

Scentre Group ¹ : Appendix 4E

For the year ended 31 December 2022

(previous corresponding period being the year ended 31 December 2021)

Results for Announcement to the Market:

			2022	2021
Revenue (\$million)	up	7.8%	2,457.9	2,280.8
Profit after tax (excluding net fair value movement and modification loss in financing costs) (\$million)	up	18.1%	970.2	821.8
Profit after tax (inclusive of unrealised movements) attributable to members of Scentre Group (\$million)	down	66.1%	300.6	887.9
Operating cash flow per security (cents per stapled security)	up	29.3%	22.78	17.62
Funds from operations (FFO) per security attributable to members of Scentre Group (cents per stapled security)	up	20.6%	20.06	16.64
Operating profit per security attributable to members of Scentre Group (cents per stapled security)	up	20.8%	19.71	16.32

Dividend/Distributions for Scentre Group

	Cents per stapled security
Dividend/distributions for the year ended 31 December 2022	15.75
Final dividend/distributions in respect of Scentre Group earnings to be paid on 28 February 2023 comprising: ⁽ⁱ⁾	8.25
– dividend in respect of a Scentre Group Limited share	4.82
– distribution in respect of a Scentre Group Trust 1 unit	2.00
– distribution in respect of a Scentre Group Trust 2 unit	1.43
– distribution in respect of a Scentre Group Trust 3 unit	Nil
Interim dividend/distributions in respect of Scentre Group earnings paid on 31 August 2022 comprising: ⁽ⁱⁱ⁾	7.50
– dividend in respect of a Scentre Group Limited share	Nil
– distribution in respect of a Scentre Group Trust 1 unit	3.75
– distribution in respect of a Scentre Group Trust 2 unit	3.75
– distribution in respect of a Scentre Group Trust 3 unit	Nil

⁽ⁱ⁾ The number of securities entitled to distributions on the record date, 17 February 2023 was 5,190,378,339.

⁽ⁱⁱ⁾ The number of securities entitled to distributions on the record date, 16 August 2022 was 5,190,378,339.

The dividend/distributions per security have been determined by reference to the number of securities on issue at the record date. The record date for determining entitlements to the final distribution was 17 February 2023 and the distribution will be paid on 28 February 2023. The Group does not operate a distribution reinvestment plan.

The dividend in respect of Scentre Group Limited is fully franked.

Details of the full year components of distributions in respect of Scentre Group Trust 1 and Scentre Group Trust 2 will be provided in the Annual Tax Statements which will be sent to members in March 2023.

Additional information

Commentary on the results is contained in the announcement and results presentation released to the Australian Securities Exchange. The additional information requiring disclosure to comply with listing rule 4.3A is contained in the attached Annual Financial Report which includes the audited consolidated financial report. The annual general meeting will be held on 5 April 2023.

⁽¹⁾ Scentre Group comprises Scentre Group Limited ABN 66 001 671 496 (SGL); Scentre Group Trust 1 ARSN 090 849 746 (SGT1); Scentre Group Trust 2 ARSN 146 934 536 (SGT2) and Scentre Group Trust 3 ARSN 146 934 652 (SGT3) and their respective controlled entities.

SCENTRE GROUP

ANNUAL FINANCIAL REPORT 2022

Creating the places
more people choose
to come, more often,
for longer

22 February 2023

Scentre Group Limited
ABN 66 001 671 496

At Scentre Group, we create extraordinary places that connect and enrich communities.

We bring people together through our Westfield platform, which includes 42 destinations across Australia and New Zealand. We create an essential place where customers, communities and businesses can interact.

Creating extraordinary places and experiences

Cover image: Westfield Sydney Pitt Street Alive activation, April 2022

Auslan Santa customer activation

We continued our commitment to make the magic of Christmas inclusive and accessible to more of our customers in 2022 by partnering with Deaf Australia to pilot Auslan Santa for children who use Auslan as their primary form of communication. This followed the national launch of Sensitive Santa in 2019 for children with sensory challenges, anxiety or other physical disabilities.

ABOUT US

Scentre Group owns and operates 42 Westfield destinations with 37 located in Australia and five in New Zealand. Our destinations are in close proximity to 20 million people. The Group's total assets under management are \$51.2 billion represented by \$35.0 billion SCG investment, and \$16.2 billion of third-party funds.

The Group employs 3,129 people across Australia and New Zealand. Approximately 93% of our workforce is located in Australia.

Our strategy is to create the places more people choose to come, more often, for longer.

OUR REPORTING SUITE

This document is part of a suite of reporting documents, including:

- Corporate Governance Statement
- Property Compendium
- Reconciliation Action Plan

To be released in March 2023
Responsible Business Report
Modern Slavery Statement

We acknowledge the Traditional Owners and communities of the lands on which our business operates.

We pay our respect to Aboriginal and Torres Strait Islander cultures and to their Elders past and present.

We recognise the unique role of Māori as Tangata Whenua of Aotearoa/New Zealand.



Scentre Group is the owner and operator of **Westfield** destinations in Australia and New Zealand.

In 2022 we welcomed 480 million customer visits to our destinations, and our business partners achieved record sales across our platform of \$26.7 billion.

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\$1,040m
Funds From Operations
↑ 20.6%



\$26.7bn
Record business
partner sales ↑ 21.0%



98.9%
Occupancy
↑ 0.2%



480m
Annual customer visits
↑ 67 million

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5 YEAR RESULTS OVERVIEW

“I am very pleased with these results, driven by the Group’s strong operating performance and proactive customer strategy to attract more people to our Westfield destinations.”

Elliott Rusanow
Chief Executive Officer

		FY22	FY21	FY20	FY19	FY18
Operating profit ⁽ⁱ⁾⁽ⁱⁱ⁾	\$m	1,022.0	845.8	763.4	1,274.7	1,270.3
Operating profit per security ⁽ⁱⁱ⁾	cents	19.71	16.32	14.71	24.10	23.94
Funds From Operations (FFO) ⁽ⁱ⁾⁽ⁱⁱ⁾	\$m	1,039.9	862.5	766.1	1,331.9	1,330.0
FFO per security ⁽ⁱⁱ⁾	cents	20.06	16.64	14.76	25.18	25.06
Statutory profit/(loss) after tax ⁽ⁱⁱⁱ⁾	\$m	300.6	887.9	(3,731.8)	1,179.5	2,287.2
Distribution per security	cents	15.75	14.25	7.00	22.60	22.16
Security price (at 31 December)	\$	2.88	3.16	2.78	3.83	3.90
Assets under management (AUM)	\$b	51.2	50.4	49.9	56.0	54.2
Group’s share of AUM	\$b	35.0	34.4	34.1	38.2	39.1

(i) Operating profit and FFO are non-IFRS (International Financial Reporting Standards) measures derived from profit/(loss) after tax. All adjustments to profit/(loss) after tax are detailed on page 23.
(ii) For consistency with FY22, FY21 and FY20, FY19 and FY18 were restated to exclude straightlining of rent.
(iii) Statutory profit/(loss) after tax is inclusive of unrealised fair value movements.

OUR HIGHLIGHTS



FINANCIAL

The Group delivered strong operational performance during 2022. Funds From Operations of \$1,040 million, up 20.6%.

Net operating cash flow	\$1,181m ↑29.3%	Cents per security	22.78c
Operating profit	\$1,022m ↑20.8%	Cents per security	19.71c
Funds From Operations	\$1,040m ↑20.6%	Cents per security	20.06c
Distribution	\$817m ↑10.5%	Cents per security	15.75c



PEOPLE AND COMMUNITIES

We are focused on our customer strategy and driving visitation to our Westfield destinations. During 2022 we welcomed 480 million annual customer visits, up 67 million on 2021.

Annual customer visits	480m ↑67m	Customer advocacy (NPS)	40pts ⁽ⁱ⁾ ↑2pts
<small>(i) NPS excludes Westfield Knox which is under development.</small>			



BUSINESSES

We continue to drive strong demand for space in our Westfield destinations. During the year we experienced record leasing activity and completed 3,409 deals.

Occupancy	98.9% ↑0.2%	Business partner sales	\$26.7bn ↑21.0%
Leasing deals	3,409 ↑912	New brands to portfolio	288 ↑21



PLATFORM

We made progress on expanding and enhancing our platform. Our membership program grew to 3.2 million members, an increase of 1 million in 2022.

Westfield members	3.2m ↑1m
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A MESSAGE FROM THE CHAIR

A strong year

On behalf of my fellow Board members I am pleased to present our Annual Financial Report for 2022. It has been a successful year for the Group as we remained focused on our customer strategy following several pandemic-impacted years.

The vibrancy of our Westfield destinations has been pleasing to see with visitation growing as Australians and New Zealanders returned to living their lives free of restrictions.

Our financial performance reflects this positive momentum and demonstrates our continued proactive and deliberate approach to generating long-term value for our securityholders.

It has been a significant year for the Group as we successfully executed our leadership transition with Elliott Rusanow commencing in the role of Chief Executive Officer on 1 October, following the decision of our inaugural CEO Peter Allen to step down. Andrew Clarke commenced in the role of Chief Financial Officer at the same time. Both were internal appointments which is testament to the strength of the Group's succession and talent pipeline.

On behalf of the Board and securityholders, I would like to thank Peter for his extraordinary leadership over eight years as our inaugural CEO. The seamless transition that occurred throughout the year is testament to his leadership and stewardship of our company and culture. I look forward to recognising Peter's leadership more fulsomely at our Annual General Meeting in April.

We are committed to fostering a diverse, equitable and inclusive workplace where our people feel respected, inspired to deliver their best and do work that matters to businesses and communities.

Gender diversity remains a key focus of this approach. We have continued to increase female representation at all levels of the organisation and are well positioned to achieve our goal of 40:40:20 across the Group's workplace by 2025. We currently have four women on the Board and will achieve 40% female representation in 2023.

We have continued to deliver on our responsible business strategy. During the year we released our third Reconciliation Action Plan. The Board maintains oversight of our approach to climate risk. In March 2023 we will release our Responsible Business Report, providing more detail on our progress and pathway to net zero by 2030.

Board renewal and succession planning continues to be a focus. The Board is committed to continuing to ensure that we appoint directors with an appropriate mix of skills, knowledge, experience and diversity.

We were very pleased to have Steve McCann join the Board from 1 November 2022. He will stand for election at our upcoming AGM.

Andrew Harmos has announced his retirement from the Board and on behalf of the directors I extend my thanks to him for his contribution to Scentre Group since our formation in 2014. Andrew has been a dedicated Chair of the Human Resources Committee for the past several years and his work throughout this time has been significant. Again, I will elaborate at the upcoming AGM on Andrew's contribution.

Our management team under Elliott's leadership remains focused on our customer strategy and growth ambition, continuing to deliver long-term growth for our securityholders.

I thank my fellow directors for their valuable contribution and support as we delivered our leadership transition this year.

Thank you for your continued support of our company.

Brian Schwartz AM
Chair

22 February 2023



Left: Brian Schwartz, Chair
Right: Elliott Rusanow, CEO

A MESSAGE FROM THE CEO

Attracting more people

I am very pleased with our 2022 results, driven by the Group's strong operating performance and proactive customer strategy to attract more people to our Westfield destinations. I thank our team for their contribution in delivering these results.

Funds From Operations was \$1,040 million (20.06 cents per security), up 20.6% and Distribution was 15.75 cents per security, up 10.5%, both exceeding guidance.

Attracting more people, more often, for longer into our Westfield destinations is our strategy and how we create value for securityholders. During the year we activated more than 15,400 events across our portfolio of 42 Westfield destinations and welcomed 480 million customer visits, up 67 million on 2021. So far in 2023 we have welcomed approximately 70 million customer visits, an increase of more than 10 million compared to the same period in 2022.

Our focus on driving more customer visits was fundamental to our business partners achieving sales of \$26.7 billion, up 21.0% compared to 2021, which represents a record level of sales across our Westfield portfolio.

Demand from businesses to partner with us by leasing space and accessing customers in our destinations is strong. The Group completed a record 3,409 lease deals during the year, an increase of 912 on the year prior. This included 2,232 renewals and 1,177 new merchants, of which 288 are new brands to our portfolio. This has resulted in portfolio occupancy increasing to 98.9% at 31 December 2022, up from 98.7% at the end of 2021.

Net Operating Cashflows (after interest, overheads and tax) were \$1,181 million, an increase of 29.3% on 2021. We collected \$2,592 million in gross rent in 2022, \$334 million more than 2021. This is the highest level of rental cash collection since Scentre Group was established.

Progress continues to be made on the Group's strategic customer initiatives including our Westfield membership program which now exceeds 3.2 million members, an increase of over 1 million during the year.

We continue to deliver on our responsible business strategy across the pillars of community, talent, environmental impact and economic performance. Over the past four years we have invested \$21 million in our local communities through direct and in-kind contributions.

We have made good progress on our environmental strategy and pathway to achieve net zero by 2030. Since 2014 we have reduced our emissions by 38%. Our New Zealand portfolio is now powered by 100% renewable electricity and our Queensland portfolio will move to 100% renewable electricity from 2025.

On behalf of our people, I would like to thank our former CEO Peter Allen, who stepped down in 2022 after eight years as our inaugural leader. He led our business, brand and culture through a new chapter, and during the pandemic impacted years. Personally I would like to thank Peter for his leadership and guidance.

I would like to acknowledge three internal senior executives who have been appointed Key Management Personnel, effective 1 January 2023. They are Lillian Fadel, Group Director, Customer, Community and Destination; John Papagiannis, Group Director, Businesses; and Maria Stamoulis, Director Human Resources.

We are confident that the strength of our business and platform, the quality of our team and our customer focused strategy will continue to create long-term value and growth for our securityholders.

On behalf of our team, thank you for your ongoing support of Scentre Group.



Elliott Rusanow
Chief Executive Officer and Managing Director

22 February 2023

Elliott Rusanow commenced in the role of CEO on 1 October 2022 following on from our inaugural CEO Peter Allen.

Prior to this appointment Elliott was our Chief Financial Officer. Leading our customer strategy and pursuing our growth ambition is his focus. In the early weeks of his tenure as CEO Elliott hosted an in-person Ambition Forum with 400 members of our team, listening to direct feedback on opportunities to accelerate our growth ambition. He has also continued a range of engagement forums with our people including new starter welcomes and new parent events, our people champions and diversity, equity and inclusion working groups. Elliott is actively engaged in our industry through his role as Joint Deputy Chair of the Shopping Centre Council of Australia and member of the Property Champions of Change Coalition.

OUR STRATEGY

Scentre Group

We create extraordinary places that connect and enrich communities.
We are constantly evolving to meet the future needs of our customers.
Our growth is driven by becoming essential to more people, their communities and the diverse businesses that interact with them.
We are committed to growing in a responsible, sustainable way.

OUR PURPOSE

Creating extraordinary places, connecting and enriching communities

OUR PLAN

We create the places more people choose to come, more often, for longer

OUR AMBITION

To grow the business by becoming essential to people, their communities and the businesses that interact with them

OUR DNA

- We put our **customers first**

We act with **integrity**

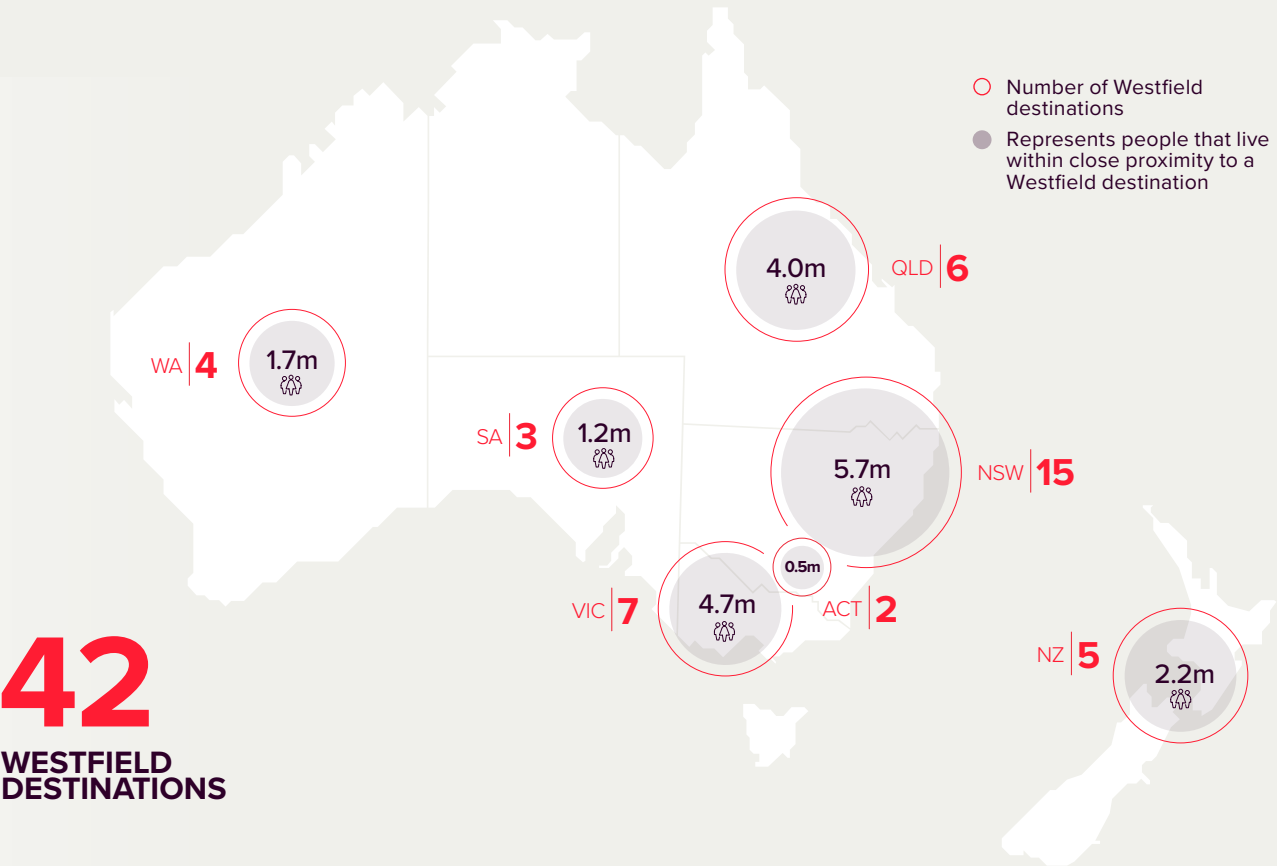
We strive for **excellence**
- We succeed **together**

We are constantly **curious**

We create a **positive legacy**

OUR EXPERTISE

Our people are the key to our success. Our focus on operational excellence means we have the capabilities and expertise within our team to design, construct, operate, manage and market our platform. Our workforce includes more than 70 job types reflecting the diversity of our capabilities and talent.



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WESTFIELD
DESTINATIONS

20 million
People live within close proximity to a Westfield destination

480 million
Customer visits


\$26.7 billion
Business partner sales

3.2 million
Westfield members

Our Strategy
Our Purpose – creating extraordinary places, connecting and enriching communities – underpins our strategy, growth ambition, responsible business approach and culture. It guides our decision-making and recognises the integral role our Westfield destinations play in the lives of our customers and communities.
Our Plan – we create the places more people choose to come, more often, for longer – reinforces our customer strategy. By remaining focused on what our customers want and activating our centres to drive visitation, we have strengthened our core business and put ourselves in a strong position to grow.
Our Ambition – to grow the business by becoming essential to people, their communities and the businesses that interact with them – is made up of three interrelated pillars: people and communities, businesses and our platform.

Our DNA
To achieve Our Purpose, Our Plan, Our Ambition and responsible business objectives, we are guided by our DNA. These are the values and standards of behaviour we expect of ourselves and of others.
Our DNA is a central part of our approach to business integrity and our Code of Conduct. It is how we put our culture into action.

Code of Conduct
Our Code of Conduct is at the heart of our business integrity framework. It sets out the basis on which our policies and procedures foster and support a strong ethical culture.

 [Read our Code of Conduct](#)

OUR STRATEGY

Creating value

HOW WE DELIVER SUSTAINABLE GROWTH

We create the places more people choose to come, more often, for longer

We will expand and enhance our three strategic pillars in pursuit of our growth ambition



People and communities

We enhance the connection we have with people, so more people experience our Westfield destinations, more often and for longer.

For more detail see page 14



Businesses

We provide the most efficient and productive means for businesses to engage and transact with customers.

For more detail see page 16



Our platform

We are continually enhancing our platform to connect more customers to a broader range of businesses.

For more detail see page 18



Responsible business is core business

Operating as a responsible, sustainable business underpins our strategy and ambition to grow. It's an important part of how we create long-term value for securityholders. Our Responsible Business Framework aligns to our business priorities and includes four pillars – our community, talent, environmental impact and economic performance. It is embedded into our planning and decision-making.

For more detail see page 20

HOW WE CREATE VALUE FOR OUR SECURITYHOLDERS

Own and operate an unrivalled portfolio of 42 Westfield destinations located in close proximity to 20 million people

Strategy focused on attracting people, more often, and for longer into our Westfield destinations

Creating the most efficient platform for businesses to connect to more customers

Growing operating cash flow backed by strong and diverse demand for space

DELIVERING LONG-TERM GROWTH IN A RESPONSIBLE, SUSTAINABLE WAY

“We are confident that the strength of our business and platform, the quality of our team and our customer focused strategy will continue to generate long-term growth for our securityholders.”

Elliott Rusanow Chief Executive Officer

OUR STRATEGY

People and communities



We have the unique capability to activate our centres and create moments that matter to our customers and communities. Our proactive strategy to attract more people drives visitation and in 2022 we welcomed 480 million customer visits, up 67 million on 2021.

We are focused on creating the places more people choose to come, more often, for longer.

Our Westfield destinations are strategically located in the heart of the local communities we serve. Our centres are considered community hubs that connect people with services and experiences that enrich their daily lives. We enhance the connection we have with people, so more people experience Westfield, more often and for longer.

Activating our destinations

In 2022, customers continued to return to our destinations at an increasing rate.

We welcomed 480 million customer visits to our centres, an increase of 67 million on 2021. The Christmas 2022 period was the first in three years to be free of restrictions and our customers responded positively to our activations and campaign to make their experience festive and easy.

During the year we hosted more than 15,400 centre events across our portfolio compared to 13,500 in 2021. This included 3,500 cultural, community and sustainability engagement initiatives, charity donation appeals, Westfield Local Hero events and youth programs.

Our close connection to our customers and communities, underpins our customer strategy and our commitment to deliver extraordinary experiences every day.

During the year, the NSW Government selected five of our Westfield destinations to participate in its CBD Revitalisation Program. The Program was designed to support local businesses in attracting visitors back to CBD areas following the easing of pandemic restrictions. Each of our centres worked in direct collaboration with their local council, business and community partners to host events that celebrated their communities.

Community plans

We proactively engage our communities and connect our customer experience strategy with responsible business including our diversity, equity and inclusion initiatives. Every Westfield destination has a Community Plan. Each plan outlines the unique characteristics of our individual trade areas, including a representation of what our customers value. It features a schedule of brand activations, community engagement activities, including cultural days of significance and initiatives that bring support and awareness to broader community challenges. Through our Community Plans, we actively foster connections with local authorities such as police and emergency services personnel, who contribute to our centres being regarded as safe, welcoming and inclusive destinations.

During 2022, we leveraged our in-centre Connected Screen Network to ensure key messages relating to the topics of mental health (R U OK? Day) and family and domestic violence (White Ribbon Day) were shared with customers.



Michael Carter from Overflow Foundation, Westfield Mt Gravatt Local Hero 2022

Westfield Local Heroes

Our Westfield Local Heroes program highlights local individuals and organisations that make a positive impact on their communities and environment. Westfield Local Heroes are nominated and voted for by their communities. The successful Hero for each of our 42 destinations is awarded a \$20,000 grant for the organisation or group they represent, and each finalist receives a \$5,000 grant for their organisation or group.

