at the beginning of the year	**2,979,214,029**	3,046,106,477
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**	–
Buy-back and cancellation of units	**–**	(66,892,448)
Balance at the end of the year	**5,324,296,678**	2,979,214,029

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).

	$'000	$'000
(b) Movement in contributed equity		
Balance at the beginning of the year	**11,202**	11,547
Issuance of units resulting from the Restructure and Merger	**259**	–
Buy-back and cancellation of units	**–**	(345)
Balance at the end of the year	**11,461**	11,202
NOTE 12 RESERVES		
Foreign currency translation reserve	**30**	13
	30	13
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.		
Balance at the beginning of the year	**13**	(1)
Foreign exchange movement		
– Translation of investment in foreign entities	**17**	14
Balance at the end of the year	**30**	13
NOTE 13 RETAINED PROFITS		
Movement in retained profits		
Balance at the beginning of the year	**9,453**	4,005
Profit after tax for the period	**6,838**	5,448
Distribution paid	**(8,640)**	–
Balance at the end of the year	**7,651**	9,453

NOTE 14 SHARE BASED PAYMENTS AND OTHER LONG TERM INCENTIVES (LTI)

(a) Executive Performance and Partnership Incentive Rights issued to employees of related entities

As at 31 December 2014, there were 11,558,902 Executive Performance and Partnership Incentive Rights issued to employees of related entities of the Scentre Group. Under the stapling arrangement each of SGT1, SGT2, SGT3 and the Parent Company are required to issue securities/units on the vesting of an Executive Performance and Partnership Incentive Rights. At 31 December 2014, the 11,558,902 Executive Performance and Partnership Incentive Rights issued to employees of related entities were convertible to 11,558,902 Scentre Group stapled securities.

	Number of rights 31 Dec 14	Weighted average exercise price $ 31 Dec 14
Rights on issue		
– Executive Performance and Partnership Incentive Rights	**11,558,902**	–

Vesting profile	31 Dec 14 Number of rights
2015	**3,970,210**
2016	**5,419,404**
2017	**1,063,720**
2018	**1,105,568**
	11,558,902

	31 Dec 14 Number of award securities	31 Dec 13 Number of award securities
(b) Executive Deferred Award Plan (Trust Plan) (i) (ii) – Cash settled		
Movement in award securities		
Balance at the beginning of the year	**1,556,792**	1,203,411
Awards issued during the year	**625,788**	591,129
Distribution reinvested as awards during the year	**94,988**	82,461
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	**(772,391)**	(320,209)
Awards forfeited during the year	**(144,480)**	–
Balance at the end of the year	**1,356,801**	1,556,792

Vesting profile	31 Dec 14 Cumulative value granted $	31 Dec 14 Number of award securities	31 Dec 13 Cumulative value granted $	31 Dec 13 Number of award securities
2014	**–**	**–**	1,102,639	528,322
2015	**460,535**	**232,286**	494,125	249,959
2016	**2,619,651**	**1,124,515**	1,738,554	778,511
	3,080,186	**1,356,801**	3,335,318	1,556,792

(i) The Trust Plan is a plan in which senior management of the former WRT participates. The fair value of the Trust Plan is measured at each reporting date using inputs that include the number of employees remaining in service, the volume weighted average of the Trust security prices and the distribution policy during the vesting period. The terms of the Trust Plan are described in Scentre Group Trust 3's 2013 financial report Note 29: Remuneration, options and security holdings of Key Management Personnel.

(ii) Certain performance hurdles were required to be met in order for participants to be entitled to rights under the Trust Plan. The application of graduated scaling for entitlement to rights during the year resulted in participants receiving 100% of the targeted number of rights.