Since its inception in 2018, the program has contributed more than \$6.1 million to 614 community organisations.

Listening and responding to our customers

Listening and responding to our customers and delivering what they want is at the heart of our customer strategy.

We aspire to be the first choice for how people spend their time. As part of Our Ambition we want to expand the number of people who experience Westfield.

Our dynamic customer listening strategy allows us to receive feedback on experiences relevant to our centres and business partners through several customer touchpoints including online reviews, Westfield member surveys as well as our Westfield research community. This community has more than 17,700 customers providing regular feedback on our plans and initiatives.

Customer advocacy

A key measure of our business performance and success is customer advocacy, measured by our net promoter score (NPS).

During 2022 our NPS⁽ⁱ⁾ derived from all customer feedback was 40 portfolio-wide, an increase of +2 points on 2021. Feedback during 2022 shows our customers are continuing to enjoy the extensive range and variety of retail and dining in our centres, including the friendly service from our team and business partners.

Disney 100 at Westfield

During the year, we collaborated with Disney to bring new experiences and joy to consumers as Disney marks its 100th anniversary. The year-long collaboration will commence in February 2023 and include promotions, events and activations across the Westfield platform in Australia and New Zealand.

During the year we hosted more than 15,400 centre events across our portfolio compared to 13,500 in 2021.

(i) NPS excludes Westfield Knox which is under development.

OUR STRATEGY

Businesses



We actively curate our destinations to meet the needs of our customers and communities. In 2022 we achieved record leasing deal activity which reflects strong demand from businesses and brands to connect with customers in our environment.

Our Westfield destinations provide the most efficient and productive means for our business partners to engage and transact with customers.

We recognise that the more visitors we have coming to our destinations, the more successful we are at attracting more and diverse businesses to our platform.

Across our portfolio we have 3,600 businesses representing approximately 12,000 outlets.

Each Westfield destination is different, reflecting the differing needs of its customers and community.

We engage with our customers and communities to understand which brands, experiences and services they want and consider this as part of our long-term asset planning process.

We have a dedicated business development and innovation team focused on identifying emerging trends and new concepts to introduce into our portfolio. The team work collaboratively with these business partners, to create, launch and grow new experiences.

During the year we launched a range of first and new concepts into our centres. This included the opening of shopping centre first Decathlon at Westfield Miranda and Children’s edu-tainment experience Planet Mino at Westfield Warringah Mall.

Most efficient and productive way to engage

Physical stores continue to provide the most efficient and productive means for our business partners to engage and transact with customers.

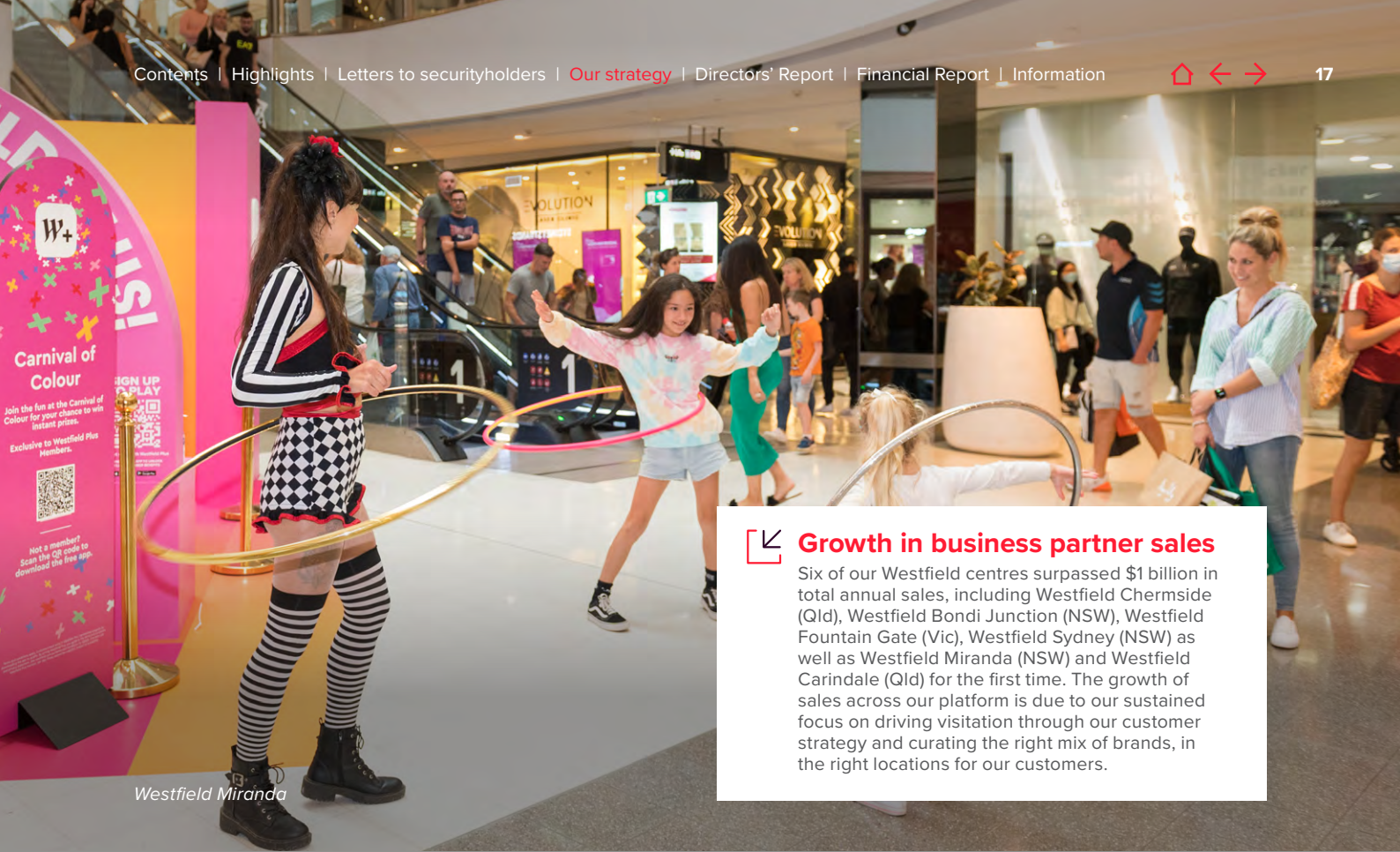
We completed a record 3,409 lease deals during the year, an increase of 912 on 2021. This included 2,232 renewals and 1,177 new merchants, of which 288 are new brands to our portfolio. This has resulted in portfolio occupancy increasing to 98.9% at 31 December 2022, up from 98.7% at the end of 2021.

We collected \$2,592 million in gross rent in 2022, \$334 million more than 2021. This is the highest level of rental cash collection since Scentre Group was established in 2014.

Our lease structure has remained constant with contractual rental escalations.

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In 2022, growing demand to be in our destinations and interact with our customers was evidenced by record leasing activity and a continued willingness from business partners to commit to long-term CPI-linked leases.



Westfield Miranda

Growth in business partner sales

Six of our Westfield centres surpassed \$1 billion in total annual sales, including Westfield Chermside (Qld), Westfield Bondi Junction (NSW), Westfield Fountain Gate (Vic), Westfield Sydney (NSW) as well as Westfield Miranda (NSW) and Westfield Carindale (Qld) for the first time. The growth of sales across our platform is due to our sustained focus on driving visitation through our customer strategy and curating the right mix of brands, in the right locations for our customers.

New edu-tainment opens

Planet Mino, a popular indoor children’s playground on Sydney’s North Shore, was introduced to Westfield Warringah Mall in late December. The concept was adapted to suit the shopping centre environment, with bespoke experiences and play zones relevant to the Northern Beaches customer.



Helping brands connect with audiences at scale

We continue to innovate in how Scentre Group provides the most efficient platform for businesses to connect with customers.

Our in-house marketing solutions business BrandSpace connects brands and businesses to the Westfield audience through a portfolio of connected digital and physical touchpoints.

The BrandSpace out of home media network is 100% digital, with over 1,800 full motion SuperScreens and SmartScreens across Australia and New Zealand.

In 2022 BrandSpace commenced upgrades to its national network of SmartScreens and SuperScreens with enhanced technology to better connect businesses to people.

This upgrade means we have the capability to support advertising partners’ campaigns, including dynamic content serving, 4K display resolution, enhanced audience targeting and verification for programmatic buys. This complements our focus on improving our network capability, to be completed by the end of February 2023.

During the year, we joined the Outdoor Media Association as part of our commitment to stay abreast of emerging issues and trends in this part of our business and contribute as an industry leader.

OUR STRATEGY

Our platform



We continued to enhance the Westfield platform by putting our customers at the heart of our strategic investments and customer initiatives. In 2022, we opened the first stage of the Westfield Knox transformation and grew our membership platform to 3.2 million members.

Our platform is unique. It includes our Westfield destinations, operating businesses, infrastructure, expertise and intellectual property.

Evolving our platform of destinations to be reflective of the daily lives and aspirations of our local communities is a key part of our growth ambition. In doing so, our platform of Westfield destinations will connect more customers and businesses and support our aspiration to become essential.

Enhancing our destinations

Listening to customers is integral to meeting the future needs of our customers and communities.

We continue to invest in our Westfield destinations to enhance the customer offer and experience.

Our \$355 million investment at Westfield Knox (SCG share: \$178 million) progressed well during the year. We listened to community feedback as part of a comprehensive community consultation and have reflected their long-term needs in the centre’s transformation. The new gourmet food marketplace located on Level 1 of the centre opened in December 2022 and features new Woolworths and ALDI supermarkets. The remainder of the centre including new retail experiences, a swim school, full sized basketball court, Knox public library, co-working facilities and a multi-purpose community space, will open in stages throughout 2023.

Our \$55 million investment at Westfield Mt Druitt opened in March 2022, including a new rooftop dining, entertainment and leisure precinct, featuring 15 restaurants and indoor-outdoor spaces for the community, driving improvements to visitation and dwell time.

In November 2022 we completed our \$33 million investment at Westfield Penrith, including the introduction of new casual dining experiences, a Coles supermarket and an entertainment precinct.

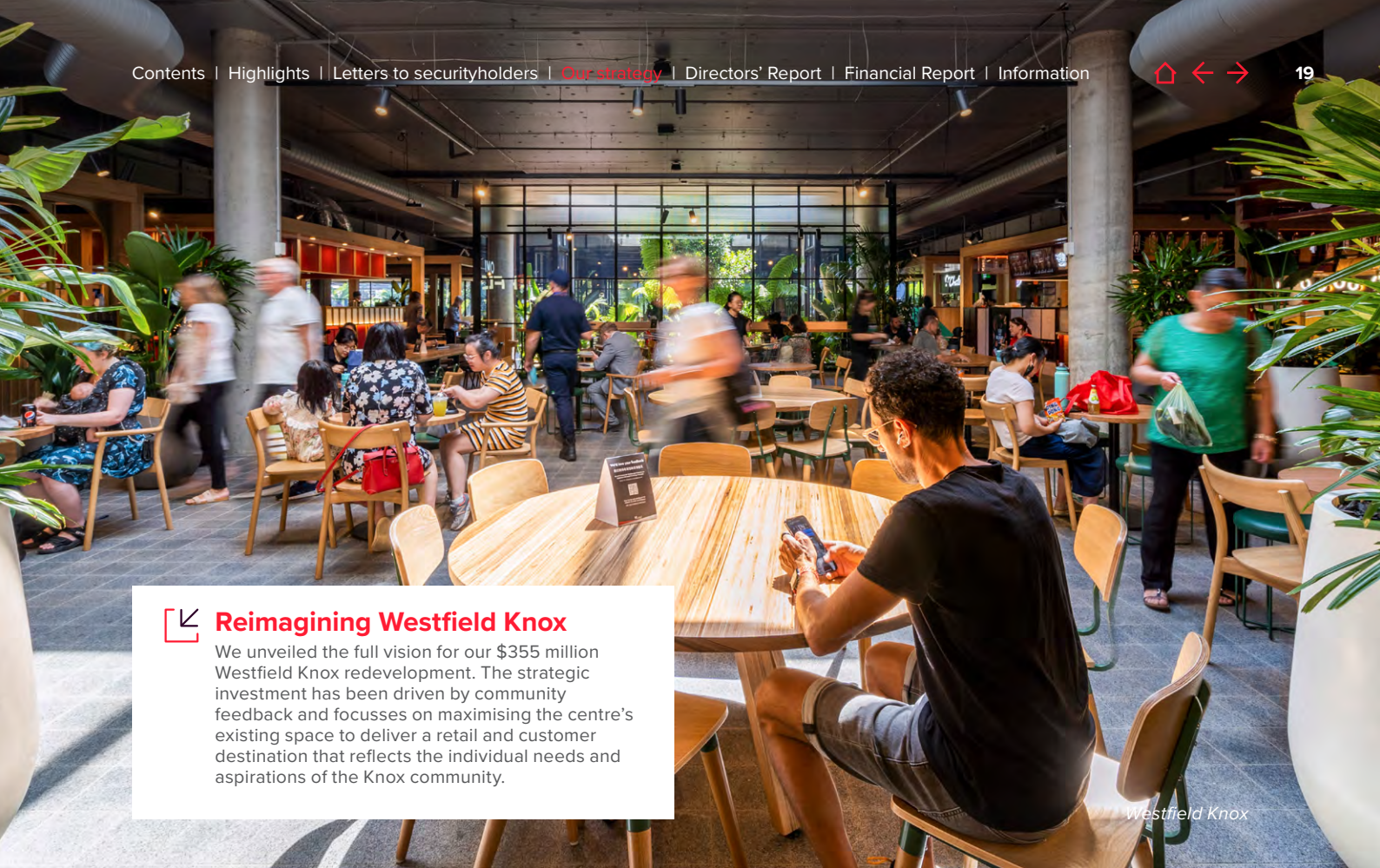
Our \$33 million investment in Westfield Parramatta opened in November 2022. The new fresh food precinct features Coles, ALDI, and a Tong Li supermarket, among other speciality retailers.

Future planning

The Group’s focus on listening and engaging with customers is integral to our Strategic Asset Planning (SAP) process.

In 2022, we developed and implemented a new SAP process, leveraging a research project undertaken to better understand how community needs are changing. The new SAP process was completed by all 42 Westfield centre teams. It explored a set of core centre principles that focused on growth of our destinations and the potential Westfield customer audience.

Our future development pipeline is in excess of \$4.5 billion. Pre-development work on future developments remains underway.



Reimagining Westfield Knox

We unveiled the full vision for our \$355 million Westfield Knox redevelopment. The strategic investment has been driven by community feedback and focusses on maximising the centre’s existing space to deliver a retail and customer destination that reflects the individual needs and aspirations of the Knox community.

Westfield Knox

Strategic customer initiatives

We continued to invest in our strategic customer initiatives.

Our Westfield membership program now has more than 3.2 million members, an increase of more than 1 million members for the year. During 2022, we focused on continuing to grow our member base, particularly through in centre activations and retail experiences, including the Win at Westfield promotion, Westfield Week of Offers and other member-only rewards and competitions.

In 2023, we plan to expand the range of member benefits from our membership program, enhancing the value of membership for our customers and business partners. We will do this in a number of ways, including expanding the experience in-centre, enhancing our members digital experience and uplifting personalised member communications.

During 2022, we continued to onboard business partners to Westfield Direct, bringing the total number of sellers to over 400. Direct is an extension of the Westfield experience and leverages our physical locations to offer customers aggregated Click and Collect and home delivery.

Westfield members

Our Westfield membership program provides customers access to member-only benefits, including exclusive promotions, offers and events.



Our Westfield membership program now has more than 3.2 million members, an increase of more than 1 million members for the year.


OUR STRATEGY

Responsible business

Our strategy is to operate as a responsible, sustainable business with initiatives that address the four pillars of our approach – our community, talent, environmental impact and economic performance. It aligns to Our Ambition to become essential to people and their communities.

Our 2022 Responsible Business Report and Performance Data Pack and Modern Slavery Statement will be released in March 2023.



 Read previous Responsible Business reports, case studies and stories.

COMMUNITY

Designing and operating Westfield destinations that are considered valued social infrastructure and an integral part of our customers' lives.

TALENT

Creating a safe, healthy, diverse and inclusive workplace where talent thrives.

ENVIRONMENTAL IMPACT

Reaching net zero emissions Scope 1 and Scope 2 by 2030 for our wholly owned assets.

ECONOMIC PERFORMANCE

Reducing our risk and creating sustainable long-term value.



COMMUNITY

Community investment over past four years

\$21m

Launched

Auslan Santa

We continue to invest and support our local communities through direct and in-kind contributions. Over the past four years this has amounted to \$21 million.

We launched an Auslan Santa pilot program for children who use Auslan as their primary form of communication, extending our diversity, equity and inclusion approach to customer experiences. The program was developed in collaboration with Deaf Australia. This followed the national launch of Sensitive Santa in 2019 for children with sensory challenges, anxiety or other physical disabilities.



ENVIRONMENTAL IMPACT

Reduction in emissions since 2014

38%

Renewable electricity agreements

NZ, Qld

We have made good progress on our environmental strategy and pathway to achieve net zero by 2030.

During 2022 we signed an agreement with CleanCo to source electricity from 100% renewable sources for our Queensland portfolio of Westfield destinations from 2025. This agreement will help us deliver our interim emissions reduction target of 50% by 2025. This followed a similar approach in New Zealand where all of our centres are powered by renewable sources from this year.

Since Scentre Group was established in 2014 we have achieved a 38% reduction in Scope 1 and Scope 2 carbon emissions across our portfolio of Westfield destinations.



TALENT

Retained key talent

93%

Leadership

Successful leadership transition

We have the expertise to design, construct, operate, manage and market our portfolio of Westfield destinations. With an ambition for growth, we need to recruit diverse, high-performing talent and retain our existing key talent. We retained 93% of our key talent against a target of >90% given the ongoing competitive operating environment to source talent in key functional areas.

During the year we executed our leadership transition with Elliott Rusanow commencing in the role of Chief Executive Officer on 1 October, following on from our inaugural Chief Executive Officer Peter Allen. Andrew Clarke commenced in the role of Chief Financial Officer at the same time. Both were internal appointments which is testament to the strength of the Group's succession and talent pipeline.



ECONOMIC PERFORMANCE

Funds From Operations

\$1,040m

Distribution per security

15.75c

We are focused on creating value and delivering long-term growth in a responsible, sustainable way.

Generating operating cash flow and the ability to grow cash flow backed by strong and diverse demand for space is one of the ways we create value.

We delivered strong operational performance in 2022, driven by our proactive customer strategy to attract more people to our Westfield destinations.

Funds From Operations was \$1,040 million (20.06 cents per security) up 20.6% and Distribution was 15.75 cents per security, up 10.5%, both exceeding guidance.

Directors’ Report

This Directors’ Report provides information on the structure of our business, our financial performance for the period 1 January 2022 to 31 December 2022 (Financial Year), our strategies and prospects and the key risks that face Scentre Group (Group or SCG)⁽ⁱ⁾. Other information contained in this Annual Report, as referred to in this Directors’ Report, is incorporated into and forms part of this Directors’ Report.

Our approach to financial and capital management is to maintain a long-term focus to continually improve our earnings, assets and return on equity through economic cycles within a framework of low tolerance for risk.

2022 economic performance

The Group delivered strong operational performance during the Financial Year.

Portfolio occupancy is at 98.9% up 0.2% from 2021. During the year we completed 3,409 lease deals, up 912 from 2021, including 1,177 new merchant deals, the highest number of deals since Scentre Group was established in 2014, and 288 new brands were welcomed to our portfolio.

Gross rent collections for the 12-month period was \$2,592 million, an increase of \$334 million compared to 2021, the highest level of rental cash collection since Scentre Group was established.

Net operating cash flows (after interest, overheads and tax) were \$1,181 million, an increase of 29.3% on 2021.

Operating profit, which is derived from Funds from Operations excluding project income (net of tax), was \$1,022 million, up 21% from 2021. Included in the operating profit is the expected credit charge relating to COVID-19 of \$14 million that reduced by \$155 million, or 92%, on 2021 due to the strong cash collections.

FFO is a widely recognised measure of performance of real estate investment trusts. FFO was \$1,040 million or 20.1 cents per security, up 21%.

The Group delivered distribution per security of 15.75 cents, equating to a 10.5% increase and above guidance.

The statutory result for the full year was \$301 million (including property revaluation gains of \$79 million) compared to \$888 million in 2021. The changes are primarily as a result of mark-to-market adjustments on financial derivatives. The statutory result excluding mark-to-market adjustments on financial derivatives is \$970 million for 2022 and \$822 million for 2021, an increase of 18.1%.

2023 guidance and outlook

Scentre Group is well positioned to deliver long-term growth for securityholders.

Subject to no material change in conditions, the Group expects FFO to be in the range of 20.75 to 21.25 cents per security in 2023, representing 3.4% to 5.9% growth for the year.

Distributions are expected to be at least 16.50 cents per security in 2023, representing at least 4.8% growth for the year.

FFO and Distribution ⁽ⁱ⁾⁽ⁱⁱ⁾	FY22 \$million	FY21 \$million
Property revenue ⁽ⁱⁱⁱ⁾	2,373.9	2,269.5
Property expenses	(566.7)	(527.0)
Expected credit charge relating to COVID-19	(14.3)	(168.8)
Net operating income	1,792.9	1,573.7
Management income ^(iv)	46.1	44.8
Income	1,839.0	1,618.5
Overheads	(86.8)	(81.7)
EBIT	1,752.2	1,536.8
Net interest (excluding subordinated notes coupons) ^(v)	(410.9)	(411.5)
Tax	(39.8)	(44.5)
Minority interest ^(vi)	(28.5)	(34.6)
Subordinated notes coupons	(251.0)	(200.4)
Operating profit	1,022.0	845.8
Project income ^(vii)	25.6	23.8
Tax on project income	(7.7)	(7.1)
Project income after tax	17.9	16.7
FFO	1,039.9	862.5
Retained earnings	(223.4)	(123.8)
Distribution	816.5	738.7

- (i) The Group's income and expenses have been prepared on a proportionate basis. The proportionate basis presents the net income from equity accounted entities on a gross basis.

(ii) The Group's measure of FFO is based upon the National Association of Real Estate Investment Trusts' (NAREIT, a US industry body) definition, adjusted to reflect the Group's profit after tax and non controlling interests reported in accordance with the Australian Accounting Standards and International Financial Reporting Standards (IFRS) and excludes straightlining of rent. FFO is a non-IFRS reporting measure and the table above was not audited by the auditor.

In calculating the Group's FFO, adjustments to profit after tax are presented below.

	Note in Financial Statements	FY22 \$million	FY21 \$million
Profit after tax attributable to members of Scentre Group		300.6	887.9
Adjusted for:			
– Property revaluations	2(v)	(79.2)	(81.2)
– Amortisation of tenant allowances	2(iii)	74.7	66.5
– Straightlining of rent	2(iii)	(10.1)	(8.2)
– Net fair value loss including associated credit risk on currency derivatives that do not qualify for hedge accounting	12	32.1	37.0
– Net fair value loss/(gain) on interest rate hedges that do not qualify for hedge accounting	13	676.2	(68.2)
– Net modification loss on refinanced borrowing facilities	13	7.2	2.8
– Net fair value gain on other financial liabilities	13	(13.8)	(0.7)
– Capital costs relating to strategic initiatives	2(v)	47.6	23.5
– Deferred tax benefit	2(v)	(7.5)	(3.4)
– FFO adjustments attributable to external non controlling interests		12.1	6.5
FFO		1,039.9	862.5

- (iii) Property revenue of \$2,309.3 million (Note 2(iii)) plus amortisation of tenant allowances of \$74.7 million (Note 2(iii)) less straightlining of rent of \$10.1 million (Note 2(iii)).

(iv) Property management income of \$57.4 million (Note 2(v)) less property management costs of \$11.3 million (Note 2(v)).

(v) Financing costs of \$1,357.4 million (Note 2(v)), offset by interest income of \$6.9 million (Note 2(v)), less coupons on subordinated notes of \$251.0 million (Note 13), interest expense on other financial liabilities of \$19.0 million (Note 13), net modification loss on refinanced borrowing facilities of \$7.2 million (Note 13), net fair value gain on other financial liabilities of \$13.8 million (Note 13) and net fair value loss on interest rate hedges that do not qualify for hedge accounting of \$676.2 million (Note 13).

(vi) Profit after tax attributable to external non controlling interests of \$21.6 million (Note 2(v)) less non-FFO adjustments of \$12.1 million plus interest expense on other financial liabilities of \$19.0 million (Note 13).

(vii) Property development and construction revenue of \$328.7 million (Note 2(v)) less property development and construction costs of \$303.1 million (Note 2(v)).

(i) The Group is structured as a stapled entity: a combination of a share in Scentre Group Limited (Company) and a unit in each of Scentre Group Trust 1, Scentre Group Trust 2 and Scentre Group Trust 3 which are stapled and trade together as one security on the ASX. For accounting purposes, the Company is the parent entity of the Group. This report covers the Company and its controlled entities for the Financial Year.

DIRECTORS' REPORT

Corporate governance

Our governance framework supports the delivery of Our Purpose, Plan and Ambition. It is fundamental to the way we operate as a responsible, sustainable business.

We regularly review our governance policies and practices in light of current and emerging corporate governance practices, regulatory requirements, market practice and community expectations.

During 2022, the Group's corporate governance framework was consistent with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th edition published in February 2019).

In addition to our Board and Committee charters, the key governance policies which support the framework set out in our corporate governance statement are:

- Code of Conduct – Acting with Integrity
- Anti-Discrimination Policy
- Anti-Fraud, Bribery and Corruption Policy
- Continuous Disclosure and Communication Policy
- Diversity, Equity and Inclusion Policy
- Environmental Policy
- Human Rights Policy
- Security Trading Policy
- Supplier Code of Conduct
- Whistleblower Protection Policy



Read our Corporate Governance Statement

Risk management

Our approach to risk management is founded on a strong risk culture, where behavioural expectations are set by the Board and executive leadership team through our DNA and are actively promoted and role-modelled throughout our business.

Risk management framework

We recognise that effective risk management is fundamental to achieving Our Purpose, Plan and Ambition and operating as a responsible sustainable business.

Governance and oversight

The Board sets the overall risk appetite for the Group and has approved strategies and policies to identify, monitor and manage key risks.

Board members have a broad range of skills across various professions and industries and most Directors have been assessed as having advanced to expert skills in terms of risk management.

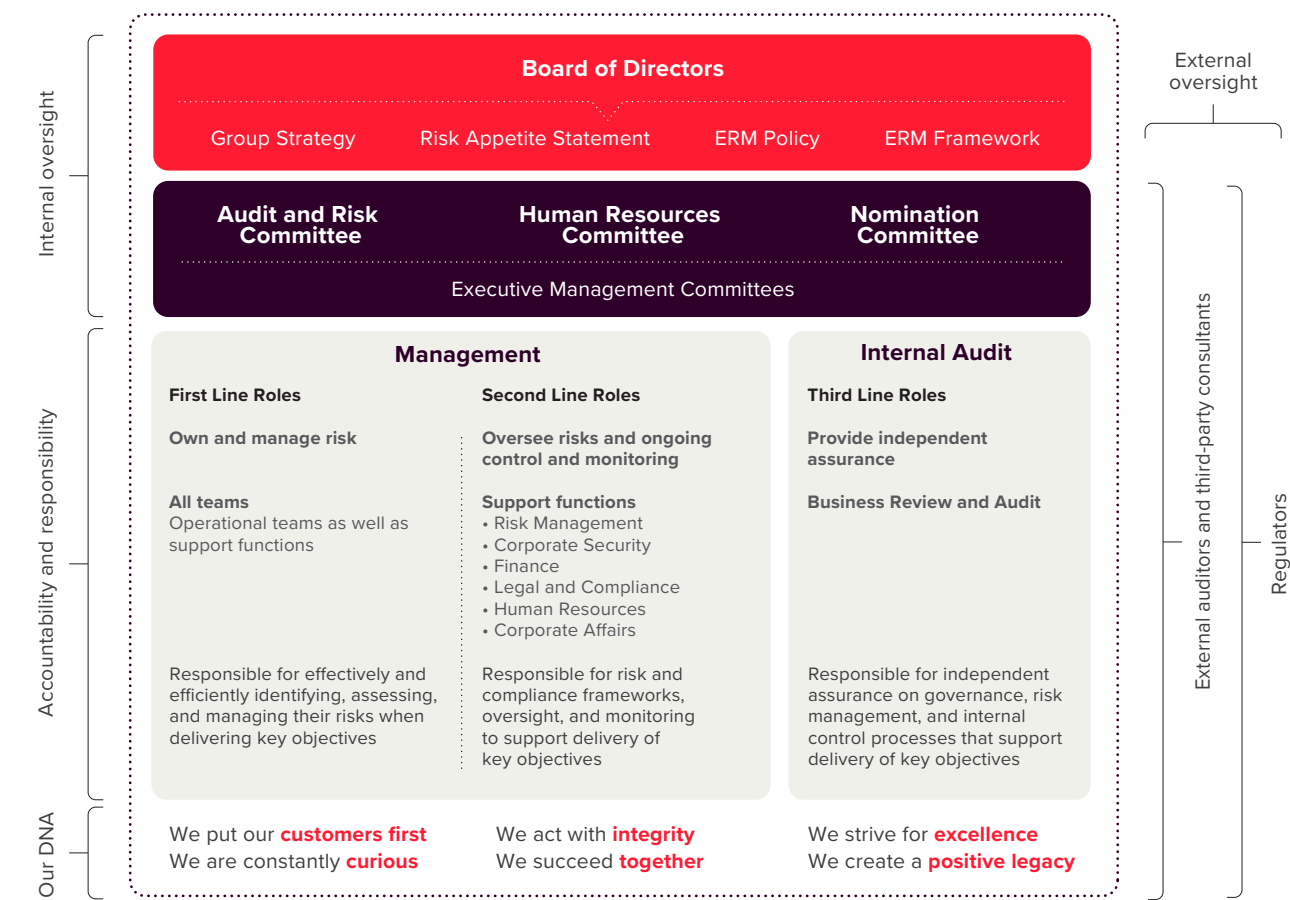
The Board is assisted in its oversight of risk by the Audit and Risk Committee (ARC), which meets five times a year. The Board and ARC are supported by the Executive Risk Management Committee (ERMC), executive leadership team and a dedicated risk function, to promote understanding and management of risk across all teams. Independent assurance is provided by Business Review and Audit (BR&A).

Risk awareness and the balancing of risks and opportunities is a core aspect of delivering our strategic objectives. As risk appetite continues to evolve, risk tolerances and our policies and frameworks continue to be refined. Our Enterprise Risk Management (ERM) Policy and ERM Framework integrate with our day-to-day business processes. Risk management accountability is a key requirement for our business managers and leaders. The ERM Policy and Framework define risk oversight responsibilities for the Board and management and are reviewed annually by the risk team and approved by the ARC and Board.

Oversight of material risks by the executive leadership team, the ERMC and the ARC confirms the business operates within the risk appetite, tolerance and strategy of the Group as set by the Board.

Risk management continued

Our ERM Framework reflects the three lines model and clear ownership of risk at an operational level as outlined below.



The Board approved Risk Appetite Statement includes guidance for management on our appetite and tolerance for material risks.

Key controls for each material risk are documented and the effectiveness of the controls are monitored by the risk owner (a member of the executive leadership team), the risk function, the ERM and the ARC. Executive working groups, including life safety and security and cyber, privacy and data governance implement additional controls and risk oversight over non-financial risks. Risks and controls related to the delivery of our responsible business strategy are overseen by BR&A and the executive leadership team.

Key risks

Key risks and how we mitigate their impact are outlined below by risk categories.

Financial risk	How we manage and mitigate
Maintaining a strong financial position Effective management of interest rate, foreign exchange, counterparty credit, funding and liquidity risk to maintain long term access to capital at an acceptable price	<ul style="list-style-type: none">We have established treasury risk management policies which are regularly reviewed aligned to the Group's risk appetite and market conditions.We maintain diverse funding sources with staggered debt maturities and proactively use derivative financial instruments to manage value and cash flow fluctuationsWe monitor liquidity risk through rolling cash flow forecasts. Further information relating to financial risk management is detailed in Note 21 to 26 in the Financial Statements.
External risk	How we manage and mitigate
Managing changes to operating conditions Minimising the financial impact of changes to operating conditions from economic downturn, regulatory changes and other external events	<ul style="list-style-type: none">Our Westfield destinations are high quality assets and we actively manage those assets to maximise long-term revenue. Our physical assets are in major cities or urban areas supported by population growth and provide essential services to communities. Each destination has a Strategic Asset Plan that was reviewed and updated in 2022.Our vertically integrated business assists us to adapt to changes in the external environment.We maintain a strong balance sheet, demonstrated by a long-term outlook investment grade credit rating of stable with gearing ratios within our stated target and sufficient liquidity. This ensures access to capital/debt funding sources and long-term value preservation.The impacts of inflation and interest rate increases are closely monitored given their impact on cost of debt, financial health of consumers and rent escalations. We use hedging to offset changes to interest rates and our long-term leases factor in annual rent increases to offset inflation.We continuously assess customer facing digital assets that complement our physical locations, improving customer advocacy and increasing visitation. Our Westfield membership program continues to grow and now has 3.2 million members.We proactively engage with industry and government on policy areas and reform to enable us to respond and plan for change.We focus on high standards of health and safety for our people, customers, business partners and communities.
Strategic risk	How we manage and mitigate
Maintaining income to support property valuations Adapting our property portfolio to changing consumer expectations and delivering profitability for us and our partners	<ul style="list-style-type: none">We use comprehensive data analytics and research to understand consumer sentiment, customer preferences, industry trends and business performance and adapt our property portfolio in response. Strategic Asset Plans are in place for all 42 Westfield destinations and were reviewed and updated in 2022.We consistently explore new investment opportunities including expansion of media and advertising revenues, and customer initiatives that deepen our understanding of customer needs.
Redeveloping and growing our property management portfolio Confirming we have the right product in the right location	<ul style="list-style-type: none">We use disciplined master planning and decision-making processes to take advantage of opportunities to deliver appropriate risk related returns.Our vertically integrated property development capabilities include all elements of development, design, construction, and project leasing.We maintain a pipeline of redevelopment and expansion opportunities within our existing portfolio.

Risk management continued

Operational risk	How we manage and mitigate
Workplace health and safety Confirming the safety and well being of our employees, contractors and communities	<ul style="list-style-type: none">• We have a strong workplace health and safety culture, with comprehensive life safety programs overseen by dedicated risk and security personnel.• We have a continuous cycle of upgrading and maintaining our physical assets.• Our hazard and risk identification programs are designed to mitigate or eliminate the risk of injuries.• We have an internal working group focused on mental health and wellbeing as part of our Diversity, Equity and Inclusion (DEI) Strategy. We offer physical, emotional, social, financial and career support services for our talent. We have a range of benefits that include mental health and wellbeing offers. This includes a recently announced benefit called 'Life Leave', an additional five days of paid leave on top of four weeks annual paid leave and paid sick leave entitlements to help improve the balance between work and life.
Security and emergency management Minimising the impact of unexpected catastrophes that could place customers, employees and contractors in physical danger	<ul style="list-style-type: none">• We engage with government agencies and specialists to address known security and operational concerns.• Our dedicated intelligence team confirms incidents and threats are identified and investigated.• We have dedicated risk and security personnel, terrorism threat response plans and emergency response plans in place at each of our destinations.• Our embedded safety by design programs reference the Australian Government's Crowded Places Strategy.• We proactively work with our business partners so that they are aware of emerging security risks and have response strategies in place.
IT systems, data, cyber and business continuity Protecting our systems from cyber-attacks, minimising business disruption, maintaining compliance and keeping our customers' data safe	<ul style="list-style-type: none">• We have standards, policies and systems in place to address cyber, privacy and data governance risks which are regularly reviewed to respond to the changing cyber threat environment.• Our security monitoring service works to identify and address cyber threats early to minimise impacts on our business.• We invest in appropriate cyber security and disaster recovery systems and personnel.• We implement information security and cyber security training across our business, and we maintain a compliance program which includes periodic external audits of our cyber security program.• We undertake readiness exercises so we can respond quickly and effectively in the event of a cyber attack.• We require our core platforms and our technology partners to have robust security controls in place. We reference National Institute of Standards and Technology and advice from the Australian Cyber Security Centre when developing our security controls.• Our disaster recovery and business continuity plans are reviewed and tested annually.
Supply chain Confirming supply chain disruptions are minimised and our suppliers uphold our values and provide quality products and services in a responsible, sustainable manner	<ul style="list-style-type: none">• We complete due diligence on our suppliers considering financial and non-financial risks and periodically conduct audits of higher risk contractual arrangements to confirm key requirements are being met.• We proactively monitor market conditions, extending delivery lead times and sourcing alternative supply as and when required.• We require our suppliers to abide by our Supplier Code of Conduct, Human Rights Policy, and our Supplier Grievance Management Policy. We operate under the Shopping Centre Council of Australia Code of Conduct for Fair Service Provisions and are a signatory to the Australian Supplier Payment Code.• Our Whistleblower Protection Policy and platform provide an anonymous channel for reporting.• We continue to enhance our supplier management and engagement processes.

Sustainability risk	How we manage and mitigate
Developing our talent and culture Confirming we attract and retain the talent required to execute our strategies	<ul style="list-style-type: none">• We have a listening and engagement strategy to understand and address our talent's needs. This includes a bi-annual engagement survey.• We invest in a range of learning and development programs to develop leadership and technical capability.• We recognise that diversity, equity and inclusion in the workplace is a key contributor to people operating to the best of their ability and to the success of our business. We have a Diversity, Equity and Inclusion Strategy supported by targets, policies and working groups to execute against the strategy.• Our Code of Conduct, DNA and associated training programs establish behavioural and ethical standards of working and foster a positive culture.• Succession plans are in place for all key roles. The Human Resources Committee oversees our people strategies so that we attract, motivate and retain the best talent, reward fairly and responsibly and align the interest of employees with the interest of securityholders.
Community engagement Recognising that our communities are at the heart of Our Purpose and community engagement is fundamental to our success as a responsible and sustainable business	<ul style="list-style-type: none">• Our community engagement strategy provides the framework, tools and programs for our teams to engage with their communities. This strategy is underpinned by our commitment to create places that are inclusive, safe and welcoming, and which our communities consider to be an integral part of their lives.• All our centres have a community plan which aligns with Our Purpose, Our Plan and Our Ambition. It includes key brand activations, community engagement activities and connections with local authorities.
Climate risk	How we manage and mitigate
Managing the impacts of climate change Preparing for potential extreme weather conditions, utility price fluctuations, changing regulations and stakeholder preferences.	<ul style="list-style-type: none">• Each centre has an environmental action plan to manage the impacts of climate change and deliver net zero emissions strategies. Assets where climate change modelling has indicated the potential to experience more extreme climate events have a more detailed Climate Adaptation Plan.• Capital is allocated towards upgrades over a five-year horizon and 2030 net zero emissions targets are incorporated into the strategic asset plans for each Westfield destination.• Climate risk scenario analysis is used to inform the overall risk assessment.• Procedures and monitoring are in place to identify and comply with environmental laws and regulations including complying with the conditions of relevant authority consents and approvals and obtaining any necessary licences. Our compliance procedures are regularly reviewed, including external monitoring of high-risk operations.• Ongoing monitoring of regulatory and market changes which may negatively impact the Group. <p>Further detail on Governance, Strategy, Risk Management and Metrics and Targets aligned to the Taskforce for Climate-related Financial Disclosure are summarised on page 30.</p>

DIRECTORS' REPORT

Climate disclosure

Scentre Group is committed to creating efficient and resilient assets which aligns with our strategic objective to operate as a responsible, sustainable business and create long-term value for our securityholders.

We assess the impact of climate change on our business and acknowledge the contribution we can make to the decarbonisation of the economy.

We have been a public supporter of the Taskforce for Climate-related Financial Disclosures (TCFD) since 2020 and continue to enhance our disclosures across our annual reporting suite to align with the TCFD.

Managing the impacts of climate change

Preparing for potential extreme weather conditions, utility price fluctuations, changing regulations and stakeholder preferences.

Governance

- The Board sets the overall risk appetite for the Group and monitors the Group's significant business risks (financial and non-financial) and the adequacy, effectiveness and operation of risk management and compliance policies, controls and frameworks.
- Board members have a broad range of skills across various professions and industries and the majority of Directors have been assessed as having advanced to expert levels of skill in terms of risk management. These skills and experience provide the Board with insights into the potential impact of climate change.
- The ARC, attended by our CEO and other members of the executive leadership team, assists the Board in meeting its governance and oversight responsibilities relating to the effectiveness of the Group's risk management framework, risk management systems and reporting. The ARC is responsible for reviewing processes for assessing material exposure to environmental risks and the processes in place to manage those risks. The ARC is assisted by the ERMIC in its oversight of the Group's systems of risk management and internal controls.

- The executive leadership team oversees execution of the Group's strategy for responsible business which includes climate risk. They are supported by sustainability focused team members and working groups which assist in delivering on our responsible business strategy.
- The Board includes ESG performance measures as key performance indicators for our executive key management personnel in their annual scorecards. These include the requirement to ensure that the governance and management support is in place to manage the risk of climate-change, including the delivery of our energy and emission reduction targets and implementation of our net zero emissions strategy. The Group also maintains a quarterly scorecard for our key responsible business initiatives.

Strategy

- The Group adopted a Responsible Business Framework in 2015 with four pillars – our community, talent, environmental impact, and economic performance. We are committed to reducing our environmental impact and leaving a positive legacy in our communities.
- In 2020, we announced our target to achieve net zero (Scope 1 and Scope 2) emissions by 2030 across our wholly-owned Westfield destinations. The Group has an interim target to achieve a 50% reduction by 2025, increasing incrementally by 10% each year to achieve 100% by 2030.
- While our current net zero commitment relates to our wholly-owned Westfield destinations, our net zero strategy is across our entire portfolio. Through engaging with our joint venture partners, we continue to align on pathways to net zero. We are also focused on working with our business partners to help them achieve their environmental objectives.

- There are three pillars to the Group's strategic approach to manage and achieve our net zero goals.
 - 1) Optimising energy efficiency
 - 2) Generate and procure renewable energy
 - 3) Residual Scope 1 emissions
- Our Integrated Environmental Plan considers the Group's holistic environmental impact and the initiatives that will have the most significant impact on the Group's response to climate risks. It explores global megatrends of decarbonisation, the circular economy and biodiversity and how Scentre Group can respond accordingly.
- While our net zero target does not include our Scope 3 emissions, we acknowledge the broader upstream and downstream emissions in our activities. We are currently working through defining those that are material to our business. We remain focused on our areas of greatest influence and impact and will continue to prioritise achieving the lowest emission outcome. For example, the Group recognises the role we can play in our value chain and are focused on assisting our business partners to understand and reduce their emissions through the procurement of renewable electricity as part of our existing electricity supply partnership.

Risk management

- Climate related risks including economic, environmental, social and corporate governance risks are all assessed using our Enterprise Risk Management (ERM) Framework and are reflected in team risk profiles across the business. Any material risks are reflected in the overarching corporate risk profile with the economic impact of climate change currently reflected with a residual risk of low.
- Our ERM Framework references globally recognised standards including ISO 31000:2018.
- Climate risk scenario analysis is used to inform the Group's overall risk assessment. Our 2022 risk assessment used the Intergovernmental Panel on Climate Change (IPCC) Special Report on Global Warming of 1.5°C, the United Nations Principles for Responsible Investment, The Inevitable Policy Response and the International Energy Agency's Sustainable Development Scenario.

Our physical risk scenario analysis referenced the Representative Concentration Pathways (RCP), with specific focus on the RCP8.5 scenario.

- During 2022 the Group engaged an external advisor and refreshed its scenario analysis using the updated scenarios outlined in the IPCC's sixth assessment reports (AR6). This analysis references Representative Concentration Pathways (RCPs 2.6, 4.5 and 8.5), and Shared Socioeconomic Pathways (SSPs), that outline potential socioeconomic development outcomes, to provide a more holistic basis for climate scenario analysis. This analysis will inform our 2023 risk assessment.
- Each asset has an Environmental Action Plan to manage short-term impacts of climate change and delivery of net zero emissions strategies. These plans are updated quarterly and are incorporated into performance scorecards.
- Assessment of the longer-term impacts of climate change, informed by our scenario analysis, are progressively being captured in climate adaptation plans. These plans articulate current management measures as well as recommendations for longer term capital investment.

Metrics and targets

- We are committed to achieving net zero (Scope 1 and Scope 2) emissions by 2030 across our wholly-owned portfolio, with an interim target to achieve a 50% reduction in emissions by 2025:
 - We have reduced our total Scope 1 and 2 emissions by 38% since 2014.
 - We have achieved 100% renewable electricity in New Zealand from January 2022, and entered into an agreement with CleanCo to power our Queensland centres, excluding Helensvale, entirely from renewable sources from 2025. This puts us on track to reach our interim target.
- In 2022, we achieved our target to reach an average Retail NABERS rating of 4.5 stars by 2025, three years ahead of our target date.
- We have a target to increase waste recovery from operations to 90% by 2030:
 - We are on track and have recovered 52% of waste from operations in 2022
- The Group has consistently participated in the Global Real Estate and Sustainability Benchmark (GRESB) and CDP (Carbon Disclosure Project) since Scentre Group was established in 2014. In 2022, we were again recognised as Global Leaders in the GRESB Development Benchmark and retained our CDP leadership status.

DIRECTORS' REPORT

Directors

Board membership and qualifications

Our Board comprises ten independent non-executive Directors and one executive Director (being the Managing Director/Chief Executive Officer (CEO)). The period of office held by, and the independence status of, each Director and their qualifications, skills and experience, significant directorships held in other companies, and attendance at Board and Committee meetings during the year are set out below.

Name	Position held	Appointed	Last elected/re-elected at an AGM
Brian Schwartz ⁽ⁱ⁾	Non-executive Chair	30 June 2014	7 April 2022
Elliott Rusanow	Managing Director and CEO	1 October 2022	Not required to stand for re-election
Ilana Atlas	Non-executive Director	28 May 2021	7 April 2022
Catherine Brenner	Non-executive Director	1 March 2022	7 April 2022
Andrew Harmos ⁽ⁱⁱ⁾	Non-executive Director	30 June 2014	8 April 2020
Michael Ihlein ⁽ⁱ⁾	Non-executive Director	30 June 2014	7 April 2022
Carolyn Kay	Non-executive Director	24 February 2016	8 April 2021
Stephen McCann	Non-executive Director	1 November 2022	Will stand for election at 2023 AGM
Guy Russo	Non-executive Director	1 September 2020	8 April 2021
Margaret Seale	Non-executive Director	24 February 2016	8 April 2021
Michael Wilkins	Non-executive Director	8 April 2020	8 April 2020

Prior Directors	Position held	Appointed	Ceased to be a Director
Peter Allen	Managing Director and CEO	25 May 2011	30 September 2022
Steven Leigh	Non-executive Director	4 April 2019	7 April 2022

(i) Scentre Group was established on 30 June 2014. Prior to that date, Scentre Group Limited formed part of the prior Westfield Group and the appointment date of Mr Schwartz (6 May 2009) to the Company (previously Westfield Holdings Limited) pre-dates the establishment of Scentre Group. Mr Schwartz was appointed to the Boards of RE1 Limited and RE2 Limited on 30 June 2014. Mr Harmos and Mr Ihlein were both appointed to Scentre Group Limited and Scentre Management Limited on 30 June 2014 (the appointment date to RE1 Limited and RE2 Limited, which formed part of the prior Westfield Retail Trust, was 21 December 2010).