The senior management team of SGT3 participate in the Trust Plan. The fair value of awards issued under the Trust Plan is measured at each grant date using a Black-Scholes option pricing model. The inputs include the Trust's 10 day volume weighted average security price prior to the grant date, the risk free interest rate, expected volatility and expected dividend yield during the vesting period. Expected volatility is based on the historical security price volatility since listing. Vesting conditions such as number of employees remaining in service is taken into account in determining the total amortisation for each reporting period. In calculating the Black-Scholes' value of rights granted, it has been assumed that the hurdle conditions are met and consequently, the value of the option is not reduced to reflect the hurdle conditions. The terms of the Trust Plan are described in Scentre Group Trust 3's 2013 financial report Note 29: Remuneration, options and security holdings of Key Management Personnel.

NOTE 14 SHARE BASED PAYMENTS AND OTHER LONG TERM INCENTIVES (LTI) (CONTINUED)

(b) Executive Deferred Award Plan (Trust Plan) – Cash settled (continued)

Accounting for cash settled share based payments

The accounts of SGT3 and the remuneration disclosures in the financial report disclose the full liability to unit holders of the grant of awards under the Trust Plan, and not simply the amortisation of the nominal amount of the grant when originally made.

At the date of granting an award, the nominal value of the award is adjusted for anticipated increases in the value of that award over its life. Assumptions regarding both future distributions and security price increases are made for the purposes of estimating SGT3's future liability with respect to each award. The estimated future liability is then amortised over the life of the award. At the end of each accounting period, the awards are adjusted to fair market value and any gains and losses are amortised over the remaining life of the awards.

During the year, $1,343,359 (31 December 2013: $1,922,958) was charged to the income statement as gross amortisation in respect of cash settled share based payments.

(c) Other LTI

Westfield Retail Trust was established in late 2010 and at this time key members of the Trust's senior management team joined the Trust from Westfield Group. These employees had, prior to their resignation from Westfield Group, been entitled to long term benefits under the Westfield Group Executive Deferred Award Plan (Westfield Group Awards). The Trust agreed to continue with the pre-existing arrangements with respect to those Westfield Group Awards granted as at 31 December 2010. As a result of that commitment, Westfield Group agreed to make a cash payment of $2,366,384 to the Trust, representing the total amount earned and not yet vested in relation to Westfield Group Securities at that time. The terms of the securities are similar to the Trust Plan which are described in Scentre Group Trust 3's 2013 financial report Note 29: Remuneration, options and security holdings of Key Management Personnel.

	31 Dec 14 Number of award securities	31 Dec 13 Number of award securities
Movement in Westfield Group securities		
Balance at the beginning of the year	36,233	104,674
Rights exercised	(36,233)	(68,441)
Balance at the end of the year	–	36,233

Vesting profile	**31 Dec 14 Cumulative value granted $**	**31 Dec 14 Number of award securities**	31 Dec 13 Cumulative value granted $	31 Dec 13 Number of award securities
2014	–	–	347,016	36,223
	–	–	347,016	36,223

Accounting for long term incentives

The accounts of SGT3 and the remuneration disclosures in this Report disclose the full liability to unit holders for the LTI.

During the year, $58,772 (31 December 2013: $250,562) was recognised as an expense in the income statement as gross amortisation in respect of Westfield Group Awards.

	31 Dec 14 cents	31 Dec 13 cents

NOTE 15 EARNINGS PER UNIT

The calculation of basic and diluted earnings per unit for all periods presented have been adjusted retrospectively for the conversion of units on issue on a 0.918 for 1 basis and the issuance of units resulting from the Restructure and Merger.

(a) Summary of earnings per unit		
Basic earnings per unit	**0.13**	0.10
Diluted earnings per unit	**0.13**	0.10

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	**6,838**	5,448
Adjustments to earnings relating to options which are considered dilutive	**–**	–
Earnings used in calculating diluted earnings per unit	**6,838**	5,448

	No. of units	No. of units
Weighted average number of units used in calculating basic earnings per unit [(i)]	**5,324,296,678**	5,351,744,801
Units which are dilutive	**–**	–
Adjusted weighted average number of ordinary units used in calculating diluted earnings per unit	**5,324,296,678**	5,351,744,801

(i) The weighted average number of units for all periods takes into account the effect of the conversion and issuance of units resulting from the Restructure and Merger. The weighted average number of units without the retrospective adjustment as required by AASB 133: Earnings per Share is 2,979,214,029 (31 December 2013: 3,006,662,152).

(b) Conversions, calls, subscription or issues after 31 December 2014

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

	31 Dec 14 $'000	31 Dec 13 $'000
NOTE 16 DISTRIBUTIONS		
(a) Final distribution paid		
Distribution in respect of the six months to 31 December 2014	–	–
Distribution in respect of the six months to 31 December 2013		
Scentre Group Trust 3: 0.29 cents per unit, 100% franked	–	8,640
	–	8,640
(b) Distributions paid during the year		
Distribution in respect of six month period to 30 June 2014		
Scentre Group Trust 3: nil cents per unit	–	–
Distribution in respect of the 6 months to 31 December 2013		
Scentre Group Trust 3: 0.29 cents per unit, 100% franked	**8,640**	–
Distribution in respect of the 6 months to 30 June 2013		
Scentre Group Trust 3: nil cents per unit	–	–
Distribution in respect of the 6 months to 31 December 2012		
Scentre Group Trust 3: nil cents per unit	–	–
	8,640	–
NOTE 17 CONTINGENT LIABILITIES		
Guaranteed borrowings of associates of Scentre Group Trust 3	**10,515,959**	2,624,041
	10,515,959	2,624,041

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 18 SEGMENT REPORTING

SGT3 operates in one operating segment predominantly in Australasia. SGT3 earns property advertising and promotional income and provides administration services to SGT2 and financing of the New Zealand equity accounted associate of SGT2.

NOTE 19 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, 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 20 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 21 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 14 $'000**	31 Dec 13 $'000
Principal amounts of all interest bearing liabilities:			
Non current interest bearing liabilities	10	**1,055,672**	519,551
Principal amounts subject to interest rate payable exposure		**1,055,672**	519,551
Principal amounts of all interest bearing assets:			
Non current interest bearing loans receivable	7	**1,053,177**	520,655
Cash and cash equivalents	6(a)	**1,263**	2,307
Principal amounts subject to interest rate receivable exposure		**1,054,440**	522,962
Principal amounts of net interest bearing liabilities/(assets) subject to interest rate payable/(receivable) exposure		**1,232**	(3,411)

At 31 December 2014, SGT3 has not hedged its net interest bearing exposure, which is exposed to floating rates on a principal payable of $1.2 million (31 December 2013: receivable of $3.4 million) at an average interest rate of 5.0% (31 December 2013: 4.1%) per annum, including margin.

Interest rate sensitivity		**31 Dec 14 $'000**	31 Dec 13 $'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%	**25**	(68)
	-1.0%	**12**	(34)
	-0.5%	**6**	(17)
	0.5%	**(6)**	17
	1.0%	**(12)**	34
	2.0%	**(25)**	68

NOTE 22 EXCHANGE RATE RISK MANAGEMENT

SGT3 is exposed to exchange rate risk on its foreign currency earnings, its distribution 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 14 $'000	31 Dec 13 $'000
Foreign currency net investments		
New Zealand Dollars		
NZ$ net assets	**1,105,982**	565,900
NZ$ borrowings	**(1,105,500)**	(564,700)
NZ$ denominated net assets	**482**	1,200

Foreign currency sensitivity		**31 Dec 14 $'000**	31 Dec 13 $'000
The sensitivity of NZ$ denominated net assets to changes in the year end A$/NZ$ rate is as follows:	A$/NZ$ Currency movement		Gain/(loss) to foreign currency translation reserve
	- 10 cents	**49**	112
	- 5 cents	**23**	53
	+ 5 cents	**(21)**	(49)
	+ 10 cents	**(40)**	(93)

NOTE 23 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 2014, the aggregate credit risk in respect of cash and cash equivalents is $1.3 million (31 December 2013: $2.3 million).