(ii) On 17 October 2022, the Group announced that Andrew Harmos will not stand for re-election at the Group's 2023 AGM and will retire from the Board at the end of the meeting.

Brian Schwartz AM
Independent Non-Executive Chair
Chair of the Nomination Committee
Age 70



In a career with Ernst & Young Australia spanning more than 25 years, Brian rose to the positions of Chair (1996–1998) and then CEO of the firm from 1998 to 2004. From 2005 to 2009, Brian was the CEO of Investec Bank (Australia) Limited. Brian is a director of a Guardian Early Learning Group company, part of Partners Group, a global private markets investment manager. He is a fellow of the Australian Institute of Company Directors and the Institute of Chartered Accountants. Brian was previously Chair of Insurance Australia Group Limited, Deputy Chair of Westfield Corporation, Deputy Chair of Football Federation Australia Limited and a Director of Brambles Limited.

Ilana Atlas AO
Independent Non-Executive Director
Chair of the Human Resources Committee
Member of the Nomination Committee
Age 68



Ilana is currently a non-executive director of ANZ Banking Group Limited and Origin Energy, a Member of the Council of the National Gallery of Australia (NGA) and a Member of the Anacacia Capital Business Advisory Council. Ilana is also Chair of Jawun, on the Board of the Paul Ramsay Foundation and is a Panel Member of Adara Partners. Ilana's last executive role was Group Executive, People, at Westpac, where she was responsible for human resources, corporate affairs and sustainability. Prior to that role, Ilana was Group Secretary and General Counsel. Before her 10-year career at Westpac, Ilana was a partner at the law firm Mallesons Stephen Jaques (now known as King & Wood Mallesons). In addition to Ilana's practice in corporate law, she held a number of management roles at the firm including Executive Partner, People and Information, and Managing Partner.

Elliott Rusanow
Managing Director and Chief Executive Officer
Member of the Nomination Committee
Age 48



Elliott first joined Scentre Group in April 2019 when he was appointed Chief Financial Officer leading the Group's finance, treasury, investor relations and capital transaction functions. Prior to Scentre Group, Elliott was the Chief Financial Officer of Westfield Corporation, based in the United States. Elliott's career with Westfield spans more than two decades. He joined Westfield in 1999 and had held a number of senior executive leadership roles based in Sydney, London and Los Angeles including the roles of Deputy Chief Financial Officer, Head of Corporate Finance, Director Finance United Kingdom & Europe and Director of Investor Relations & Equity Markets.

Prior to Westfield, Elliott worked at Bankers Trust Australia Limited. Elliott is Deputy Chair of the Shopping Centre Council of Australia and is a member of The Champions of Change Property Group. Elliott holds Bachelor of Laws and Bachelor of Commerce degrees from the University of New South Wales.

Catherine Brenner
Independent Non-Executive Director
Member of the Audit and Risk Committee
Member of the Nomination Committee
Age 52



Catherine has extensive business experience and has held executive and non-executive roles across many sectors. Catherine is currently Chair of Australian Payments Plus (BPAY, eftpos, NPP, ConnectID) and a non-executive director of the carbon diagnostic and management business, Emmi, The George Institute for Global Health and Schools Plus. Catherine was previously non-executive Chair of AMP Limited and a non-executive director of companies including Boral Limited and Coca-Cola Amatil Limited. She was also a Trustee of the Sydney Opera House Trust and the Art Gallery of NSW and a member of the Takeovers Panel. Catherine was a senior investment banker at ABN AMRO and BZW. Catherine is a Fellow of the Australian Institute of Company Directors, a member of Chief Executive Women and a Panel Member of Adara Partners.

Directors continued

Andrew Harmos

Independent Non-Executive Director

Member of the Human Resources Committee
Member of the Nomination Committee
Age 63



Andrew is one of the founding directors of Harmos Horton Lusk Limited, an Auckland based specialist corporate legal advisory firm, where he specialises in takeover advice and structuring, securities offerings, company acquisitions and disposals and strategic Board and transaction advice. Andrew holds a Bachelor of Commerce and a Bachelor of Laws (Honours) from The University of Auckland. Andrew was formerly a non-executive Director of AMP Limited, AMP Bank Limited, AMP Life Limited and The National Mutual Life Association of Australasia Limited, a non-executive Director of Westfield Retail Trust and Chair of the New Zealand Stock Exchange.

Carolyn Kay

Independent Non-Executive Director

Member of the Audit and Risk Committee
Member of the Nomination Committee
Age 61



Carolyn has had more than 30 years of experience in the finance sector as an executive and non-executive director. In addition, Carolyn has been and remains a non-executive director of enterprises across a broad range of industries. She is currently a member of the Foreign Investment Review Board, Guardian of the Future Fund and a non-executive director of Myer Family Investments and Rothschild & Co Australia (where she is also a senior advisor). In the not for profit sector, Carolyn is a non- executive director of the General Sir John Monash Foundation and a Trustee of Sydney Grammar School. As an executive Carolyn worked as a banker and lawyer at Morgan Stanley, JP Morgan and Linklaters & Paines in London, New York and Australia. Carolyn holds Bachelor Degrees in Law and Arts (University of Melbourne), a Graduate Diploma in Management (AGSM), is a member of Chief Executive Women and is a Fellow of the Australian Institute of Company Directors. She was awarded a Centenary Medal for services to Australian society in business leadership.

Michael Ihlein

Independent Non-Executive Director

Chair of the Audit and Risk Committee
Member of the Nomination Committee
Age 67



Mike is a highly experienced corporate and finance executive with a long career with Coca-Cola Amatil Limited (and related companies) where he was Managing Director, Poland (1995–1997) and Chief Financial Officer and Executive Director (1997–2004). Mike joined Brambles as Chief Financial Officer and Executive Director in March 2004 and held the position of Chief Executive Officer from July 2007 until his retirement in November 2009. Mike holds a Bachelor of Business Studies (Accounting) from the University of Technology, Sydney. He is a non-executive Director and Chair of the Finance & Audit Committee of Inghams Group Limited and a non-executive Director and Chair of the Audit Committee of Ampol Limited and is also a Fellow of the Australian Institute of Company Directors, CPA Australia and the Financial Services Institute of Australasia. Mike was formerly a Director of Murray Goulburn Co-operative Co. Limited, from 2012 to 2017, Snowy Hydro Limited, from 2012 to 2019, and of CSR Limited from 2011 to 2021.

Stephen McCann

Independent Non-Executive Director

Member of the Nomination Committee
Age 57



Steve is a highly experience business leader with over 25 years of experience. Steve was the Group Chief Executive Officer and Managing Director of Lendlease from December 2008 to May 2021. Prior to his appointment as Group Chief Executive Officer and Managing Director at Lendlease, he held the positions of Group Finance Director and Chief Executive Officer of Lendlease's Investment Management business. Following his retirement from Lendlease, Steve took on the role of CEO Crown Resorts in June 2021 to help steer the company through its regulatory challenges and negotiate the privatization and transition to ownership by Blackstone Group, which he completed in September 2022. Prior to joining Lendlease, he had 15 years' experience in property, funds management, investment banking and capital markets transactions gained through senior leadership roles at ABN AMRO and Bankers Trust. Steve was previously a mergers and acquisitions lawyer at Freehills, now HSF. He holds a Bachelor of Laws and a Bachelor of Economics from Monash University in Melbourne, Australia.

Guy Russo

Independent Non-Executive Director

Member of the Human Resources Committee
Member of the Nomination Committee
Age 63



In a corporate career spanning 42 years Guy has served as CEO, Wesfarmers Department Store Division (Kmart & Target); Managing Director, Kmart Australia & NZ; President, McDonald's Greater China; CEO, McDonald's Australia Ltd and Chair of Ronald McDonald House Children's Charities. Guy is most well-known for leading the corporate turn-around of Kmart Australia creating the largest and most profitable retail department store in the country. A member of YPO since 2006, now with Lestari, the first Impact Chapter of YPO, he has consulted to business in China and Asia, served as a member on the Business Council of Australia, and won industry awards for leadership in diversity in employment. Guy is currently the Chair of Australian-owned Guzman Y Gomez, Chair of SomnoMed and Chair of OneSky, an international charity for children living in poverty in Asia.

Michael Wilkins AO

Independent Non-Executive Director

Member of the Audit and Risk Committee
Member of the Nomination Committee
Age 66



Mike is an experienced non-executive director with more than 30 years' executive experience in financial services in Australia and Asia, including insurance and investment management. He is currently the non-executive Chair of QBE Insurance Group Limited and the non-executive Chair of Medibank Private Limited. Mike has more than 20 years' experience as CEO for ASX 100 companies. He is the former Managing Director and CEO of Insurance Australia Group Limited (IAG), former Managing Director and CEO of Promina Group and former Managing Director of Tyndall Australia Limited. Mike has also served as a director of Maple-Brown Abbott Limited, The Geneva Association, the Australian Business and Community Network and Alinta Limited. Most recently, Mike was a Director of AMP Limited (2016-2020) including acting as Interim Executive Chair and Acting CEO for a period in 2018. He was a member of the Australian Government's Financial Sector Advisory Council for five years and a member of the Business Council of Australia for eight years. Mike is a Fellow of Chartered Accountants Australia and New Zealand. He was made an Officer of the Order of Australia in 2017 for distinguished service to the insurance industry, particularly to improved corporate social responsibility standards, to the building of natural disaster resilience and safer communities, and to workplace diversity.

Margaret Seale

Independent Non-Executive Director

Member of the Human Resources Committee
Member of the Nomination Committee
Age 62



Margie has more than 25 years' experience in senior executive roles in Australia and overseas, including in the consumer goods, health and global publishing sectors, in sales and marketing, and in the successful transition of traditional business models to digital environments. Immediately prior to her non-executive career, Margie was Managing Director of Random House Australia and New Zealand and President, Asia Development for Random House globally. She is currently a non-executive director of Westpac Banking Corporation and a member of the Board Risk Committee, Board Nominations and Governance Committee and Board Remuneration Committee. She is also a non-executive director of Pinchgut Opera Limited. Margie has previously served on the boards of Telstra Corporation Limited, Australian Pacific (Holdings) Pty Limited, Penguin Random House Australia Pty Ltd (as a non-executive director and then Chair), the Australian Publishers' Association, Bank of Queensland Limited, Ramsay Health Care Limited, Chief Executive Women (chairing its Scholarship Committee), the Powerhouse Museum and the Sydney Writers' Festival. Margie is a past member of the Group's Audit and Risk Committee.

Directors continued

Directors’ relevant interests

The relevant interests of each Director in Scentre Group securities as at the date of this report are shown below.

Director	Number of Stapled Securities	
	31 Dec 2021	31 Dec 2022
Brian Schwartz	165,861	165,861
Elliott Rusanow ⁽ⁱ⁾	370,918	562,183
Ilana Atlas	80,856	80,856
Catherine Brenner	–	100,000
Andrew Harmos	147,897	127,897
Michael Ihlein	48,048	48,048
Carolyn Kay	57,000	57,000
Stephen McCann	–	0
Guy Russo	145,000	145,000
Margaret Seale	56,750	56,750
Michael Wilkins	100,000	100,000
Prior Directors		
Peter Allen (stepped down as Managing Director/CEO 30 September 2022)	6,288,144	–
Steven Leigh (retired 7 April 2022)	96,316	–

(i) On 15 February 2023, Elliott Rusanow received 463,049 securities on vesting of tranche 1 of his 2020 retention awards.

No options were issued by the Company during or since the end of the Financial Year and no Director or officer holds options over issued or unissued Scentre Group stapled securities. Details of the performance rights held by the executive KMP are set out in the Remuneration Report. None of the Directors hold debentures of Scentre Group.

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

Details of the performance rights held by executive Key Management Personnel (KMP) are set out in the Remuneration Report.

Directors’ attendance at meetings

The number of Board and Committee meetings held and attended by each Director during the Financial Year are detailed below.

The Committees are comprised of the following non-executive Directors: Audit and Risk Committee: Michael Ihlein (Chair), Catherine Brenner (appointed 24 May 2022), Carolyn Kay, and Michael Wilkins; Human Resources Committee: Ilana Atlas (Chair), Andrew Harmos, Margaret Seale and Guy Russo (appointed 24 May 2022). From 24 May 2022, the composition of the Nomination Committee comprises all Directors. Prior to that date the Nomination Committee comprised Brian Schwartz (Chair), Ilana Atlas, Andrew Harmos and Michael Ihlein.

Directors also attend meetings of Committees of which they are not a member. The Chair of the Board is the Chair of the Nomination Committee, and he also typically attends meetings of the Audit and Risk Committee and Human Resources Committee. This attendance is not reflected in the table below.

Director	Board		Committees					
	Scheduled meetings		Audit and Risk Committee		Human Resources Committee		Nomination Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Brian Schwartz	11	11					3	3
Ilana Atlas	11	11			9	9	3	3
Catherine Brenner ⁽ⁱ⁾ (appointed 1 March 2022)	10	10	3	3			1	1
Andrew Harmos	11	11			9	9	3	2
Michael Ihlein	11	11	5	5			3	3
Carolyn Kay	11	11	5	5			1	1
Stephen McCann ⁽ⁱ⁾ (appointed 1 November 2022)	2	2						
Elliott Rusanow	3	3					1	1
Guy Russo	11	11			3	3	1	1
Margaret Seale	11	11			9	8	1	1
Michael Wilkins	11	11	5	5			1	1
Prior Directors								
Peter Allen (stepped down as Managing Director/CEO 30 September 2022)	8	8						
Steven Leigh (retired 7 April 2022)	3	3			6	6		

(i) Meetings held during period of appointment.

Directors continued

Directors’ directorships of other listed companies

Details of all directorships of other listed entities held by each Director at any time in the three years immediately before 31 December 2022 are set out below.

Scentre Group comprises the Company, Scentre Group Trust 1 (SGT1), Scentre Group Trust 2 (SGT2) and Scentre Group Trust 3 (SGT3). The responsible entity of SGT1 is Scentre Management Limited, the responsible entity of SGT2 is RE1 Limited and the responsible entity of SGT3 is RE2 Limited. Scentre Management Limited is also the responsible entity of Carindale Property Trust, a listed managed investment scheme (ASX: CDP). Each Director’s appointment to these companies is continuing. The date of appointment to these companies is the same as the date of appointment to the Company.

Director	Company	Date appointed	Date resigned
Brian Schwartz*			
Elliott Rusanow*			
Ilana Atlas	Australia and New Zealand Banking Group Limited	24 September 2014	Continuing
	Origin Energy Limited	19 February 2021	Continuing
	Coca-Cola Amatil Limited	23 February 2011	10 May 2021
Catherine Brenner*			
Andrew Harmos	AMP Limited	1 June 2017	8 May 2020
Michael Ihlein	Inghams Group Limited	16 April 2020	Continuing
	Ampol Limited	1 June 2020	Continuing
	CSR Limited	7 July 2011	25 June 2021
Carolyn Kay*			
Stephen McCann	Lendlease Corporation Limited	4 March 2019	31 May 2021
	Crown Resorts Limited	20 October 2021	24 June 2022
Guy Russo	SomnoMed Limited	24 August 2020	Continuing
Margaret Seale	Westpac Banking Corporation	1 March 2019	Continuing
	Telstra Corporation Limited	7 May 2012	12 October 2021
Michael Wilkins	QBE Insurance Group Limited	1 November 2016	Continuing
	Medibank Private Limited	25 May 2017	Continuing
	AMP Limited	12 September 2016	14 February 2020

* No relevant directorships held in the prior three years.

Secretaries

As at the date of this report, the Company had the following Secretaries:

Maureen McGrath

Maureen was appointed General Counsel, Compliance and Secretariat of Scentre Group in June 2014. Prior to the establishment of Scentre Group, Maureen was General Counsel, Corporate and Compliance, Westfield Group. She holds a Bachelor of Laws and a Bachelor of Jurisprudence from the University of New South Wales. Maureen is a Fellow of the Governance Institute of Australia and a Member of the Australian Institute of Company Directors.

Paul Giugni

Paul was appointed General Counsel of Scentre Group in June 2014. Prior to the establishment of Scentre Group, Paul was General Counsel, Australia and New Zealand, Westfield Group. He joined Westfield Group in September 1998 and holds a Bachelor of Economics and a Bachelor of Laws (Honours) from the University of Sydney. Prior to joining Westfield Group, Paul was a solicitor at Freehill Hollingdale and Page (now Herbert Smith Freehills). He is a Fellow of the Governance Institute of Australia.

Indemnities and insurance premiums

Subject to the following, no indemnity was given, or insurance premium paid during or since the end of the Financial Year for a person who is or has been an officer or auditor of the Group.

The Company’s Constitution provides that a person who is or has been a Director or Secretary of the Company may be indemnified by the Company 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 Company is forbidden by statute to indemnify the person or the indemnity would, if given, be made void by statute.

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

In addition, each Director has entered into a Deed of Indemnity and Access which provides for indemnity against liability as a Director, except where prohibited by statute. The deed also entitles the Director to access Company documents and records, subject to undertakings as to confidentiality.

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

DIRECTORS' REPORT

Audit

Audit and Risk committee

As at the date of this report, the Company had a Board Audit and Risk Committee.

Details of the activities of the Committee are outlined in our Corporate Governance Statement.

Non-audit services and audit independence

During the year Ernst & Young, the Group's auditor, did not provide any non-audit services to the Group.

Details of the amount paid to the auditor are set out in Note 38 to the Financial Statements.

As no non-audit services were provided by the auditor during the Financial Year, the Board is satisfied that the auditor complies with the general standard of independence for auditors imposed by the *Corporations Act 2001*.



Auditor's independence declaration to the Directors of Scentre Group Limited

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

As lead auditor for the audit of the financial report of Scentre Group Limited for the financial year ended 31 December 2022, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b) no contraventions of any applicable code of professional conduct in relation to the audit; and
- c) no non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Scentre Group Limited and the entities it controlled during the Financial Year.

Ernst & Young

Megan Wilson
Partner

Sydney, 22 February 2023

DIRECTORS' REPORT

Remuneration Report

On behalf of the Board, I invite you to consider our remuneration report which will be presented to securityholders at the 2023 Annual General Meeting.

Overview of the year

The Group has delivered strong financial results with Funds from Operations of 20.06 cents per security, up 21% (or \$177 million) from 2021.

Short term value has been delivered to securityholders through a distribution of 15.75 cents per security, up 10.5% on guidance. Short term variable remuneration (STVR) outcomes are higher compared to prior years reflecting management's strong performance in delivering these outcomes.

During 2022, 480 million customer visits were achieved, compared to 413 million in 2021. This increase in visitation was fundamental in driving our business partners' sales above pre-pandemic levels. Our activation strategy, delivering more than 15,400 centre events (compared to 13,500 during 2021) and the success of our customer focused strategy of having more people choose to come, more often, for longer were key enablers of increased visitation.

The focus on our business partner relationships and negotiations delivered 3,409 lease deals, the highest number of lease deals achieved than in any other year since the inception of Scentre Group, with no change to the standard lease terms and CPI linked increases maintained. This resulted in occupancy increasing from 98.7% at December 2021 to 98.9% at December 2022.

Strong financial management throughout 2022 was critical to achieving these results.

The Group delivered the highest level of cash collections since the inception of Scentre Group with gross rent collections of \$2,592 million (an increase of \$334 million compared to 2021, for the 12 month period), resulting in net trade debtors being reduced by more than \$100 million from \$186 million at December 2021 to \$84 million at December 2022.

The decisions and actions taken to get the appropriate balance between improving occupancy, driving cash flow, and focusing on the future by closing stores with higher counter-party risk retailers helped deliver strong cash flow in the short term, and will improve the future quality of the Group's revenue.

These results were achieved despite the ongoing impact of the global pandemic.

Delivering our results in a responsible, sustainable way remained a priority. In a challenging talent market, we retained 93% of key talent and achieved 17.3% employee turnover, well below our target of less than 20% and below pre-pandemic levels (21% in 2019). Our focus on reducing the Group's environmental impact saw the Group's emissions reduced by more than 10% since 2021 with 100% renewable energy in New Zealand from 2022 and in the Queensland portfolio of Westfield destinations from 2025 and the delivery of the Group's Integrated Environmental Plan.

CEO and CFO leadership transition

During the year the Group successfully executed its leadership succession plan.

Having been CEO for eight years since the Group's inception, Peter Allen stepped down from that role on 30 September 2022. He will remain employed by the Group until he retires on 30 September 2023.

After a thorough process, Elliott Rusanow, former CFO, was appointed as Managing Director and CEO on 1 October 2022 and Andrew Clarke, former Director, Finance and Capital Markets, was appointed as CFO on 1 October 2022.

The transition was seamless and the momentum of our business and engagement of our people was maintained.

As part of the CEO and CFO leadership transition, the Board took the opportunity to reset the remuneration for these roles. For both the CEO and CFO, total maximum remuneration was set 15% lower than the remuneration for the former CEO and former CFO.

The Board also reset the contractual arrangements for the new CEO. Elliott Rusanow's contract has a 12 month mutual notice period with no additional entitlement to a severance payment.

2022 remuneration outcomes

STVR

In determining the 2022 STVR outcomes for executive KMP the Board assessed performance against both financial and non financial measures as well as took into consideration demonstration of our DNA and behaviours, any identified risks and the overall health of the business.

The maximum STVR opportunity has been set lower for the newly appointed CEO and CFO roles compared to their predecessors from 150% of fixed remuneration to 130% and 125% of fixed remuneration, respectively.

The CEO scorecard was used to assess performance for Peter Allen for the period from 1 January 2022 to 30 September 2022 and for Elliott Rusanow for the period from 1 October 2022 to 31 December 2022. The 2022 STVR outcomes for the CEO role were assessed at 91% of maximum STVR opportunity for Peter Allen and 92% of maximum STVR opportunity for Elliott Rusanow.

For the CEO role, Peter Allen and Elliott Rusanow achieved the same level of performance however the difference in the STVR outcomes is a result of the different STVR maximum opportunity values (150% of fixed remuneration for Peter Allen and 130% of fixed remuneration for Elliott Rusanow).

As Elliott Rusanow held two executive KMP roles during 2022, his overall 2022 STVR outcome reflected a composite result for both his CEO and CFO roles, resulting in an overall STVR outcome of 93% of maximum STVR opportunity.

In determining the CEO's and former CEO's performance against the measures in the scorecard, the Board made downward adjustments to several of the results that flowed from direct application of the measures in the scorecards. This resulted in STVR outcomes which the Board believes appropriately balance the interests of the Group, securityholders, and executive KMP.

The 2022 STVR outcomes reflect the Board's decision to exercise its discretion.

Long-term variable remuneration (LTVR)

No LTVR vested in 2022 as the 2019 LTVR failed to qualify for vesting and no LTVR was granted in 2020.

Non-Executive Director fees

There were no increases to Non-Executive Director fees during 2022.

The year ahead

Since being appointed CEO, Elliott Rusanow has implemented a refreshed leadership structure, effective from 1 January 2023, placing the Group in a strong position to deliver our ambition for growth by becoming increasingly essential to people, communities and businesses.

The changes made to the organisational structure have resulted in three additional Executive KMP:

- Lillian Fadel, Group Director, Customer, Community and Destination
- John Papagiannis, Group Director, Businesses
- Maria Stamoulis, Director, Human Resources

As part of the Board's regular review of our executive remuneration arrangements, the following changes were made to the 2023 LTVR:

- removed the strategic measure (10% weighting) and reweighted the ROCE hurdle from 60% to 70%. The weighting for the relative TSR measure remains unchanged at 30%
- removed the additional 25% potential over-target achievement element of the ROCE hurdle component of the LTVR, setting the maximum opportunity for the ROCE hurdle at 100%, whilst retaining the strong weighting towards performance based remuneration.

During 2023 the Board remains committed to reviewing and continuing to simplify our remuneration strategy and framework so that it continues to:

- appropriately reward, motivate and retain the best talent for the Group
- support the Group's long-term strategic objectives
- align the interests of our people with securityholders
- effectively align performance and reward outcomes
- reflect good governance.