At 31 December 2014, 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 10.

NOTE 24 INTEREST BEARING LIABILITIES, INTEREST AND DERIVATIVE CASH FLOW MATURITY PROFILE

	31 Dec 14 $'000	31 Dec 13 $'000
Interest bearing liabilities and interest		
Maturity profile of the principal amounts of current and non current interest bearing liabilities (refer to Note 10) together with the aggregate future estimated nominal interest thereon is set out below:		
Due within one year	**(52,500)**	(17,491)
Due between one and five years	**(1,170,871)**	(546,453)
Due after five years	**–**	–
	(1,223,371)	(563,944)
Comprising:		
– principal amounts of current and non current interest bearing liabilities	**(1,055,672)**	(519,551)
– aggregate future estimated nominal interest	**(167,699)**	(44,393)
	(1,223,371)	(563,944)

Contingent liabilities are set out in Note 17 and are not included in the amounts shown above.

NOTE 25 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.

	31 Dec 14 Fair value $'000	**31 Dec 14 Carrying amount $'000**	31 Dec 13 Fair value $'000	31 Dec 13 Carrying amount $'000
Consolidated assets				
Cash	**1,263**	**1,263**	2,307	2,307
Trade receivables [(i)]	**1,088,599**	**1,088,599**	553,867	553,867
Consolidated liabilities				
Payables and other creditors [(i)]	**15,772**	**15,772**	16,793	16,793
Interest bearing liabilities [(i)]				
– Floating rate debt	**1,055,672**	**1,055,672**	519,551	519,551

(i) These financial assets and liabilities are subjected to interest rate risk 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.

	31 Dec 14 $'000	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**
Consolidated assets measured at fair value				
Receivables	**1,088,599**	–	1,088,599	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Floating rate debt	**1,055,672**	–	1,055,672	–

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

	31 Dec 13 $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Consolidated assets measured at fair value				
Receivables	553,867	–	553,867	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Floating rate debt	519,551	–	519,551	–

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

	31 Dec 14 $'000	31 Dec 13 $'000

NOTE 26 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 14 $'000	31 Dec 13 $'000
(a) Assets		
Current assets	**18,567**	20,050
Non current assets	**1,529**	1,876
Total assets	**20,096**	21,926
(b) Liabilities		
Current liabilities	**1,911**	1,800
Total liabilities	**1,911**	1,800
(c) Total equity		
Contributed equity	**11,461**	11,202
Retained profits	**6,724**	8,924
Total equity	**18,185**	20,126
(d) Comprehensive income		
Profit after tax for the period	**6,440**	5,545
Total comprehensive income for the period	**6,440**	5,545
(e) Contingent liabilities		
Guaranteed borrowings of associates of the responsible entity	**10,515,959**	2,624,041
Guaranteed borrowings of subsidiaries	**1,055,672**	519,551
Total contingent liabilities	**11,571,631**	3,143,592

NOTE 27 AUDITOR'S REMUNERATION

Amounts received or due and receivable by the auditors of the Parent Entity and any other entity in SGT3 for:

	31 Dec 14 $'000	31 Dec 13 $'000
– Audit or review of the financial reports	**18**	22
– Other non audit related services	**–**	13
	18	35

Amounts received or due and receivable by affiliates of the auditors of the Parent Entity for:

	31 Dec 14 $'000	31 Dec 13 $'000
– Audit or review of the financial reports	**–**	–
	–	–
	18	35

NOTE 28 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 29 for details of key management personnel.

Other related parties

- Westfield Corporation is considered to be a related party of Scentre Group as Directors Mr Frank Lowy and Mr Steven Lowy are also Directors of Westfield Corporation.
- 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.
- SGT2 is a related party of SGT3 as SGT3 provides corporate and administrative services to SGT2.
- Prior to the Restructure and Merger implemented on 30 June 2014, Westfield Group was considered to be a related party of SGT3 as RE2 Limited, a subsidiary of SGL, acts as the Responsible Entity of SGT3. For the six month period to 30 June 2014, Westfield Group provided corporate services to RE2 Limited to assist in the performance of its duties as Responsible Entity.

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 29.

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) 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 will have 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 will have access to the digital innovation activities of Westfield Labs; and
- Scentre Group will provide transitional services to Westfield Corporation while the groups develop standalone resources and support services.

(i) Royalty free licence to use the Westfield brand

Scentre Group's existing shopping centres and any new shopping centres in Australia and New Zealand will continue to be branded Westfield under an exclusive, royalty free licence from Westfield Corporation.

Under the Trade Mark Licence Agreement, Scentre Group will have the royalty free right to use (and to sub-license) the Westfield brand in Australia and New Zealand in relation to its existing shopping centres and any new shopping centres managed by Scentre Group which meet certain agreed characteristics.

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

LABS is a San Francisco based team owned by Westfield Corporation which serves as a global digital lab focused on innovating and developing the technological platform and infrastructure necessary to better connect consumers with physical shopping centre assets.

Scentre Group has entered into an agreement with Westfield Corporation under which it will have access to core digital services to be provided by LABS in return for an agreed contribution to the funding of Westfield Labs over the term of the agreement and to product innovations by LABS on a case by case basis. Scentre Group may, but is not obliged to, use LABS to develop its own digital initiatives, again on a case by case basis. The LABS Agreement has been entered into for an initial term until 31 December 2016.

Under the LABS Agreement, LABS will provide agreed core services to Scentre Group, which will include services relating to the Searchable Mall, data analytics, mobile applications, consumer website development, platform (including publishing) hosting and maintenance, consumer insights reporting and certain research and development. Westfield Corporation charged Scentre Group $5.5 million for the six month ended 31 December 2014, and Scentre Group will not without agreement of the parties be required to pay more than $11.2 million for the year ending 31 December 2015 or $11.6 million for the year ending 31 December 2016. Payment for LABS services are made in arrears.

(iii) Provision of transitional services to Westfield Corporation

As part of the transition, Scentre Group and Westfield Corporation have entered into a Transitional Services Agreement, under which Scentre Group will provide various corporate infrastructure services to Westfield Corporation for a transitional period. For the six months ended 31 December 2014, Scentre Group charged Westfield Corporation $6.2 million for transitional services. The transition is expected to be substantially completed within two years.

As part of the transition, Westfield Corporation also provides corporate services to Scentre Group. For the six months ended 31 December 2014, Westfield Corporation charged Scentre Group $0.3 million for the provision of corporate services.

Scentre Group subleases office space to Westfield Corporation at its Westfield Sydney premises. The lease is at commercial, arms length terms. For the six months ended 31 December 2014 the total office rent charged to Westfield Corporation was $0.7 million.

At year end the following amounts were recorded in Scentre Group's balance sheet as payable/receivable with Westfield Corporation:

Nature	Type	**2014 $million**	2013 $million
Owing to Westfield Corporation	Current payable	**5.5**	nil
Owing from Westfield Corporation	Current receivable	**0.6**	nil

No provision for doubtful debts has been recognised or bad debts incurred with respect to amounts payable or receivable from Westfield Corporation during the period.

(b) LFG

Prior to the Restructure and Merger on 30 June 2014, Scentre Group owned two aircraft (which were transferred to Westfield Corporation as part of the Restructure and Merger) for business use by its executives. One was located in Australia and the other located in the United States. Scentre Group and LFG had entered into an aircraft interchange agreement, whereby Scentre Group provided its aircraft (when the aircraft was not required for Scentre Group business use) and flight crew to LFG in exchange for equal time usage of an equivalent standard aircraft owned by LFG and flight crew provided by LFG. The agreement was for rolling periods of one year but may be terminated by either party by giving 30 days written notice. This arrangement was entered into on arm's length commercial terms. For the 6 months to 31 December 2014, LFG did not utilise any hours of Scentre Group's aircraft.