We highly value feedback from securityholders and other key stakeholders, and we look forward to ongoing dialogue with you.

Ilana Atlas
Chair, Human Resources Committee
22 February 2023





Remuneration Report continued



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Remuneration Report

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This Remuneration Report has been audited by Ernst & Young (EY). Their report on the audit can be found on page 76.

1 Who is covered by this report?

This report explains our approach to the remuneration of our Key Management Personnel (KMP). KMP are those individuals having the authority and responsibility for planning, directing and controlling the activities of Scentre Group, either directly or indirectly. They include non-executive Directors and senior executives who fall within those criteria.

For the year ended 31 December 2022, KMP were:

Non-Executive Directors	
Brian Schwartz (Chair)	These Directors were members of the Board for the whole of the year
Ilana Atlas	
Andrew Harmos	
Michael Ihlein	
Carolyn Kay	
Guy Russo	
Margaret Seale	
Michael Wilkins	
Catherine Brenner	Appointed on 1 March 2022
Stephen McCann	Appointed on 1 November 2022
Former Non-Executive Director	
Steven Leigh	Retired on 7 April 2022
Executive KMP	
Elliott Rusanow, Managing Director/ Chief Executive Officer	Appointed Managing Director/Chief Executive Officer on 1 October 2022. He was Chief Financial Officer from 1 January to 30 September 2022, and executive KMP for the whole of the year
Andrew Clarke, Chief Financial Officer	Appointed Chief Financial Officer on 1 October 2022 and became executive KMP on that date
Former Executive KMP	
Peter Allen, Managing Director/ Chief Executive Officer	Stepped down as Managing Director/Chief Executive Officer on 30 September 2022 and ceased to be executive KMP on that date

Remuneration Report continued

2 Remuneration snapshot

CEO and CFO transition

Following Peter Allen stepping down from the CEO role on 30 September 2022, we welcomed the appointment of two internal candidates:

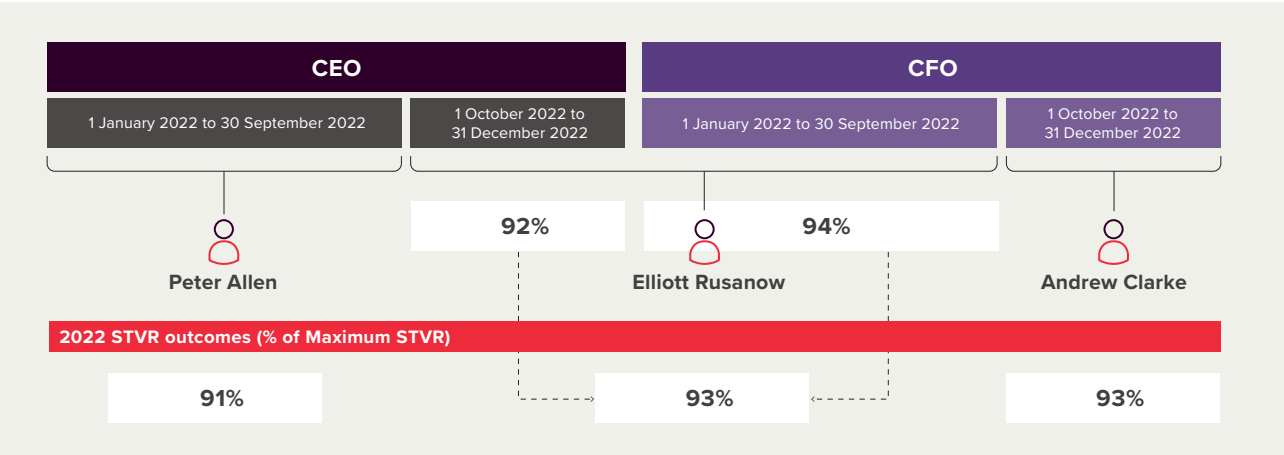
- Elliott Rusanow, former CFO, was appointed as Managing Director and CEO on 1 October 2022
- Andrew Clarke, former Director, Finance and Capital Markets, was appointed as CFO on 1 October 2022.

In this report, Elliott Rusanow is referred to as the CEO (and former CFO), Andrew Clarke as the CFO and Peter Allen as the former CEO.

When setting the remuneration for both the CEO and CFO we took into account the remuneration of market peers, internal relativities as well as broader stakeholder expectations. The remuneration for both appointments has been set lower than their predecessors as outlined in section 3.

2022 Short-term variable remuneration (STVR) outcomes

The 2022 STVR outcomes are:



As Elliott Rusanow was CEO for three months and CFO for nine months, the 93% is a composite result for both roles. Refer to section 5 for a breakdown.

Long-term variable remuneration (LTVR) outcomes

No LTVR vested in 2022. Refer to section 5.

Changes implemented for 2022

As set out in our 2021 Remuneration Report, changes implemented in 2022 were:

- The primary comparator group used as a reference to compare fixed remuneration for executive KMP was changed to the ASX 50 (previously the ASX 30) to better reflect our position within the ASX. The comparator group continues to exclude the 'Big 4' banks, Rio Tinto and BHP.
- For the 2022 LTVR:
 - the strategic measure weighting decreased to 10% (from 20%) and the ROCE weighting increased to 60% (from 50%). The relative TSR measure remained at 30%
 - the performance period for ROCE and relative TSR was revised to a three-year measure to be assessed in December 2024 (previously measured annually over three years)
 - the relative TSR vesting schedule was revised to remove vesting for below-Index performance, increasing the level of performance against the Index required to achieve maximum vesting. Maximum vesting was capped at 100% of target (rather than 125%). Refer section 8 for the revised relative TSR vesting schedule.

- For STVR and LTVR granted from 2022, the number of rights allocated at grant are determined using face value with no adjustment for the estimated value of distributions that may be paid during the vesting period. Instead, a payment equivalent to actual distributions paid on securities over the STVR and LTVR vesting periods will be paid in cash on performance rights that ultimately vest.

Non-Executive Director fees

The Board has determined that no changes will be made to Board or Committee fees for 2023.

Changes to the 2023 LTVR

The Board considers that ROCE (with an increased weighting to 70%) and relative TSR (with weighting remaining at 30%) are the appropriate LTVR measures as they are objectively measurable and align executive rewards with the creation of securityholder value. Consequently, the Board determined to remove the strategic measure (10% weighting) with effect from the 2023 financial year.

When setting the remuneration for the new CEO and CFO, the Board took the opportunity to remove the additional 25% potential ROCE over-target achievement element and set the maximum opportunity for the ROCE hurdle at 100%.

2023 additions to the executive KMP

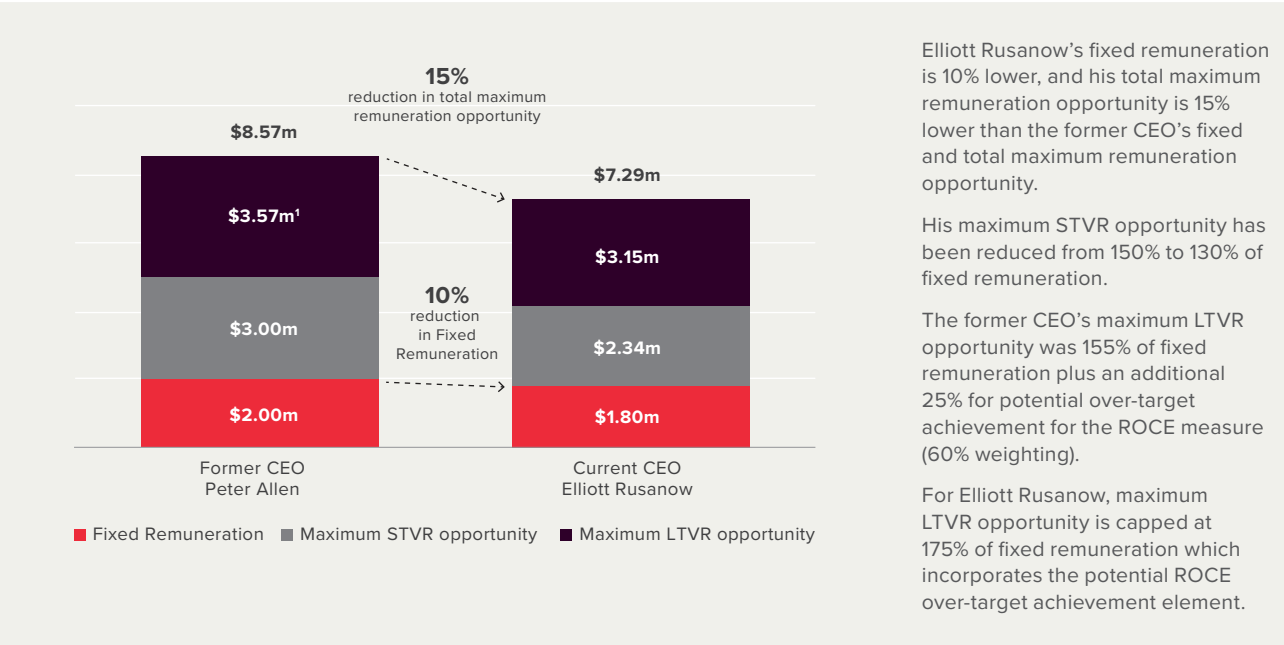
As a result of the restructure of our executive leadership team, the following executives have been determined to be executive KMP effective from 1 January 2023, recognising the materiality of their roles in directing the Group's operations:

- Lillian Fadel, Group Director, Customer, Community and Destination
- John Papagiannis, Group Director, Businesses
- Maria Stamoulis, Director, Human Resources

3 2022 Executive KMP changes

The remuneration of our new CEO and CFO on their appointments is set out below.

Elliott Rusanow: Remuneration on appointment



Remuneration Report continued

Andrew Clarke: Remuneration on appointment

As CFO, Andrew Clarke’s total maximum remuneration opportunity is 15% lower than the former CFO’s total maximum remuneration opportunity.

Peter Allen: Remuneration

Peter Allen stepped down as the Group’s inaugural CEO on 30 September 2022 and will retire from the Group on 30 September 2023.

In line with his contractual arrangements Peter Allen will receive:

- Fixed remuneration of \$2,000,000 for the period 1 October 2022 to 30 September 2023 (12 month notice period).
- A full year 2022 STVR with a maximum opportunity of \$3,000,000. His achieved 2022 STVR was \$2,556,500 (85%) of maximum STVR⁽ⁱ⁾ which is the composite of:
 - 91% of maximum STVR opportunity for the CEO role for the period from 1 January 2022 to 30 September 2022; and
 - 67% of maximum STVR opportunity for the non executive KMP period of his employment from 1 October 2022 to 31 December 2022.

The 2022 STVR appropriately reflected Peter Allen’s performance in the CEO role for the period from 1 January 2022 to 30 September 2022 and took into account his role in the successful CEO transition for the non executive KMP period of his employment from 1 October 2022 to 31 December 2022.

- The 2020 retention award (with a service period until 15 February 2023). The first tranche of the 2020 retention award vested in February 2023, with a market value of \$2,376,000 as at 31 December 2022. Peter Allen remains entitled to the second tranche of the 2020 retention award scheduled to vest in February 2024.

Peter Allen is not eligible for a 2023 STVR or 2023 LTVR.

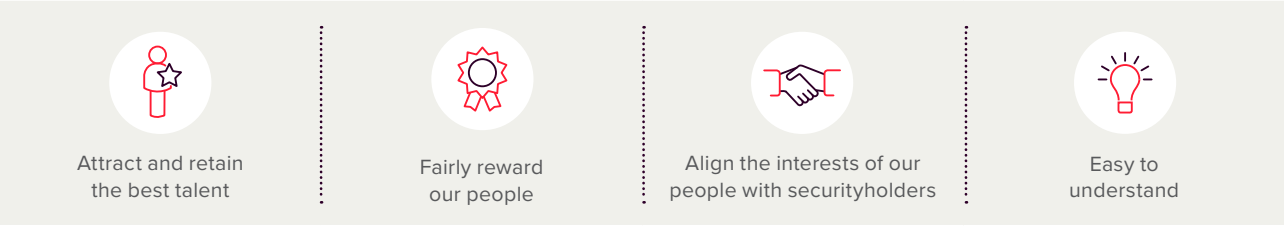
On his retirement on 30 September 2023 and in line with his contractual arrangements (as disclosed in the Group’s 2020 and 2021 Remuneration Reports) Peter Allen will:

- Receive 12 months fixed remuneration (severance).
- Retain his unvested deferred STVR (granted in respect of the 2020, 2021 and 2022 STVRs) until their original vesting dates in December 2023, December 2024 and December 2025.
- Retain his unvested 2021 LTVR and the prorated 2022 LTVR⁽ⁱⁱ⁾ which will remain subject to their original performance conditions. A portion of the 2021 LTVR has lapsed based on 2021 ROCE (refer to section 5).
- Be subject to a non-compete agreement until September 2025.

4 Remuneration strategy and framework

Our remuneration strategy and framework enables our Purpose, our Plan, and our Ambition.

Remuneration principles



Remuneration framework

	Remuneration element	Considerations/ Performance conditions	Alignment with strategy and performance
Fixed Remuneration	Base salary plus superannuation. The primary comparator group used as a reference point to compare fixed remuneration for executive KMP is the ASX 50, excluding the “Big 4” banks, Rio Tinto and BHP.	Considerations in setting fixed remuneration include: the scope and complexity of the role, the individual’s experience, knowledge and skills, individual performance and market benchmarking.	Fixed remuneration is set at market competitive levels to attract and retain key talent.
STVR ⁽ⁱ⁾	Recognises current year performance. 70% of achieved STVR is paid in cash following the end of the performance year. 30% of achieved STVR is delivered as performance rights which vest at the end of three years after the grant date, creating a longer term and retention focus.	Designed as annual variable remuneration. Executives are assessed against a scorecard containing financial and non-financial measures which are considered stretching but achievable.	Provides differentiation of remuneration based on Group and individual performance outcomes. Performance conditions are designed to support the financial and strategic direction of the Group, with KPIs that are measurable, while also providing for the exercise of Board judgement, and allowing for appropriate differentiation for performance.
LTVR ⁽ⁱ⁾	Recognises long-term performance measured at the end of year 3. Delivered as performance rights which vest in two tranches at the end of years 3 and 4 after the start of the performance period if the performance hurdles measured in year 3 are achieved.	Long-term performance hurdles are set by the Board which are focused on the Group’s ROCE, relative TSR and strategic objectives to deliver securityholder value as a sustainable and responsible business.	Provides a strong link to the long-term performance of the Group, the creation of securityholder value and acts as a retention tool.

Supporting our strategy and framework is our DNA and our People Vision, to be the place for talent to thrive.

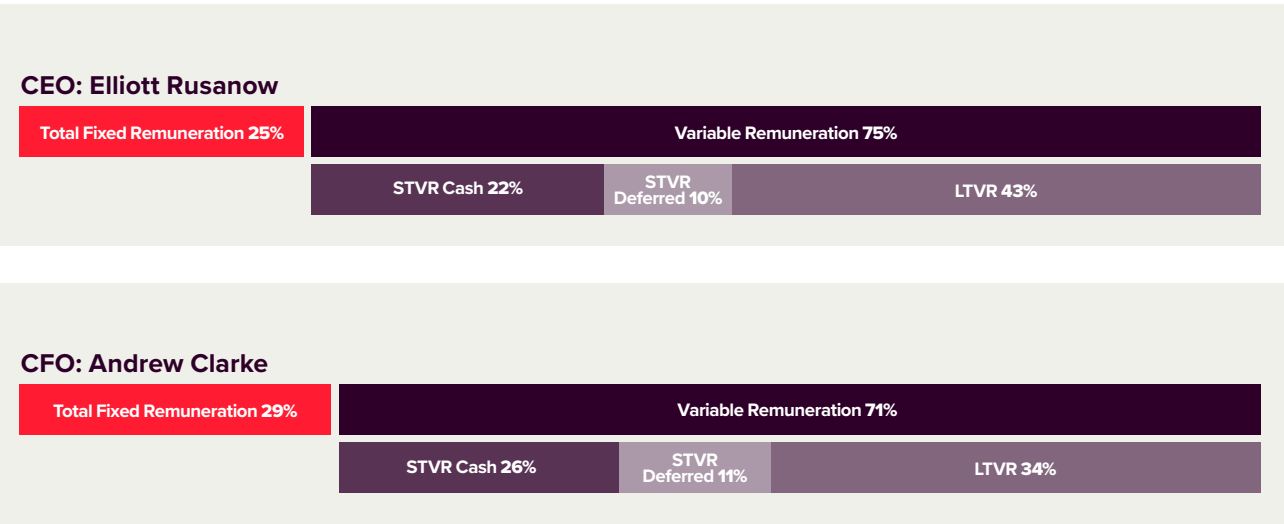
(i) The STVR disclosed in sections 5, 6 and 7 relates to Peter Allen’s time as executive KMP (1 January 2022 to 30 September 2022).
(ii) As approved by securityholders at the 2022 AGM the 2022 LTVR award was pro rated for the nine months Peter Allen was CEO.

Remuneration Report continued

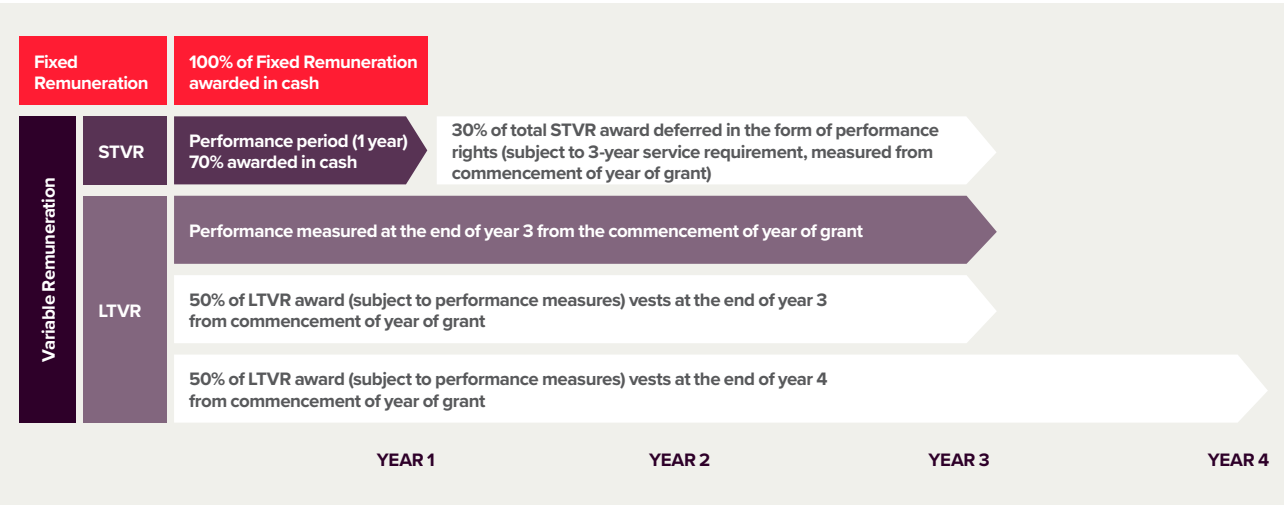
Maximum remuneration mix

Our executive KMP’s remuneration is heavily weighted towards variable remuneration, with performance-based pay contributing more than 70% of total maximum mix, with 30% of the STVR and 100% of the LTVR reward delivered in deferred equity.

The maximum STVR opportunity (as a percentage of fixed remuneration) for Elliott Rusanow is 130% and for Andrew Clarke is 125%. The maximum LTVR opportunity (as a percentage of fixed remuneration) for Elliott Rusanow is 175% of fixed remuneration and for Andrew Clarke is 115%.



When is remuneration earned and received?



5 Performance and remuneration outcomes

Five-year performance

The remuneration outcomes for our executive KMP are aligned to short-term and long-term performance outcomes.

The table below shows the Group’s core financial performance outcomes and security prices over the last five years together with executive KMP remuneration outcomes.

The business performance outcomes for 2022, 2021 and 2020 reflect the impacts of the COVID-19 pandemic.

		2022	2021	2020	2019	2018
Operating profit ⁽ⁱ⁾⁽ⁱⁱ⁾	A\$m	1,022.0	845.8	763.4	1,274.7	1,270.3
Operating profit per security ⁽ⁱⁱ⁾	cents	19.71	16.32	14.71	24.10	23.94
Funds from Operations (FFO) ⁽ⁱⁱ⁾	A\$m	1,039.9	862.5	766.1	1,331.9	1,330.0
FFO per security ⁽ⁱⁱ⁾	cents	20.06	16.64	14.76	25.18	25.06
Distribution per security	cents	15.75	14.25	7.00	22.60	22.16
Security price (at 31 December)	A\$	2.88	3.16	2.78	3.83	3.90
Return on contributed equity (ROCE) ⁽ⁱⁱⁱ⁾	%	9.41	7.87	7.45	12.84	12.72
Assets under management (AUM)	A\$b	51.2	50.4	49.9	56.0	54.2
Group's share of AUM	A\$b	35.0	34.4	34.1	38.2	39.1
Profit/(loss) after tax	A\$m	300.6	887.9	(3,731.8)	1,179.5	2,287.2
Gearing (at 31 December) ^(iv)	%	27.3	27.5	27.7	33.0	33.9
CEO STVR outcome (% of maximum)	%	92 ^(v)	65	55	78.2	80.8
CEO LTVR outcome (% vesting of grant) ^(vii)	%	0	0	0	90	110
CFO STVR outcome (% of maximum)	%	93 ^(vi)	62	50	60	79.1
CFO LTVR outcome (% vesting of grant) ^(vii)	%	0	0	0	90	110

(i) Operating profit and FFO are non-IFRS measures derived from profit/(loss) after tax. All adjustments to profit/(loss) are detailed on page 23.

(ii) For consistency with 2022, 2021 and 2020, 2019 and 2018 has been restated to exclude straight-lining of rent.

(iii) The ROCE presented in each of the respective years reflects the composition and resulting methodology for measurement of the LTVR hurdle for that particular year.

(iv) Gearing reduction from 2020 includes the impact of subordinated notes issued in that year which are excluded from Debt Covenants.

(v) Being the CEO portion of Elliott Rusanow’s composite STVR outcome for 2022. The 2022 STVR outcome for the former CEO was 91% of maximum STVR.

(vi) Being the 2022 outcome for Andrew Clarke for the period for which he was executive KMP. The portion of the 2022 STVR outcome for Elliott Rusanow that relates to the former CFO role was 94% of maximum STVR.

(vii) The LTVR outcomes are shown based on role. No LTVRs were granted in 2020. The 2019 LTVR did not vest in 2021.

STVR outcomes

Our STVR is structured to provide differentiation for performance based on Group and individual performance outcomes.

For 2022, the Board set a range of financial and non-financial performance measures for the executive KMP. These measures reflect the four pillars of our responsible business framework, being: community, people, environment and economic performance, and so align with Our Ambition.

The CEO and CFO scorecards are set by role, not by person.

The differences in the STVR outcomes are not as a result of differing performance but are due to the different STVR maximums of fixed remuneration:

- Elliott Rusanow, CEO (130%) and Peter Allen, former CEO (150%)
- Andrew Clarke, CFO (125%) and Elliott Rusanow, former CFO (150%).

Remuneration Report continued

CEO scorecard

The CEO is responsible for driving and executing the strategic direction and operations of the Group.

Elliott Rusanow was appointed CEO on 1 October 2022. Peter Allen (the former CEO) stepped down as CEO on 30 September 2022. The CEO scorecard is set by role and both Elliott and Peter had the same scorecard for their respective periods in 2022 as CEO.