In addition to the interchange agreement, there were arrangements between Scentre Group and LFG in relation to the use of Scentre Group's aircraft by LFG and use of LFG's aircraft by Scentre Group. These arrangements, including rates, were at arm's length.

NOTE 28 RELATED PARTY DISCLOSURES (CONTINUED)

(b) LFG (continued)

Scentre Group did not incur costs in the 6 months to 31 December 2014 in relation to the use of the LFG aircraft in excess of the interchange agreement.

Scentre Group also has aircraft operation, maintenance, crew sharing, and hangar facility agreements with LFG. The agreements enable the parties to, where possible, cooperate with each other with a view to enhancing the economy of operation of their respective aircraft through their combined resources and purchasing power, including the cost of fuel, parts, maintenance, landing, engineering, insurance and aircrew services. During the 6 months to 31 December 2014, LFG did not incur any costs in relation to the provision of aircrew, aircraft maintenance, aircraft services and use of the hangar facility.

Scentre Group has entered into a leasing agreement with LFG to provide office space at Westfield Sydney. The rental of the space commenced in 2012 and is on commercial arm's length terms. Scentre Group's rental charge for the Westfield Sydney lease was $929,884 for the 6 months to 31 December 2014.

During the 6 months to 31 December 2014, Scentre Group charged LFG $349,454 for service costs in relation to the provision of communication, security and other services on arm's length terms and conditions.

During the 6 months to 31 December 2014, Scentre Group provided security services to certain Directors necessary for them to fulfil their responsibilities.

At year end the following amounts were recorded in Scentre Group's balance sheet as payable/receivable with the following related parties:

Nature	Type	**2014 $**	2013 $
Owing to LFG	Current payable	**nil**	nil
Owing from LFG	Current receivable	**nil**	nil

No provision for doubtful debts has been recognised or bad debts incurred with respect to amounts payable or receivable from LFG during the period.

(c) The Lowy Institute

During the 6 months to 31 December 2014, Scentre Group charged The Lowy Institute $1,591 for service costs in relation to the provision of communication and security services on arm's length terms and conditions.

During the 6 months to 31 December 2014, Scentre Group did not provide development services to The Lowy Institute.

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

(d) Transactions with related parties

Corporate Services Agreement – Scentre Group

The corporate services costs included in corporate costs in the income statement for the year ended 31 December 2014 were $627,200 (31 December 2013: $1,000,000). The amount payable as at 31 December 2014 relating to corporate service costs was nil (31 December 2013: nil).

Transactions with Scentre Group Trust 2 and related entities

During the year, SGT3 charged SGT2 and related entities amounts totalling $11,159,927 (31 December 2013: $10,549,104) for the recovery of other corporate costs. As at 31 December 2014, $4,717,243 (31 December 2013: $12,189,874) was still outstanding and recorded as a current receivable.

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 SGT2. Interest on this loan is calculated on a floating rate basis. As at 31 December 2014, the balance of this loan receivable was NZ$551,300,000 (A$526,451,490) (31 December 2013: NZ$565,900,000 (A$520,655,074)), with accrued interest receivable of $1,838,109 (31 December 2013: $3,079,758). The interest income for the year in respect of this loan was $25,550,156 (31 December 2013: $19,787,882).

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 2014, the balance of this loan receivable was NZ$551,588,251 (A$526,726,748) (31 December 2013: nil), with accrued interest receivable of $1,061,451 (31 December 2013: nil). The interest income for the year in respect of this loan was $13,267,749 (31 December 2013: nil).

As at 31 December 2014, there is a non interest bearing loan receivable of $17,443,300 (31 December 2013: $11,031,568) 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 2014 was $10,511,803 (31 December 2013: $9,407,508). The amount receivable for net property related advertising and promotional income as at 31 December 2014 were $7,793,779 (31 December 2013: $6,380,797).

Directors' fees paid by Scentre Group for SGT3 for the year ended 31 December 2014 were $27,114 (31 December 2013: $51,425). The amount payable as at 31 December 2014 to Scentre Group for Directors' fees was nil (31 December 2013: $23,488).

Rental expense paid to Scentre Group for the year ended 31 December 2014 amounted to $174,389 (31 December 2013: $184,222). Amount payable as at 31 December 2014 was nil (31 December 2013: nil).

NOTE 29 REMUNERATION, OPTIONS, RIGHTS AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

(a) Details of 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.

(i) Directors

In connection with the Restructure and Merger implemented on 30 June 2014, the composition of the Board of RE2 Limited, the responsible entity of SGT3, changed.

The Board currently comprises the following Directors:

Frank Lowy AC	Chairman / Non-Executive Director (appointed 30 June 2014)
Brian Schwartz AM	Deputy Chairman / Non-Executive Director (appointed 30 June 2014)
Peter Allen	Chief Executive Director / Executive Director [(i)]
Laurence Brindle	Non-Executive Director
Richard Egerton-Warburton AO LVO	Non-Executive Director
Andrew Harmos	Non-Executive Director
Michael Ihlein	Non-Executive Director
Steven Lowy AM	Non-Executive Director
Sandra McPhee AM	Non-Executive Director

Domenic Panaccio, Managing Director, retired from the Board on 30 June 2014 in connection with the Restructure and Merger.

(i) Peter Allen was a Non-Executive Director up to 30 June 2014.

(ii) Other Key Management Personnel

In addition to the Directors noted above, the following executives were also Key Management Personnel during the Financial Year:

Brian J Mackrill	Chief Financial Officer, WRT (effective up to 30 June 2014)
Mark Bloom	Chief Financial Officer, Scentre Group (effective from 30 June 2014)
John Widdup	Chief Operating Officer Development, Design and Construction, Scentre Group (effective from 30 June 2014) Mr Widdup retired from Scentre Group on 31 January 2015

(b) Compensation 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.

The amounts below represent the total remuneration amounts for Key Management Personnel of the Trust for the 6 months to 30 June 2014 and the year ended 31 December 2013. Following the Restructure and Merger, Key Management Personnel of the Trust are paid by related entities within the 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 $	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)] $	$
31 December 2014	**1,684,250**	**2,310,000**	**–**	**–**	**2,406,667**	**123,702**	**5,709,571**	**12,234,190**
31 December 2013	2,848,500	1,330,000	(23,129)	–	–	236,279	1,610,538	6,002,188

(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.

(c) Other transactions and balances with Key Management Personnel

During the year, 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 30 DETAILS OF MATERIAL AND SIGNIFICANT ENTITIES

Name of entity	**31 Dec 14 – Interest Beneficial (i)** **Parent Entity %**	**Scentre Group Trust 3 %**	31 Dec 13 – Interest Beneficial (i) Parent Entity %	Scentre Group Trust 3 %
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 (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 2014 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 18 March 2015 in accordance with a resolution of the Board of Directors.

Frank Lowy AC
Chairman

Michael Ihlein
Director

18 March 2015

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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 2014, 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.

Auditors' 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 the 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 2014 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, 18 March 2015

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 2014 (**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's Australian International Financial Reporting Standards (A-IFRS) profit after tax for the Financial Year was $6,838,000 (31 December 2013: $5,448,000) or 0.13 (31 December 2013: 0.10) cents per unit. No distributions was declared for the Financial Year.

1.2 Principal Activities

The principal activities of the Trust during the Financial Year were:

- The holding of interests in long terms 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**).

During the Financial Year, SGT3 also provided corporate and administration services to SGT2. These services ceased on implementation of the Restructure and Merger.