	Weight	Threshold	Target	Maximum	CEO – % max STVR (130% of fixed remuneration)	Former CEO – % max STVR (150% of fixed remuneration)
Measure and commentary						
Financial (65% weighting)						
Lead the delivery of superior long-term risk adjusted returns to securityholders <i>Earnings growth and capital management focus on the delivery of financial results in the short-term, whilst operating (and acting inherently as key drivers of long-term value creation) with an emphasis on the long-term value interests of securityholders</i> <ul style="list-style-type: none">Operating EBIT of \$1,752m was 14.0% higher than 2021 (10% weighting)Operating profit of \$1,022m, up 21% from 2021 (10% weighting)FFO of \$1,040m, up 21% from 2021 (10% weighting)	30%	<div></div>			30%	30%
Distribution <ul style="list-style-type: none">Distribution of 15.75 cents per security above guidance of 15 cents	25%	<div></div>		23%	23%	23%
Capital management <ul style="list-style-type: none">The Group delivered the highest level of cash collections since inception with gross cash collections of \$2,592m (compared to \$2,258m in 2021) resulting in net trade debtors being reduced by more than \$100m from \$186m at December 2021 to \$84m at December 2022Operating and leasing capital expenditure was managed 12% below target budget"A" grade Stable credit ratings maintained by S&P, Fitch and Moody's	10%	<div></div>		9%	9%	9%
Non Financial (35% weighting)						
Talent/Culture/Responsible Business <i>Acting as a responsible, sustainable business, and maintaining an effective risk culture, are critical to delivering sustainable, efficient, culturally and socially inclusive outcomes that deliver long-term value</i> <ul style="list-style-type: none">93% of key talent retained (target = 90%).Innovation RAP deliveredCEO leadership plan was executed successfully including the delivery of the first Ambition Forum where more than 400 people from all parts of our business shared feedback on how we will accelerate towards achieving our Ambition and a refreshed leadership structure in place from January 2023The Group was recognised with Global Sector Leader Status and a GRESB 5 Star rating in the 2022 GRESB Real Estate Assessment, recognising the Group's continuing commitment to ESG transparency and improved performance. The GRESB 5 star rating recognises entities place in the top 20% of the benchmarkThe Group's emissions were reduced by more than 10% during 2022 (compared to 2021), and above our target, with 100% renewable energy in NZ and the delivery of the Group's Integrated Environmental Plan	20%	<div></div>		17.5%	16.5%	16.5%
Strategic initiatives <i>Our Ambition is to grow the business by becoming essential to people, their communities and businesses that interact with them</i> Expand our platform to connect with more customers and businesses <ul style="list-style-type: none">Key development milestones for Westfield Knox were completed ahead of schedule and development for 101 Castlereagh Street, Sydney commenced on target dateRefreshed individual strategic asset plans for all 42 Westfield destinations were deliveredWestfield Direct Partners were increased to 432 (target = 300 partners)Westfield membership, a mobile-app based program, membership increased by 50% from 2.1m in 2021 to 3.16m (target = 3m) Develop stronger and more strategic partnerships <ul style="list-style-type: none">The Group delivered 3,409 lease deals, the highest number of lease deals achieved in a year since inception which resulted in 98.9% occupancy (compared to 98.7% in 2021. This included 288 new partners, 134 of which were non retail Ensure more people, more often for longer <ul style="list-style-type: none">Visitation has grown by 16% with 480m customer visits in 2022 compared to 413m in 2021 (target = 430m)Customer NPS⁽ⁱ⁾ increased from 38 to 40 (target = 39)	15%	<div></div>		12.5%	12.5%	12.5%
Exercise of the Board's discretion In determining the CEO's and former CEO's performance against the measures in the scorecard, the Board made downward adjustments to several of the results that flowed from direct application of the measures in the scorecards. The percentages in the scorecard include the application of the Board's discretion.						
Total	100%				92%	91%

(i) Excludes Westfield Knox which is under development.

CFO scorecard

Our CFO is responsible for providing leadership, direction and management of our finance and accounting operations to support the long-term financial health of the Group.

Andrew Clarke was appointed CFO on 1 October 2022. Elliott Rusanow (the former CFO) ceased as CFO on 30 September 2022. The CFO scorecard is set by role and both Andrew and Elliott had the same scorecard for their respective periods as CFO.

	Weight	Threshold	Target	Maximum	CFO – % max STVR (125% of fixed remuneration)	Former CFO – % max STVR (150% of fixed remuneration)
Measure and commentary						
Financial (65% weighting)						
Lead the delivery of superior long-term risk adjusted returns to securityholders <i>Earnings growth and capital management focus on the delivery of financial results in the short-term, whilst operating (and acting inherently as key drivers of long-term value creation) with an emphasis on the long-term value interests of securityholders</i> <ul style="list-style-type: none">Operating profit was EBIT of \$1,752m was 14% higher than 2021 (10% weighting)Operating profit of \$1,022m, up 21% from 2021 (10% weighting)FFO of \$1,040m, up 21% from 2021 (10% weighting)	30%	<div></div>			30%	30%
Distribution <ul style="list-style-type: none">Distribution of 15.75 cents per security above guidance of 15 cents	25%	<div></div>		23%	23%	23%
Capital management <ul style="list-style-type: none">The Group delivered the highest level of cash collections since inception with gross cash collections of \$2,592m (compared to \$2,258m in 2021) resulting in net trade debtors being reduced by more than \$100m from \$186m at December 2021 to \$84m at December 2022Operating and leasing capital expenditure was managed 12% below target budget"A" grade Stable credit ratings maintained by S&P, Fitch and Moody's	10%	<div></div>		9%	9%	9%
Non Financial (35% weighting)						
Talent/Culture/Responsible Business <i>Acting as a responsible, sustainable business, and maintaining an effective risk culture, are critical to delivering sustainable, efficient, culturally and socially inclusive outcomes that deliver long-term value</i> <ul style="list-style-type: none">Successfully executed the succession plan for CFO replacement97% of key finance talent retainedIncreased gender diversity in senior finance leadership positions with five senior female leaders appointed in 2022 and the delivery and sponsorship of the Emerging Female Leadership ProgramDeveloped an integrated environmental plan and implemented the 2022 milestones relating to Energy, Waste and Water usage	20%	<div></div>		18%	18.5%	18.5%
Risk & Audit <ul style="list-style-type: none">Zero ineffective audit findings	5%	<div></div>		4.5%	4.5%	4.5%
Strategic initiatives <i>Our Ambition is to grow the business by becoming essential to people, their communities and businesses that interact with them</i> <ul style="list-style-type: none">Delivered refreshed individual strategic asset plans for all 42 Westfield destinationsSuccessfully delivered and implemented priority and planned technology initiatives, enhancing the digital experience for our customers, improving business engagement for our people and strengthening our digital and technology foundations	10%	<div></div>		8.5%	9%	9%
Exercise of the Board's discretion In determining the CFO's performance against the measures in the scorecard, the Board made downward adjustments to several of the results that flowed from direct application of the measures in the scorecards. The percentages in the scorecard include the application of the Board's discretion.						
Total	100%				93%	94%

Remuneration Report continued

Board discretion

As set out in the executive KMP scorecards, in reviewing performance against the scorecards, the Board applied its discretion and made downward adjustments to several of the results that flowed from direct application of the measures in the scorecards. This resulted in STVR outcomes which the Board believes appropriately balances the interests of the Group, securityholders and the executive KMP.

STVR outcomes

The achieved STVR outcomes for our executive KMP during the year are as follows:

	Maximum STVR \$	Achieved STVR \$	70% Cash component \$	30% Deferred equity \$	Achieved STVR (as a % of maximum STVR)	STVR not achieved (as a % of maximum STVR)
Executive KMP						
Elliott Rusanow ⁽ⁱ⁾	1,822,500	1,701,315	1,190,921	510,394	93%	7%
Andrew Clarke ⁽ⁱⁱ⁾	312,500	290,313	203,219	87,094	93%	7%
Former Executive KMP						
Peter Allen ⁽ⁱⁱⁱ⁾	2,250,000	2,056,500	1,439,550	616,950	91%	9%

- (i) The 2022 STVR for Elliott Rusanow has been prorated to reflect time in the CFO role from 1 January 2022 to 30 September 2022 and time in the CEO role from 1 October 2022 to 31 December 2022. Refer section 2.

(ii) The 2022 STVR for Andrew Clarke relates only to his time as a KMP (1 October 2022 to 31 December 2022). Refer section 2.

(iii) The 2022 STVR for Peter Allen relates only to his time as a KMP (1 January 2022 to 30 September 2022). Refer section 2. In addition to the amounts disclosed in the above table, Peter Allen will receive an additional \$500,000 (67% of maximum STVR opportunity) being the portion of the 2022 STVR that relates to his non executive KMP period of his employment from 1 October 2022 to 31 December 2022. \$350,000 (70%) will be paid as cash in February 2023 and the remaining \$150,000 (30%) will be deferred as performance rights that vest in December 2025.

Elliott Rusanow: 2022 STVR breakdown

As Elliott Rusanow was in the CFO role for nine months of 2022 and the CEO role for three months of 2022, a breakdown of his 2022 STVR has been provided below.

Role	Period in role	Maximum STVR \$	Maximum STVR (% fixed remuneration)	Achieved STVR \$	Achieved STVR (as a % of maximum STVR)
CFO	1 January 2022 to 30 September 2022	1,237,500	150%	1,160,775	94%
CEO	1 October 2022 to 31 December 2022	585,000	130%	540,540	92%
Total 2022 STVR		1,822,500	143%	1,701,315	93%

LTVR outcomes

(i) 2022 outcomes

No LTVR vested in 2022 as the 2019 LTVR failed to qualify for vesting and no LTVR was granted in 2020.

(ii) 2021 LTVR performance update (due for assessment and potential first tranche vesting at the end of 2023)

The 2021 LTVR has three measures: ROCE (50% weighting), relative TSR (30% weighting) and strategic measure (20% weighting).

A summary of the outcomes of the 2021 LTVR for ROCE and the relative TSR measures is set out below.

Measures	Year 1 – 2021 outcome	Year 2 – 2022 outcome	Year 3 – 2023 outcome
ROCE			
ROCE is and remains an important long-term measure of how the executive leadership team generates returns on securityholder equity through a combination of improving earnings and capital management.	Target: 13.13%	Target: 8.45%	Will be determined at the end of 2023 and disclosed in the 2023 Annual Financial Report
Under the 2021 LTVR, the ROCE hurdle is measured in annual periods for 2021, 2022 and 2023 respectively. The final vesting outcome will be assessed in 2023 and remains subject to a minimum gateway hurdle being met. (For this gateway to be met, ROCE in 2023 will need to be within a range of 8.6% to 9.0%). The potential maximum vesting of the ROCE hurdle is capped at 125%.	Result: 7.87%	Result: 9.41%	
	Year 1 of the ROCE hurdle will not vest as it did not meet the 2021 ROCE hurdle	Subject to the gateway hurdle being met, this will result in the ROCE hurdle for year 2 vesting at 125%	
Relative TSR			
The relative TSR measure is based on a customised benchmarking index comprising domestic REITs most closely aligned to the Group's business.	Year 1 of the relative TSR hurdle will qualify for vesting at 112.5% at the end of 2023	The Group's total return was (4.20%) relative to the benchmark index total return of 5.04%. Accordingly, year 2 of the relative TSR hurdle will not vest.	Will be determined at the end of 2023 and disclosed in the 2023 Annual Financial Report
Under the 2021 LTVR, the relative TSR measure is assessed in annual periods for 2021, 2022 and 2023. The final vesting outcome will be assessed in 2023.			

The Group's strategic measure under the 2021 LTVR comprises long-term goals including our customer, retail and brand strategies and innovation of our Westfield destinations as described in the 2021 Remuneration Report and will be assessed at the end of 2023.

(iii) 2022 LTVR

As disclosed in the 2021 Annual Financial Report, the three measures under the 2021 LTVR were retained but in response to securityholder feedback, the weighting of the ROCE measure was increased to 60% and the weighting of the strategic measure reduced to 10%. The relative TSR measure remained at 30%.

From 2022, the performance period for each LTVR measure is three years.

The performance period for each measure is three years (to be assessed at the end of 2024).

As noted in section 8, the Group does not publish details of the ROCE measure prior to the year in which it will be tested (year three, being 2024) as this would result in the disclosure of commercially sensitive information in connection with the Group's forecast of growth in Operating profit. The level of achievement against the ROCE measure for the 2022 LTVR will be published in the Group's 2024 Annual Financial Report.

However, for the ROCE measure of the 2022 LTVR to qualify for vesting, in 2024 ROCE of at least 8.83% (representing growth of at least 12.18% over 2021 ROCE of 7.87%) will need to be achieved to qualify for the minimum vesting percentage of 50%. The ROCE hurdle will fail to qualify for any level of vesting if 2024 ROCE is below 8.83%.

Details of the 2022 LTVR are explained in section 8.

Remuneration Report continued

6 2022 remuneration received

The table below sets out the 2022 remuneration received by our executive KMP and relates to the period in which they were KMP.

The table presents:

- Fixed remuneration for 2022.
- Cash STVR: the 2022 cash amount earned and paid under the STVR and attributable to 2022 performance.
- Deferred STVR: the market value at vesting of the deferred STVR from prior years that vested in 2022. This was satisfied by the delivery of Group securities.
- LTVR: No LTVR vested in 2022.

Accordingly, this table differs from the tables in sections 7 (executive KMP statutory remuneration) and 12 primarily due to differences in the accounting treatment of security-based (deferred) payments, which are described in sections 7 and 12 below.

	Year	Fixed remuneration ⁽ⁱ⁾ \$	Cash STVR \$	Total cash \$	Deferred STVR/LTVR which vested during the year ^{(ii)(iii)(iv)} \$	Total actual remuneration received \$	Deferred LTVR which failed to vest during the year ^{(ii)(iii)(iv)} \$
Executive KMP							
Elliott Rusanow ^(v)	2022	1,275,000	1,190,921	2,465,921	267,644	2,733,565	–
	2021	1,100,000	716,100	1,816,100	–	1,816,100	(1,315,779)
Andrew Clarke ^(vi)	2022	250,000	203,219	453,219	25,041	478,260	–
Former Executive KMP							
Peter Allen ^(vii)	2022	1,500,000	1,439,550	2,939,550	475,677	3,415,227	–
	2021	2,000,000	1,365,000	3,365,000	617,421	3,982,421	(3,708,116)

(i) For 2022, fixed remuneration is inclusive of \$23,568 of statutory superannuation for Elliott Rusanow, \$5,892 for Andrew Clarke and \$17,676 for Peter Allen. For 2021, fixed remuneration is inclusive of \$21,694 of statutory superannuation both for Elliott Rusanow and Peter Allen.

(ii) The value of the deferred STVR/LTVR which vested is calculated using the volume weighted average price (VWAP) of a stapled security over 10 ASX trading days prior to 15 December of the relevant year in which vesting is assessed. The value of the deferred LTVR which failed to vest is the market value of grant which is calculated using the VWAP of a stapled security over 10 ASX trading days prior to 15 December 2018.

(iii) The deferred STVR which vested during the year was the 2020 STVR. For 2021, the deferred STVR which vested was the 2019 STVR. The market value of grant of the deferred component of the 2020 STVR for the CEO was \$350,941 (2021: \$Nil) and for the CFO was \$131,336.

(iv) LTVR was not granted in 2020. For 2021, the 2019 LTVR did not vest. As a result, no LTVR vested in 2022.

(v) 2022 fixed remuneration and cash STVR for Elliott Rusanow has been prorated to reflect time in the CFO role from 1 January 2022 to 30 September 2022 and time in the CEO role from 1 October 2022 to 31 December 2022.

(vi) 2022 remuneration for Andrew Clarke relates only to his time as executive KMP (1 October 2022 to 31 December 2022).

(vii) 2022 remuneration for Peter Allen relates only to his time as executive KMP (1 January 2022 to 30 September 2022).

7 2022 Statutory remuneration for executive KMP

The table below sets out the 2022 statutory remuneration for our executive KMP and includes (under security-based payments) an apportioned accounting value of all performance rights granted under the STVR and LTVR plans prior to or in 2022 as well as the retention awards granted in 2020. The apportionment represents the proportion of grants that are attributable to the relevant executive's service in 2022. The fair value of the STVR and 2020 retention awards has been calculated using the Black Scholes pricing method. This method has also been used to calculate the fair value of the ROCE and strategic measure components of the LTVR. The fair value of the relative TSR component of the LTVR has been calculated using the Monte Carlo simulation. Further details of the accounting treatment of awards are set out in Note 30 to the financial statements. The STVR, LTVR and 2020 retention awards held by the executive KMP as at 31 December 2022 are set out in section 12.

	Year	Short term benefits				Security based payments ⁽ⁱⁱ⁾	Other long-term benefits	Termination benefits	Total remuneration
		Base salary	Cash STVR	Other short term benefits ⁽ⁱ⁾	Super-annuation	Equity			
Executive KMP									
Elliott Rusanow ⁽ⁱⁱⁱ⁾	2022	1,251,432	1,190,921	12,436	23,568	1,408,340 ^(vi)	—	—	3,886,697
	2021	1,078,306	716,100	73,404	21,694	1,010,231	—	—	2,899,735
Andrew Clarke ^(iv)	2022	244,108	203,219	9,038	5,892	135,932 ^(vi)	—	—	598,189
Former Executive KMP									
Peter Allen ^(v)	2022	1,482,324	1,439,550	—	17,676	6,553,669	—	2,000,000	11,493,219
	2021	1,978,306	1,365,000	25,769	21,694	2,547,680	—	—	5,938,449

(i) Comprising annual leave and long service leave entitlements.

(ii) Refer to the tables at section 12 for details of rights held by executive KMP under the STVR and LTVR plans and 2020 retention awards.

(iii) 2022 remuneration for Elliott Rusanow has been prorated to reflect time in the CFO role from 1 January 2022 to 30 September 2022 and time in the CEO role from 1 October 2022 to 31 December 2022.

(iv) Andrew Clarke was appointed to the CFO role on 1 October 2022 and remuneration reflects time as KMP.

(v) Peter Allen stepped down as CEO on 30 September 2022 and will retire from the Group on 30 September 2023. His remuneration reflects his time as executive KMP (1 January 2022 to 30 September 2022). Peter Allen has performance rights that will vest in 2023, 2024 and 2025. The amortisation of all his performance rights has been accelerated for accounting purposes in the 2022 financial year as a result of his retirement. This means that additional accounting expense for each unvested award that would have ordinarily been included in future year disclosures has been reflected in security based payments. Any unvested awards that remain on foot are subject to the original performance conditions and will be tested at the relevant testing date. In accordance with his contractual arrangements, he will also receive a termination benefit, being a payment equivalent to 12 months fixed remuneration of \$2,000,000 on his retirement (severance). The disclosed cash STVR includes nine months remuneration for the period Peter Allen was executive KMP. A further \$350,000 (not included in the above table but which has been expensed in 2022) will be paid to Peter Allen in February 2023 being the cash portion of his 2022 STVR for the non executive KMP period of his employment from 1 October 2022 to 31 December 2022. While employed by the Group in a non executive KMP role Peter Allen will continue to receive fixed remuneration of \$2,000,000 per annum which is in addition to the amounts disclosed in the above table and has been expensed in 2022.

(vi) Includes: (i) deferred equity under the STVR for all periods up to and including 2022; and (ii) the apportioned value for unvested retention awards granted in 2020 and LTVR granted in 2022 and 2021, which excludes the 2021 ROCE component of LTVR which did not vest.

The security based payment expense for Peter Allen has been accelerated for accounting purposes in 2022 as a result of his retirement. This means that additional accounting expense for each unvested award that would have ordinarily been included in future year disclosures has been reflected in the 2022 security based payment value.

Any unvested awards that remain on foot are subject to the original performance conditions and will be tested at the relevant testing date.

More than 50% of the security based payment value relates to the accounting expense for the 2021 and 2022 LTVR awards which are scheduled to vest in December 2023, 2024 and 2025, subject to the achievement of performance hurdles. The security based payment value assumes 100% achievement, with the exception of the 2021 ROCE hurdle which did not vest, whereas the actual result may be zero.

Refer to section 6 for the remuneration received by executive KMP in 2022.

Remuneration Report continued

8 2022 STVR and LTVR plans

The Group’s Performance Rights Plan (PRP) governs the grants of awards of deferred equity under the STVR and LTVR plans, as well as the retention awards granted in 2020.

Having a common set of rules enables the grant of deferred equity under those plans to be administered on a consistent basis across participating executives.

(a) STVR plan

Element	Description
What is the purpose of the STVR plan?	To reward the achievement of Board-approved financial and non-financial measures that align to the Group’s strategy and reflect the four pillars of our responsible business framework: community, people, environment and economic performance and so align with Our Ambition.
How is the STVR delivered?	Delivered through a combination of cash and performance rights. 70% of the achieved STVR is paid in cash following the end of the year of grant and 30% of the achieved STVR is delivered as performance rights which (subject to service requirements) vest at the end of year three after the grant date (being two years after the end of the year of grant).
What are the performance measures for the 2022 STVR?	As detailed above in section 5, the Board set a range of financial and non-financial performance measures for the executive KMP which are considered stretching but achievable. These measures reflect the four pillars of our responsible business framework. For our executive KMP the percentage allocation to financial measures between the CEO and CFO is 65% in each case, with 35% weighted towards strategically aligned non-financial measures. The Board has an overriding discretion to adjust its performance assessments to reflect circumstances, events and outcomes which it considers relevant to performance.
What is the maximum STVR opportunity as a percentage of fixed remuneration?	Elliott Rusanow, CEO: 130% Andrew Clarke, CFO: 125% Former CEO: 150% Former CFO: 150%
How is Board discretion applied?	The Board has overarching discretion on STVR awards. Selected performance measures and formulaic calculations may not provide the right remuneration outcome in every situation, leading to occasions where the formulaic outcome does not reflect true performance and overall contributions of the executive or appropriately reflect securityholder outcomes. It is at this point that discretion becomes necessary, such that the Board can adjust outcomes up or down as warranted.

(b) LTVR plan

Element	Description												
What is the purpose of the LTVR plan?	To ensure a strong link to the long-term performance of the Group, the creation of securityholder value and to act as a retention tool.												
How is the LTVR delivered?	Delivered as performance rights that vest in tranches (50% at the end of year 3 and 50% at the end of year 4 (with year 1 being the end of the year of grant)) if performance hurdles and service requirements are achieved.												
What is the LTVR opportunity at grant as a percentage of fixed remuneration?	Former CEO: 155% (prorated for the period as executive KMP) Former CFO: 100% From 2023, the CEO’s maximum LTVR opportunity is 175% and the CFO’s is 115%.												
What are the performance measures for the 2022 LTVR?	For 2022 the hurdles were: 1. ROCE (60% weighting) 2. Relative TSR (30% weighting) 3. Strategic measure (10% weighting).												
What is the performance period?	Each of the performance measures will be assessed at the end of a three-year performance period (at the end of 2024).												
Why was ROCE chosen and how is it assessed?	ROCE is and remains an important long-term measure of how the executive leadership team generates returns on securityholder equity through a combination of improving earnings and capital management. The Group’s ROCE is a two-factor measurement and is calculated by applying Operating profit for the relevant financial year as a percentage of the Group’s weighted average contributed equity during the year of calculation. By combining two different performance measures, the ROCE measure is aligned to the level of returns generated on securityholder equity through a combination of improving earnings and capital management. The Group does not publish details of the ROCE hurdle prior to the year in which it is tested (year 3) as this would result in the disclosure of commercially sensitive information in connection with the Group’s forecast of growth in Operating profit. However, for the ROCE measure of the 2022 LTVR to qualify for vesting, in 2024 ROCE of at least 8.83% (representing growth of at least 12.18% over 2021 ROCE of 7.87%) will need to be achieved to qualify for the minimum vesting percentage of 50%. The ROCE hurdle will fail to qualify for any level of vesting if ROCE in 2024 is below 8.83%. The ROCE hurdle will be achieved at 100% if the ROCE target is met or (from 2023) exceeded.												
Why was relative TSR chosen and how is it assessed?	The relative TSR measure is based on a customised benchmarking index (Index) comprising domestic REITs most closely aligned to the Group’s business with weightings based on the relative market capitalisation of the retail peer group as at the commencement of the measurement period. The members of the retail peer group are principally Vicinity, Region Group, Charter Hall Retail REIT and HomeCo Daily Needs REIT, with GPT and Dexu s included in the Index at weightings of 10% each. The measure will compare the Group’s performance relative to the Index. The Board considers this measure as appropriate as LTVR awards will only fully vest where the Group’s TSR performance is competitive with those generated by the comparator group over the performance period. A graduated scale of vesting applies in respect of the 2022 LTVR relative to the Group’s performance against the Index: <table><tr><th colspan="2">Cumulative 3-year measurement</th></tr><tr><th>Performance vs Benchmarking Index</th><th>Proportion vesting</th></tr><tr><td>>6% above Index</td><td>100%</td></tr><tr><td>>Index and <6% above Index</td><td>Linear scale up to 99.9%</td></tr><tr><td>Equal to Index</td><td>50%</td></tr><tr><td>Less than Index</td><td>0%</td></tr></table>	Cumulative 3-year measurement		Performance vs Benchmarking Index	Proportion vesting	>6% above Index	100%	>Index and <6% above Index	Linear scale up to 99.9%	Equal to Index	50%	Less than Index	0%
Cumulative 3-year measurement													
Performance vs Benchmarking Index	Proportion vesting												
>6% above Index	100%												
>Index and <6% above Index	Linear scale up to 99.9%												
Equal to Index	50%												
Less than Index	0%												

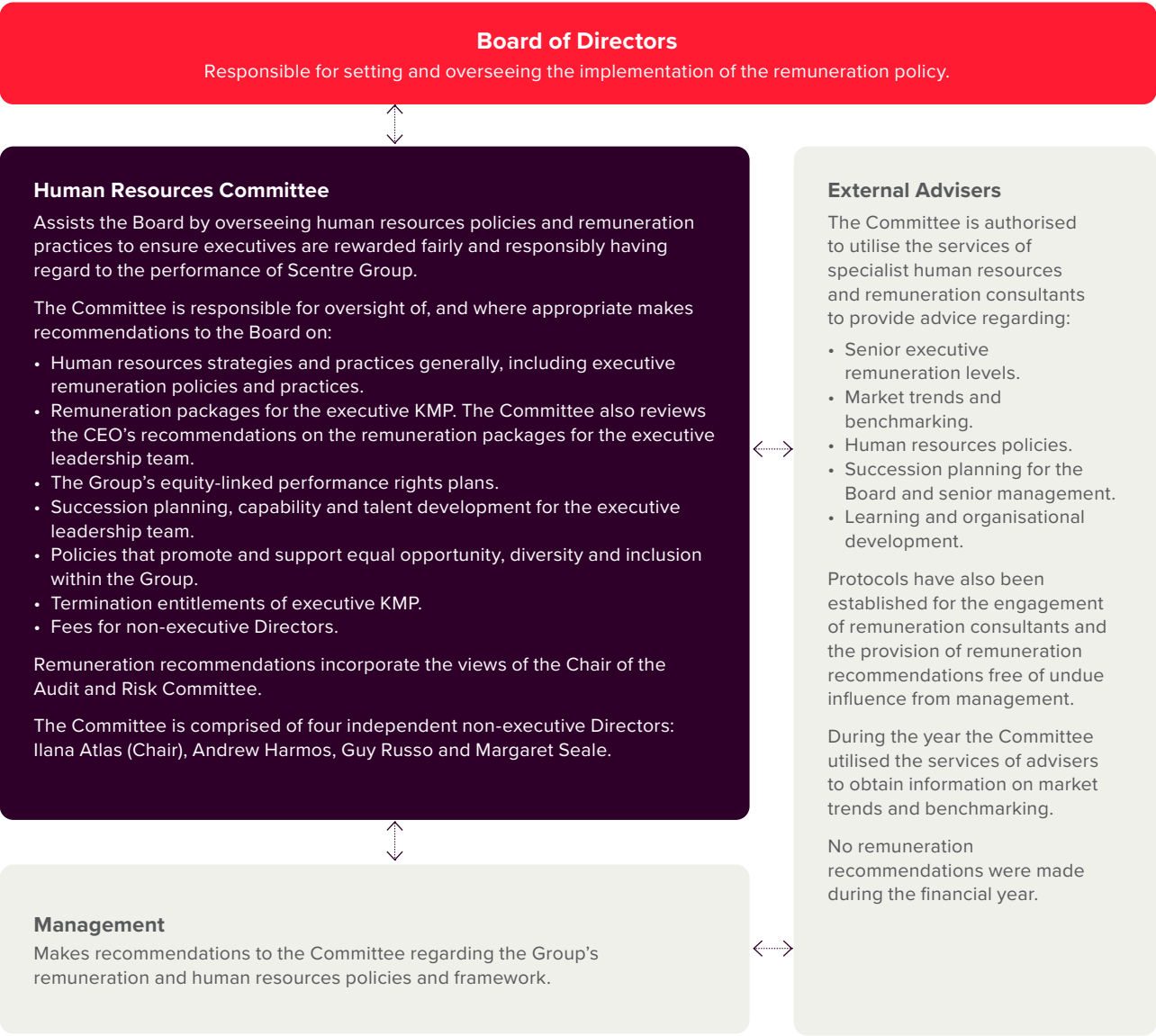
Remuneration Report continued

Element	Description								
Why was the strategic measure chosen and how is it assessed?	Our Plan We create the places more people choose to come, more often, for longer.								
	Our Ambition To grow the business by becoming essential to people, their communities and businesses that interact with them. The strategic measures comprise long-term goals including our customer, retail and brand partners' strategies and innovation of our Westfield destinations that align with our Plan and our Ambition. At the end of the three-year performance period, performance will be assessed. Examples of the targets/goals we will consider when assessing performance are outlined in the table below.								
	<table><tr><th>Strategic Category</th><th>Measure</th><th>Reason for selection</th></tr><tr><td>Access to customers – more people, more often, for longer</td><td>Increase by at least 10% the total number of customer visitations, and time dwell across our portfolio of Westfield destinations compared to the base year of the LTVR, being 2021</td><td>Initiatives that expand and improve the quality and scale of our Westfield destinations in order to enhance customer satisfaction and retention and ultimately grow our market share</td></tr><tr><td>Business partner engagement – essential to businesses that interact with people</td><td>Increase the number of categories and introduce at least 400 new brands that operate across the portfolio of Westfield destinations compared to the base year of the LTVR, being 2021</td><td>Expanding our brand portfolio will enhance the customer experience and business partner engagement, as a key driver of our success and long-term value creation</td></tr></table> As noted on page 47 “Changes to the 2023 LTVR”, the Board determined to remove the strategic measure with effect from the 2023 financial year.	Strategic Category	Measure	Reason for selection	Access to customers – more people, more often, for longer	Increase by at least 10% the total number of customer visitations, and time dwell across our portfolio of Westfield destinations compared to the base year of the LTVR, being 2021	Initiatives that expand and improve the quality and scale of our Westfield destinations in order to enhance customer satisfaction and retention and ultimately grow our market share	Business partner engagement – essential to businesses that interact with people	Increase the number of categories and introduce at least 400 new brands that operate across the portfolio of Westfield destinations compared to the base year of the LTVR, being 2021
Strategic Category	Measure	Reason for selection							
Access to customers – more people, more often, for longer	Increase by at least 10% the total number of customer visitations, and time dwell across our portfolio of Westfield destinations compared to the base year of the LTVR, being 2021	Initiatives that expand and improve the quality and scale of our Westfield destinations in order to enhance customer satisfaction and retention and ultimately grow our market share							
Business partner engagement – essential to businesses that interact with people	Increase the number of categories and introduce at least 400 new brands that operate across the portfolio of Westfield destinations compared to the base year of the LTVR, being 2021	Expanding our brand portfolio will enhance the customer experience and business partner engagement, as a key driver of our success and long-term value creation							
Can LTVR grants be increased in light of performance conditions?	<p>As noted above, the number of securities that will be delivered on vesting is based on a graduated scale dependent on performance against metrics set at the time of grant. Actual performance can result in a decrease to zero or an increase in the number of securities that can be delivered on vesting, subject to a cap for awards in periods up to and including the 2022 financial year.</p> <p>The ROCE hurdle will be achieved at 100% if the ROCE target is met. The potential maximum vesting of the ROCE hurdle for awards in periods up to and including the 2022 financial year is capped at 125%.</p> <p>From 2023, the maximum vesting opportunity for the ROCE hurdle will be capped at 100%.</p>								

- From 2023:
- the CEO’s maximum LTVR opportunity is 175% of fixed remuneration and the CFO’s is 115% of fixed remuneration
 - the maximum vesting opportunity for the ROCE hurdle is capped at 100%.

9 Remuneration governance framework

Our governance framework is described below.



Remuneration Report continued

(a) Minimum securityholding

Our executive KMP and non-executive Directors are required to maintain a minimum holding of securities.

Executive KMP are required to maintain a minimum holding of securities that is equal to one year of their fixed remuneration (before tax). New executive KMP have three years to meet the requirement from the date of appointment. Performance rights are not included in the calculation of the minimum holding of securities.

To underpin the alignment of Directors and securityholders, non-executive Directors are required to maintain a minimum holding of securities equal to one year’s base board fees. New non-executive Directors have three years from the date of appointment to meet this requirement. Other than Steve McCann, who was appointed on 1 November 2022, all non-executive Directors have met the requirement based on the relevant security price at the date of introduction of the policy or subsequent acquisition.

Details of non-executive Director and executive KMP securityholdings are set out below.

2022 Non-Executive Director securityholdings

	Securities held at beginning of financial year	Other net changes to securities	Securities held at end of financial year
Non-Executive Directors			
Brian Schwartz	165,861	–	165,861
Ilana Atlas	80,856	–	80,856
Catherine Brenner (appointed 1 March 2022)	–	100,000	100,000
Andrew Harnos ⁽ⁱ⁾	147,897	(20,000)	127,897
Michael Ihlein	48,048	–	48,048
Carolyn Kay	57,000	–	57,000
Stephen McCann (appointed 1 November 2022)	–	–	0
Guy Russo	145,000	–	145,000
Margaret Seale	56,750	–	56,750
Michael Wilkins	100,000	–	100,000
Former Non-Executive Directors			
Steven Leigh (retired on 7 April 2022)	96,316	–	N/A

(i) The disposal of securities relates to a sale by an unrelated trust of which Andrew Harnos is a trustee. He does not have any interest in the securities, other than in the capacity of trustee, and is not a beneficiary of the trust.

2022 Executive KMP securityholdings

	Securities held at beginning of financial year	Securities received during the financial year ⁽ⁱ⁾	Other net changes to securities ⁽ⁱⁱ⁾	Securities held at end of financial year
Executive KMP				
Elliott Rusanow	370,918	91,265	100,000	562,183
Andrew Clarke	145,716	34,155	–	179,871
Former Executive KMP				
Peter Allen (stepped down as Managing Director/CEO on 30 September 2022)	6,288,144	–	–	N/A

(i) Securities received on vesting of performance rights.
(ii) On-market acquisition of securities.

(b) Approval of CEO’s grant of equity-based performance rights under the STVR and LTVR

The Group is not required to seek securityholder approval to the grant of performance rights to the CEO as the Group does not issue new securities but settles the rights by the transfer of securities that have been acquired on-market. However, the Board has determined to seek securityholder approval to the grant of performance rights to be satisfied by the transfer (not issue) of securities. The proposed grant of the 2023 performance rights to the CEO will be sought at the AGM on 5 April 2023.

(c) Clawback, malus and other governance provisions

The PRP plan contains provisions for the lapsing of unvested rights in several circumstances including if an executive engages in any act or omission constituting serious misconduct or where the Group forms the opinion, based on reasonable grounds, that the executive has committed any fraud, dishonesty or defalcation in relation to the Group or where the executive engages in other conduct which in the reasonable opinion of the Group will prejudice or injure the reputation of the executive or the reputation or business of any Group member.

Performance rights do not vest automatically because of a control transaction or a corporate restructuring. In relation to control transactions, the Board retains the discretion to accelerate the vesting date for rights issued under the plans in such circumstances.

Participants in the plans are prohibited from entering into hedging arrangements in respect of unvested rights (or rights the subject of a holding lock) in any plan.

(d) Consequence management

Our Code of Conduct and our DNA guide the way that our employees are expected to conduct themselves on a day-to-day basis and there are consequences for anyone who fails to meet these standards. Consequences include

requirements to undergo further training, adjustments to performance-based remuneration, impact on promotion, formal warnings and termination. In 2022, there were 36 substantiated incidents that resulted in formal consequences. In summary:

- for 15 matters, termination was the outcome, including two senior Managers
- for 5 matters, the employees exited the business prior to the breach being identified or during the course of the investigation
- for 14 matters, there were 13 written warnings and one verbal warning
- one matter resulted in mediation between employees
- one matter identified leadership gaps with a plan in place to address the gaps.

We also have a Supplier Code of Conduct through which we seek to encourage and, where appropriate, mandate requirements to help us and our suppliers in conducting business in a safe, accountable and equitable manner. How we deal with matters raised with us in connection with our suppliers and their employees will be addressed in our 2022 Modern Slavery Statement to be released in March 2023.

10 Executive KMP service agreements

The key terms of the service agreements for our executive KMP are summarised below. The service agreements are not fixed term, but may be terminated on notice by either the employer or the executive KMP. The notice period for each of the CEO and CFO is 12 months. The Group may elect to pay the executive KMP in lieu of working out some or all of their notice period.

In the event the CEO’s service agreement is terminated, the CEO will be subject to non-solicitation and non-compete restraints of:

- 24 months: in the event of retirement
- 12 months: in the event of resignation (other than retirement), and any termination by the Group (other than redundancy) reduced to the extent of any Group directed garden leave.

Remuneration Report continued

Set out below is a summary of the treatment of the STVR/LTVR and 2020 retention awards on an executive KMP leaving the Group’s employment. Accrued statutory entitlements will be paid on termination.

Event	Treatment of STVR (cash)	Treatment of STVR and LTVR ⁽ⁱ⁾ (deferred equity)	Treatment of 2020 retention awards (deferred equity) ⁽ⁱⁱ⁾
Resignation and termination for cause	Payment of a pro rata bonus for the relevant year may be considered for resignation	All unvested entitlements under the Group’s performance rights plan will lapse	All unvested retention awards will lapse
Redundancy or termination by the Group (other than for cause)	Pro rata performance bonus to the date of termination	<ul style="list-style-type: none">All unvested performance rights will lapse if redundancy or termination occurs within six months of the grant date, or within one year prior to the end of the performance periodOtherwise, performance rights will vest on a pro rata basis with reference to the period the participant ceases to be an executive and the end of the performance period	<ul style="list-style-type: none">Where redundancy or termination occurs within one year prior to the end of the retention period all retention awards will vestOtherwise, retention awards will vest on a pro rata basis with reference to the period the participant ceases to be an executive and the end of the retention period
Death or permanent disability	Pro rata performance bonus	Full vesting of outstanding performance rights	All retention awards will vest on a pro rata basis with reference to the period the participant ceases to be an executive and the end of the retention period
Retirement ⁽ⁱⁱⁱ⁾	Pro rata performance bonus	Participants will continue in the plans until the date of vesting in respect of performance rights granted at least six months prior to the date of retirement If continued participation is not permitted under the terms of the plan, the participant is entitled to a cash payment from the Group equivalent to the amount that would have been received had the participant been permitted to continue in the plan	Where a participant retires: <ul style="list-style-type: none">Prior to the expiry of the retention period, all unvested retention awards will lapseAfter the expiry of the retention period, the retention awards will be eligible to vest on the vesting dates

(i) Excluding any rights or awards that have lapsed because of a failure to meet a performance hurdle.
(ii) The retention awards were a one-off grant in 2020. The Board does not intend to make further grants of retention awards in the future.
(iii) Where an executive has reached the age of 55 years or the aggregate of the age of the participant and the number of years in service is equal to or greater than 70 and, in each case, the executive has at least five years continuous service. As permitted by law, the Group imposes a requirement that, following retirement, the executive complies with certain continuing non-compete obligations which, if not satisfied, will result in forfeiture of all unvested rights.

11 Non-Executive Director arrangements

Non-Executive Director fees

Non-executive Directors receive a base fee for being a Director of the Board, and additional fees for either chairing or being a member of a Board Committee. The fees are inclusive of superannuation guarantee contributions. No other bonuses or benefits are paid either during the tenure of a non-executive Director or on retirement. Non-executive Directors do not participate in the Group’s STVR or LTVR plans.

The remuneration of non-executive Directors is determined by the Board (within a total limit set by securityholders) acting on recommendations made by the Human Resources Committee.

In making recommendations to the Board, the Human Resources Committee considers independent advice on trends in non-executive director remuneration.

The current maximum aggregate fee pool for non-executive Directors is \$3.5 million. There has been no change to the fee pool since the Group was established. The annual total of non-executive Director fees is within this limit.

The Chair of the Board is also the Chair of the Nomination Committee and does not receive additional fees for this role.

Board fees	Chair	Non-executive Director
Board	\$717,500	\$210,125
Committee Fees	Chair	Committee member
Audit and Risk Committee	\$60,000	\$40,000
Human Resources Committee	\$60,000	\$40,000
Nomination Committee	\$15,000	Nil ⁽ⁱ⁾

(i) Since 24 May 2022, no fees are payable to non-executive Directors as members of the Nomination Committee. The prior fee was \$10,000 per annum per member. All non-executive Directors now serve on this Committee for no additional fee.

Remuneration Report continued

2022 Statutory remuneration for Non-Executive Directors

The table below sets out the statutory remuneration of the non-executive Directors for 2022. The Board has determined that no changes will be made to Board or Committee fees for 2023.

	Year	Board fees \$	Committee fees \$	Superannuation \$	Total remuneration \$
Non-Executive Directors					
Brian Schwartz	2022	693,070	–	24,430	717,500
	2021	694,869	–	22,631	717,500
Iana Atlas	2022	191,278	50,705	24,430	266,413
	2021	113,060	22,933	13,449	149,442
Catherine Brenner (appointed 1 March 2022)	2022	159,602	21,146	18,599	199,347
Andrew Harmos	2022	191,208	47,773	23,644	262,625
	2021	201,286	67,055	11,784	280,125
Michael Ihlein	2022	205,277	62,464	6,323	274,064
	2021	201,286	67,055	11,784	280,125
Carolyn Kay	2022	199,501	37,978	12,646	250,125
	2021	200,225	38,116	11,784	250,125
Stephen McCann (appointed 1 November 2022)	2022	31,693	–	3,328	35,021
Guy Russo	2022	191,428	21,156	21,783	234,367
	2021	191,459	–	18,666	210,125
Margaret Seale	2022	190,553	36,274	23,298	250,125
	2021	200,806	48,651	11,577	261,034
Michael Wilkins	2022	205,111	39,045	5,969	250,125
	2021	212,701	26,666	–	239,367
Former Non-Executive Director					
Steven Leigh (retired 7 April 2022)	2022	51,372	9,779	6,343	67,494
	2021	190,719	36,306	23,100	250,125

12 Equity awards held by executive KMP

The following tables set out the STVR, LTVR and retention awards held by the executive KMP as at 31 December 2022. Calculation of the fair value of the awards is explained in section 7.

(a) STVR plan

	Effective date of grant	No. granted	Fair value at grant \$	Market value of grant ⁽ⁱ⁾ \$	Vesting date	% Vested	Market value as at 31 December 2022 ⁽ⁱⁱ⁾ \$
Executive KMP							
Elliott Rusanow	1 Jan 2020	91,265	294,786	350,941	15 Dec 2022	100%	N/A
	1 Jan 2021	99,196	246,006	283,830	15 Dec 2023	–	285,684
	1 Jan 2022	99,672	266,124	306,900	16 Dec 2024	–	287,055
Total		290,133	806,916	941,671			572,739
Andrew Clarke	1 Jan 2020 ⁽ⁱⁱⁱ⁾	34,155	110,321	131,336	15 Dec 2022	100%	N/A
	1 Jan 2021 ⁽ⁱⁱⁱ⁾	34,701	86,058	99,290	15 Dec 2023	–	99,939
	1 Jan 2022 ⁽ⁱⁱⁱ⁾	32,152	85,846	98,999	16 Dec 2024	–	92,598
Total		101,008	282,225	329,625			192,537
Former Executive KMP							
Peter Allen	1 Jan 2020	216,271	698,555	831,627	15 Dec 2022	100%	N/A
	1 Jan 2021	198,392	492,012	567,659	15 Dec 2023	–	571,369
	1 Jan 2022	189,991	507,276	585,001	16 Dec 2024	–	547,174
Total		604,654	1,697,843	1,984,287			1,118,543

(i) The market value of grant is based on the volume weighted average price of a stapled security over 10 ASX trading days prior to 15 December in the relevant year of grant.

(ii) The market value as at 31 December 2022 is based on the closing price of Scentre Group securities on that day of \$2.88. Values are not included for rights that vested on 15 December 2022 as these were no longer on issue at 31 December.

(iii) These awards were granted to Andrew Clarke in respect of his Director, Finance and Capital Markets role prior to becoming a KMP from 1 October 2022.

Remuneration Report continued

(b) LTVR plan

	Effective date of grant	No. granted	Fair value at grant \$	Market value of grant ⁽ⁱ⁾ \$	Vesting date	% Vested	Market value as at 31 December 2022 ⁽ⁱⁱ⁾ \$
Executive KMP							
Elliott Rusanow	1 Jan 2021	220,436	508,325	630,734	15 Dec 2023	–	634,856
		229,840	512,314	657,641	15 Dec 2024	–	661,939
	1 Jan 2022	246,501	578,292	759,001	16 Dec 2024	–	709,923
		246,500	553,886	758,998	15 Dec 2025	–	709,920
Total		943,277	2,152,817	2,806,374			2,716,638
Andrew Clarke	1 Jan 2021 ⁽ⁱⁱⁱ⁾	80,159	184,846	229,359	15 Dec 2023	–	230,858
		83,578	186,296	239,142	15 Dec 2024	–	240,705
	1 Jan 2022 ⁽ⁱⁱⁱ⁾	97,431	228,573	300,000	16 Dec 2024	–	280,601
		97,431	218,927	300,000	15 Dec 2025	–	280,601
Total		358,599	818,642	1,068,501			1,032,765
Former Executive KMP							
Peter Allen	1 Jan 2021	621,228	1,432,551	1,777,520	15 Dec 2023	–	1,789,137
		647,733	1,443,797	1,853,358	15 Dec 2024	–	1,865,471
	1 Jan 2022	377,545	885,721	1,162,499	16 Dec 2024	–	1,087,330
		377,545	848,344	1,162,499	15 Dec 2025	–	1,087,330
Total		2,024,051	4,610,413	5,955,876			5,829,268

(i) The market value of grant is based on the volume weighted average price of a stapled security over 10 ASX trading days prior to 15 December.
(ii) The market value as at 31 December 2022 is based on the closing price of Scentre Group securities of \$2.88 calculated by reference to the number of rights granted. These have not been adjusted for the 2022 LTVR outcomes for ROCE nor relative TSR outcomes for 2022.
(iii) These awards were granted to Andrew Clarke in respect of his Director, Finance and Capital Markets role prior to becoming a KMP from 1 October 2022.