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 drives 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. The 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 2015 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 shown below for the six month periods to 31 December 2013 and 30 June 2014 respectively relate to periods when the Trust formed part of Westfield Retail Trust (**WRT**).

For the six months ended 31 December 2013, the Trust distribution of 0.290 cents per ordinary unit formed part of the distribution of 9.925 cents per WRT stapled security, paid on 28 February 2014. This distribution was an aggregate of a distribution from the Trust and a distribution from SGT2 (then Westfield Retail Trust 1). The figure reported here only represents that component of the aggregate Westfield Retail Trust distribution being the distribution of the Trust.

For the 12 months ended 31 December 2014, 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 (appointed 30 June 2014)
Brian Schwartz AM	Deputy Chairman / Non-Executive Director (appointed 30 June 2014)
Peter Allen	Chief Executive Officer/ Executive Director
Laurence Brindle	Non-Executive Director
Richard Egerton-Warburton AO LVO	Non-Executive Director
Andrew Harmos	Non-Executive Director
Michael Ihlein	Non-Executive Director
Steven Lowy AM	Non-Executive Director
Sandra McPhee AM	Non-Executive Director

Biographies of the current Board can be found in the 2014 Scentre Group Annual Financial Report.

Mr Domenic Panaccio, Managing Director, retired from the Board on 30 June 2014 in connection with the Restructure and Merger.

Mr Peter Allen was a Non-Executive Director up to 30 June 2014.

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, 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	38,781
Peter Allen	981,631
Laurence Brindle	Nil
Richard Egerton-Warburton	73,445
Andrew Harmos	32,079
Michael Ihlein	33,048
Sandra McPhee	33,382

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 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 the Group.

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
Laurence Brindle	Scentre Management Limited*	30 June 2014	Continuing
	RE1 Limited**	21 December 2010	Continuing
	RE2 Limited***	21 December 2010	Continuing
	National Storage Holdings Limited	1 November 2013	Continuing
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
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
Sandra McPhee	Scentre Management Limited*	30 June 2014	Continuing
	RE1 Limited**	21 December 2010	Continuing
	RE2 Limited***	21 December 2010	Continuing
	AGL Energy Limited	9 October 2006	Continuing
	Kathmandu Holdings Limited	16 October 2009	Continuing
	Fairfax Media Limited	26 February 2010	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 the Company, 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 the Company, 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, the shares of which are stapled to units in Westfield America Trust and WFD Trust, and which trade on the ASX as Westfield Corporation.

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.

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 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

- $627,200 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 217,958,211 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 11 to the Financial Report 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 and the basis for valuation are set out in Notes 2(c), 6, 7 and 8 to the Financial Report on pages 9 and 11 respectively.
- Details of the number of units in the Trust as at the end of the Financial Year are set out in Note 11 on page 13.

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 RE2 Limited

In relation to our audit of the financial report of Scentre Group Trust 3 for the year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Graham Ezzy
Partner

Sydney, 18 March 2015

Liability limited by a scheme approved under Professional Standards Legislation.

9. ASIC DISCLOSURES

The Trust is of a kind referred to in Australian Securities & Investments Commission Class Order 98/100 dated 10 July 1998. Accordingly, amounts in the Directors' Report, the Financial Statements and Notes thereto have been rounded to the nearest thousand dollars. Amounts shown as 0.0 represents amounts less than $500 that have been rounded down.

10. 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

Michael Ihlein
Director

18 March 2015

Corporate Governance Statement

The Corporate Governance Statement for Scentre Group Trust 3 for the financial year ended 31 December 2014 has been incorporated into the Corporate Governance Statement prepared for Scentre Group. This Statement can be found in the 2014 Scentre Group Annual Financial Report. Scentre Group's Annual Financial Report is available on the scentregroup.com website.

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SCENTRE GROUP

Owner and Operator of Westfield in Australia and New Zealand