(c) 2020 Retention awards

	Effective date of grant	No. granted	Fair value at grant \$	Market value of grant ⁽ⁱ⁾ \$	Vesting date ⁽ⁱⁱ⁾	% Vested ⁽ⁱⁱⁱ⁾	Market value as at 31 December 2022 ^(iv) \$
Executive KMP							
Elliott Rusanow	1 Sep 2020	463,049	847,380	1,000,001	15 Feb 2023	100%	1,333,581
		463,048	796,443	999,998	15 Feb 2024	–	1,333,578
Total		926,097	1,643,823	1,999,999			2,667,159
Andrew Clarke	1 Sep 2020 ^(v)	185,220	338,953	400,001	15 Feb 2023	100%	533,434
		185,219	318,577	399,999	15 Feb 2024	–	533,431
Total		370,439	657,530	800,000			1,066,865
Former Executive KMP							
Peter Allen	1 Sep 2020	825,000	1,509,750	1,781,670	15 Feb 2023	100%	2,376,000
		825,000	1,419,000	1,781,670	15 Feb 2024	–	2,376,000
Total		1,650,000	2,928,750	3,563,340			4,752,000

(i) The market value of grant is based on the volume weighted average price of a stapled security over five ASX trading days ended 1 September 2020.
(ii) The retention period for each of the CEO and CFO is from 1 September 2020 (grant date) to 15 February 2023 (Tranche 1) and 15 February 2024 (Tranche 2). The retention period for the former CEO is from 1 September 2020 (grant date) until 15 February 2023 for each of Tranche 1 and Tranche 2.
(iii) Tranche 1 of the retention awards vested on 15 February 2023. On vesting, 463,049 securities were delivered to the CEO, 185,220 securities to the CFO and 825,000 securities to the former CEO.
(iv) The market value as at 31 December 2022 is based on the closing price of Scentre Group securities on that day of \$2.88.
(v) This award was granted to Andrew Clarke in respect of his Director, Finance and Capital Markets role prior to becoming a KMP from 1 October 2022.

DIRECTORS' REPORT

General information

Other information

The following information, contained in other sections of this Annual Report, forms part of this Directors' Report including the Group's operational and financial review:

- 5 year results overview, page 4
- Our highlights, page 5
- Our strategy, pages 10 to 21.

The principal activities of the Group are the ownership, management, leasing and development of 42 Westfield destinations in Australia and New Zealand. There have been no significant changes to those activities during the year.

Dividends/distributions

On 28 February 2022 a distribution of 7.25 cents per security was paid to members in respect of the six-month period to 31 December 2021. This comprised an aggregate distribution from Scentre Group Trust 1, Scentre Group Trust 2, Scentre Group Trust 3 and a dividend from Scentre Group Limited.

On 31 August 2022 a distribution of 7.50 cents per security was paid to members in respect of the six-month period to 30 June 2022. This comprised an aggregate distribution from Scentre Group Trust 1 and Scentre Group Trust 2.

On 28 February 2023 a distribution of 8.25 cents per security will be paid to members in respect of the six-month period to 31 December 2022. This comprises an aggregate distribution from Scentre Group Trust 1, Scentre Group Trust 2 and a dividend from Scentre Group Limited. The breakdown of the component parts of the distribution are set out in Note 9 of the Financial Statements and in summary form on page 137 of this Annual Financial Report.

Matters subsequent to the year end

No event has occurred since the end of the year which would significantly affect the operations of the Group.

Environmental regulation

Environmental laws and regulations in force in the various jurisdictions in which we operate are applicable to areas of our operations and in particular to our development, construction and shopping centre management activities.

We have in place procedures to identify and comply with such requirements including complying with the conditions of relevant authority consents and approvals and obtaining any necessary licences. Our compliance procedures are regularly reviewed and audited and their application closely monitored and our approach to sustainability risks is outlined on pages 27 to 29.

ASX listing

ASX reserves the right (but without limiting its absolute discretion) to remove Scentre Group Limited, Scentre Group Trust 1, Scentre Group Trust 2 and Scentre Group Trust 3 from the official list of the 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.

Synchronisation of financial year

Carindale Property Trust is a consolidated entity of the Company and has a financial year ending on 30 June. By an order dated 27 June 2005 made by the Australian Securities and Investments Commission, the Directors of the Company have been relieved from compliance with the requirement to ensure that the financial year of Carindale Property Trust coincides with the financial year of the Company.

Rounding

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

Accordingly, the amounts shown in the Directors' Report, the Financial Statements and Notes to the Financial Statements have been rounded to the nearest tenth of a million dollars, unless otherwise indicated. Amounts shown as 0.0 represent amounts less than \$50,000 that have been rounded down.

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



Brian Schwartz AM
Chair

22 February 2023



Michael Ihlein
Director

Independent Auditor’s Report

To the members of Scentre Group Limited



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Report on the audit of the financial report

Opinion

We have audited the financial report of Scentre Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated balance sheet as at 31 December 2022, the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors’ declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor’s responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Shopping Centre Investment Property Portfolio – Carrying values and revaluations

Why significant	How our audit addressed the key audit matter
<p>The Group holds economic interests in shopping centre investment properties which are carried at a fair value of \$35.0 billion at 31 December 2022. These include shopping centres recorded directly in the consolidated balance sheet as investment properties and indirectly through equity accounted investments, as disclosed in Note 2 of the financial report. Collectively they represent 94% of total assets.</p> <p>Fair values were determined by the Group at the end of the reporting period with reference to the latest external independent property valuations and market conditions existing at the reporting date. Changes in fair value are recognised in the income statement.</p> <p>We considered this to be a key audit matter as property valuations are based on certain assumptions, such as capitalisation rates, market rent, occupancy levels, re-leasing and capital expenditure, which are judgmental in nature. Minor changes in certain assumptions can lead to significant changes in the valuation.</p> <p>We draw attention to Notes 4 and 5 of the financial report which discloses the accounting policy for these assets and sensitivities to changes in the key assumptions that may impact these valuations.</p>	<p>Our audit procedures included the following for both properties held directly and through equity accounted investments:</p> <ul style="list-style-type: none">• We discussed the following matters with management:<ul style="list-style-type: none">– Movements in the Group’s investment property portfolio;– Changes in the condition of each property, including an understanding of key developments and changes to development activities; and– Changes in the Group’s investment property portfolio including understanding leasing activity and tenant occupancy risk.• We assessed the effectiveness of the Group’s controls over the leasing process and associated schedule of tenancy reports, which are used as source data in the property valuations, by testing a sample of the relevant controls.• On a sample basis, we performed the following procedures on the assumptions adopted in the valuation:<ul style="list-style-type: none">– We assessed net income, lease expiry and vacancy assumptions adopted against the schedule of tenancy reports, lease expiry profile and vacancy levels of the underlying asset;– We assessed the re-leasing and capital expenditure requirement assumptions in light of the current leasing status of the property;– Where available, we corroborated these assumptions to supporting lease documentation or external market data; and– Tested the mathematical accuracy of valuations.• We involved our real estate valuation specialists to assist with:<ul style="list-style-type: none">– the assessment of capitalisation rates adopted across the portfolio; and– the review and assessment of the property valuations for a sample of properties based on size, geographical location and other property valuation specific risk factors.• We evaluated the suitability of the valuation methodology used across the portfolio. We considered the reports of independent valuers to gain an understanding of the assumptions and estimates used and the valuation methodology applied.• Where relevant, we assessed the reasonableness of comparable transactions utilised by the Group in the valuation process.• We assessed the qualifications, competence and objectivity of the external and internal valuers used by the Group.• We assessed the appropriateness of disclosures included in Notes 4 and 5 of the financial report.

Independent Auditor’s Report continued

2. Carrying value of trade debtors

Why significant	How our audit addressed the key audit matter
<p>As at 31 December 2022, the Group held \$291.3 million in trade debtors, and \$207.4 million allowance for expected credit losses.</p> <p>Trade debtors primarily comprise amounts due from tenants of the Group’s investment properties under lease agreements, less an allowance for expected credit losses.</p> <p>The Group applies Australian Accounting Standard – AASB 9 <i>Financial Instruments</i> in calculating the allowance for expected credit losses, applying a forward-looking expected loss impairment model. This involves significant judgement as the expected credit losses reflect information about past events, current conditions and forecasts of future conditions.</p> <p>The recoverability of trade debtors is considered a key audit matter due to the value of uncollected rental income at 31 December 2022 and the significant judgement required in determining the allowance for expected credit losses.</p> <p>Note 3 of the financial report describes the accounting policy for the asset and the related expected credit loss allowance. The note also describes the key judgements exercised by the directors in determining the expected credit loss allowance as well as sensitivities to changes in the key assumptions that may impact the loss allowance in future periods.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none">• We assessed the effectiveness of relevant controls in relation to tenant lease arrangements.• We tested the existence of trade debtors for a sample of tenant balances.• We assessed management’s risk assessment of tenants across the portfolio and their expectation around future collections with reference to rental assistance arrangements agreed or under negotiation with tenants. We assessed the impact of such arrangements against broader debtor groups and reviewed cash collections after year end in assessing future collectability of trade debtor balances.• We assessed whether the methodology used in the determination of expected credit losses was consistent with the principles of AASB 9.• We involved our valuation specialists in testing the mathematical accuracy of the expected credit loss model.• We evaluated the key assumptions applied in calculating expected credit losses which included assessing forward-looking information as well as tenant related risk profiles were considered in the expected credit loss model.• We assessed the adequacy of the Group’s disclosures in relation to the valuation uncertainty of trade debtors included in the financial report, including the assumptions, estimations and judgements made in calculating the allowance for expected credit losses.

Information other than the financial report and auditor’s report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 31 December 2022, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor’s Report continued

Report on the audit of the Remuneration Report

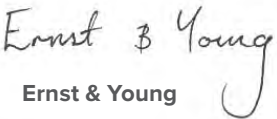
OPINION ON THE REMUNERATION REPORT

We have audited the Remuneration Report included in pages 42 to 69 of the directors’ report for the year ended 31 December 2022.

In our opinion, the Remuneration Report of the Group for the year ended 31 December 2022, complies with section 300A of the *Corporations Act 2001*.

RESPONSIBILITIES

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.


Ernst & Young


Megan Wilson
Partner

Sydney, 22 February 2023

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under Professional Standards Legislation.

Financial Report



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Income Statement

For the year ended 31 December 2022

	Note	31 Dec 22 \$million	31 Dec 21 \$million
Revenue			
Property revenue		2,071.8	1,985.1
Property development and construction revenue		328.7	240.9
Property management income		57.4	54.8
		2,457.9	2,280.8
Expenses			
Property expenses, outgoings and other costs		(504.6)	(468.4)
Expected credit charge relating to COVID-19	3(b)	(13.1)	(151.8)
Property development and construction costs		(303.1)	(217.1)
Property management costs		(11.3)	(10.0)
Overheads		(86.8)	(81.7)
		(918.9)	(929.0)
Share of after tax profits/(loss) of equity accounted entities			
Property revenue		237.5	226.1
Property expenses, outgoings and other costs		(62.1)	(58.6)
Expected credit charge relating to COVID-19		(1.2)	(17.0)
Interest income		0.3	–
Property revaluations		(171.7)	(12.3)
Tax expense		(16.0)	(15.0)
	6(a)	(13.2)	123.2
Interest income		6.6	5.3
Currency loss	12	(32.1)	(37.0)
Financing costs	13	(1,357.4)	(576.1)
Capital costs relating to strategic initiatives		(47.6)	(23.5)
Property revaluations		250.9	93.5
Profit before tax		346.2	937.2
Tax expense	7(a)	(24.0)	(33.2)
Profit after tax for the period		322.2	904.0
Profit after tax for the period attributable to:			
– Members of Scentre Group		300.6	887.9
– External non controlling interests		21.6	16.1
Profit after tax for the period		322.2	904.0

	Note	31 Dec 22 cents	31 Dec 21 cents
Earnings per stapled security attributable to members of Scentre Group			
– Basic earnings per stapled security	11(a)	5.80	17.13
– Diluted earnings per stapled security	11(a)	5.78	17.07

Statement of Comprehensive Income

For the year ended 31 December 2022

	31 Dec 22 \$million	31 Dec 21 \$million
Profit after tax for the period	322.2	904.0
Other comprehensive income/(loss)		
Movement in foreign currency translation reserve ⁽ⁱ⁾		
– Currency movement on the translation of investment in foreign operations	(15.2)	12.4
Total comprehensive income for the period	307.0	916.4
Total comprehensive income attributable to:		
– Members of Scentre Group ⁽ⁱⁱ⁾	285.4	900.3
– External non controlling interests	21.6	16.1
Total comprehensive income for the period	307.0	916.4

(i) This may be subsequently transferred to the profit and loss. In relation to the foreign currency translation reserve, the portion relating to the foreign operations held by Scentre Group Trust 1 (SGT1), Scentre Group Trust 2 (SGT2) and Scentre Group Trust 3 (SGT3) may be transferred to the profit and loss depending on how the foreign operations are sold.

(ii) Total comprehensive income attributable to members of Scentre Group comprises \$31.2 million (31 December 2021: \$64.0 million) attributable to Scentre Group Limited (SGL) members and \$254.2 million (31 December 2021: \$836.3 million) attributable to SGT1, SGT2 and SGT3 members. Total comprehensive income attributable to members of SGT1, SGT2 and SGT3 consists of profit after tax for the period of \$269.3 million (31 December 2021: \$823.7 million) and currency movement on the translation of investment in foreign operations of \$15.1 million (31 December 2021: gain of \$12.6 million).

Balance Sheet

As at 31 December 2022

	Note	31 Dec 22 \$million	31 Dec 21 \$million
Current assets			
Cash and cash equivalents	14(a)	679.0	978.7
Trade debtors	3	77.0	167.3
Receivables	3	85.0	72.5
Interest receivable		168.0	169.5
Tax receivable		9.0	–
Derivative assets	17(a)	99.5	2.8
Other current assets		94.1	75.0
Total current assets		1,211.6	1,465.8
Non current assets			
Trade debtors	3	–	3.2
Investment properties	4	32,153.9	31,490.9
Equity accounted investments	6(b)	2,673.3	2,803.0
Derivative assets	17(a)	761.7	659.6
Plant, equipment and intangible assets		58.9	42.4
Right-of-use assets	31(a)	54.6	68.3
Other non current assets		92.7	105.2
Total non current assets		35,795.1	35,172.6
Total assets		37,006.7	36,638.4
Current liabilities			
Trade creditors		296.8	269.4
Payables and other creditors		559.2	485.8
Interest payable		307.4	277.7
Interest bearing liabilities			
– Senior borrowings	15	2,168.9	884.9
Other financial liabilities	16	162.3	243.3
Tax payable		–	10.3
Provision for employee benefits		24.2	25.6
Lease liabilities	31(b)	14.4	13.2
Derivative liabilities	17(b)	0.2	47.2
Total current liabilities		3,533.4	2,257.4
Non current liabilities			
Interest bearing liabilities			
– Senior borrowings	15	8,839.9	9,723.3
– Subordinated notes	15	4,403.3	4,133.9
Other financial liabilities	16	192.6	368.7
Deferred tax liabilities	7(b)	40.5	43.6
Provision for employee benefits		29.0	26.0
Lease liabilities	31(b)	92.7	106.2
Derivative liabilities	17(b)	1,154.8	804.7
Total non current liabilities		14,752.8	15,206.4
Total liabilities		18,286.2	17,463.8
Net assets		18,720.5	19,174.6
Equity attributable to members of Scentre Group			
Contributed equity	18(b)	9,990.8	9,990.8
Reserves	19	119.6	123.9
Retained profits	20	8,420.2	8,884.2
Total equity attributable to members of Scentre Group		18,530.6	18,998.9
Equity attributable to external non controlling interests			
Contributed equity		72.7	71.4
Retained profits		117.2	104.3
Total equity attributable to external non controlling interests		189.9	175.7
Total equity		18,720.5	19,174.6

Statement of Changes in Equity

For the year ended 31 December 2022

	Note	Contributed Equity \$million	Reserves \$million	Retained Profits \$million	31 Dec 22 Total \$million	Contributed Equity \$million	Reserves \$million	Retained Profits \$million	31 Dec 21 Total \$million
Changes in equity attributable to members of Scentre Group									
Balance at the beginning of the year		9,990.8	123.9	8,884.2	18,998.9	9,990.8	104.1	8,722.1	18,817.0
– Profit after tax for the period ⁽ⁱ⁾		–	–	300.6	300.6	–	–	887.9	887.9
– Other comprehensive income/(loss) ^{(i) (ii)}	19(b)	–	(15.2)	–	(15.2)	–	12.4	–	12.4
Transactions with owners in their capacity as owners									
– Movement in employee share plan benefits reserve	19(c)	–	10.9	–	10.9	–	7.4	–	7.4
– Dividends/distributions paid or provided for	9(b)	–	–	(764.6)	(764.6)	–	–	(725.8)	(725.8)
Closing balance of equity attributable to members of Scentre Group		9,990.8	119.6	8,420.2	18,530.6	9,990.8	123.9	8,884.2	18,998.9
Changes in equity attributable to external non controlling interests									
Balance at the beginning of the year		71.4	–	104.3	175.7	70.3	–	95.7	166.0
– Profit after tax for the period attributable to external non controlling interests ⁽ⁱ⁾		–	–	21.6	21.6	–	–	16.1	16.1
– Distributions paid or provided for		–	–	(6.8)	(6.8)	–	–	(6.3)	(6.3)
– Increase/(decrease) in external non controlling interest		1.3	–	(1.9)	(0.6)	1.1	–	(1.2)	(0.1)
Closing balance of equity attributable to external non controlling interests		72.7	–	117.2	189.9	71.4	–	104.3	175.7
Total equity		10,063.5	119.6	8,537.4	18,720.5	10,062.2	123.9	8,988.5	19,174.6

(i) Total comprehensive income for the period amounts to \$307.0 million (31 December 2021: \$916.4 million).

(ii) Movement in reserves attributable to members of SGT1, SGT2 and SGT3 comprises currency movement on the translation of investment in foreign operations of \$15.1 million (31 December 2021: gain of \$12.6 million).

Cash Flow Statement

For the year ended 31 December 2022

	Note	31 Dec 22 \$million	31 Dec 21 \$million
Cash flows from operating activities			
Receipts in the course of operations (including Goods and Services Tax (GST))		2,854.1	2,448.5
Payments in the course of operations (including GST)		(938.5)	(775.0)
Dividends/distributions received from equity accounted entities		91.2	80.4
Net operating cash flows retained by equity accounted entities		34.3	26.4
Income and withholding taxes paid		(46.4)	(45.7)
GST paid		(195.6)	(190.0)
Payments of financing costs (excluding financing costs capitalised)		(624.8)	(636.3)
Interest received		6.6	5.3
Net cash inflow from operating activities – proportionate ⁽ⁱ⁾		1,180.9	913.6
Less: net operating cash flows retained by equity accounted entities		(34.3)	(26.4)
Net cash inflow from operating activities	14(b)	1,146.6	887.2
Cash flows from investing activities			
Capital expenditure		(401.9)	(277.2)
Payments relating to the sale of assets		(0.6)	(5.9)
Net outflows for investments in equity accounted entities		(41.4)	(16.1)
Payments for plant, equipment and intangible assets		(37.4)	(23.8)
Financing costs capitalised to qualifying development projects and construction in progress		(22.1)	(19.0)
Net cash outflow from investing activities		(503.4)	(342.0)
Cash flows from financing activities			
Repayment of borrowings	14(c)	(934.9)	(1,381.4)
Proceeds from borrowings	14(c)	1,020.2	–
Repayment of other financial liabilities		(243.3)	–
Payment of lease liabilities		(13.4)	(11.9)
Dividends/distributions paid		(764.6)	(725.8)
Distributions paid by controlled entities to external non controlling interests		(5.3)	(5.5)
Cancellation of derivatives following the issuance of subordinated notes		–	(38.1)
Inflows from short term deposits at bank	14(c)	–	2,218.0
Net cash inflow/(outflow) from financing activities		(941.3)	55.3
Net increase/(decrease) in cash and cash equivalents held		(298.1)	600.5
Add opening cash and cash equivalents brought forward		978.7	378.1
Effects of exchange rate changes on cash and cash equivalents		(1.6)	0.1
Cash and cash equivalents at the end of the period ⁽ⁱⁱ⁾	14(a)	679.0	978.7

(i) Proportionate cash flows from operating activities includes operating cash flows from consolidated and equity accounted entities.
(ii) Cash and cash equivalents comprise cash of \$679.0 million (31 December 2021: \$978.7 million) net of bank overdraft of nil (31 December 2021: nil).

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For the year ended 31 December 2022

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Notes to the Financial Statements

For the year ended 31 December 2022

Note 1 – Basis of preparation of the Financial Report

(a) Corporate information

This financial report of Scentre Group (Group), comprising Scentre Group Limited (Parent Company) and its controlled entities, for the year ended 31 December 2022 was approved in accordance with a resolution of the Board of Directors of the Parent Company.

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

(b) Accounting for the Group

Scentre Group was established on 30 June 2014 by the stapling of securities of each of the Parent Company, Scentre Group Trust 1 (SGT1), Scentre Group Trust 2 (SGT2) and Scentre Group Trust 3 (SGT3). The securities trade as one security on the Australian Securities Exchange (ASX) under the code SCG.

As a result of the securities being stapled and therefore cannot be traded separately, this financial report has been prepared based on a business combination of the Parent Company, SGT1, SGT2 and SGT3. The Parent Company for accounting purposes has control of SGT1, SGT2 and SGT3 and accordingly consolidates SGT1, SGT2 and SGT3 and their respective controlled entities.

(c) Impact of the COVID-19 pandemic

Disclosures relating to the impact of the COVID-19 pandemic on the Group's operations and financial performance are discussed in Note 3: Trade debtors and receivables.

(d) Going concern

This financial report has been prepared on a going concern basis. In making this assessment, the Directors have considered the Group's ability to meet its financial obligations over the next 12 months, using cash flow sensitivity analysis and having regard to debt maturities, funding requirements, operating cash earnings and available financing facilities. At 31 December 2022, \$4.8 billion (31 December 2021: \$5.6 billion) of financing resources were available to the Group which are sufficient to cover short term liabilities.

(e) Basis of Accounting

This financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* (Corporations Act), Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. This financial report has also been prepared on a historical cost basis, except for investment properties, investment properties within equity accounted investments, derivative financial instruments, financial assets at fair value through profit and loss and other financial liabilities.

This financial report is presented in Australian dollars.

(f) 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 Group has adopted the following new or amended standards which became applicable on 1 January 2022:

- AASB 2021-3 *Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions beyond 30 June 2021* (effective for annual reporting periods beginning on or after 1 April 2021)

This amends AASB 16 *Leases* to extend the availability of the practical expedient for lessees to not account for COVID-19 related rent concessions as lease modifications by one year. This amendment did not have a significant impact on the financial statements on application.
- AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments* (effective from 1 January 2022)

This amends (to the extent relevant to the Group):

 - (i) AASB 9 *Financial Instruments* to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability;
 - (ii) AASB 3 *Business Combinations* to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations; and
 - (iii) AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* to specify the costs that an entity includes when assessing whether a contract will be loss-making.

These amendments did not have a significant impact on the financial statements on application.

Note 1 – Basis of preparation of the Financial Report (continued)

(f) Statement of Compliance (continued)

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the year ended 31 December 2022. The impact of these new standards or amendments to the standards and interpretations (to the extent relevant to the Group) is as follows:

- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non current* (effective from 1 January 2023)

This amends AASB 101 *Presentation of Financial Statements* to clarify the requirements for classifying liabilities as current or non current. This amendment is not expected to have a significant impact on the financial statements on application.
- AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (effective from 1 January 2023)

This amends AASB 112 *Income Taxes* to clarify the accounting for deferred tax on transactions that at the time of the transaction give rise to equal taxable and deductible temporary differences. This amendment is not expected to have a significant impact on the financial statements on application.
- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* (effective from 1 January 2023)

This amends:

 - (i) AASB 7 *Financial Instruments: Disclosures*, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;
 - (ii) AASB 101 *Presentation of Financial Statements*, to require entities to disclose their material accounting policy information rather than their significant accounting policies;
 - (iii) AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates;

- (iv) AASB 134 *Interim Financial Reporting*, to identify material accounting policy information as a component of a complete set of financial statements; and
 - (v) AASB *Practice Statement 2 Making Materiality Judgements*, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.
- These amendments are not expected to have a significant financial impact on the financial statements on application.

- AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective from 1 January 2025)

This amends AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* to address an inconsistency between the requirements of AASB 10 and AASB 128 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. This amendment is not expected to have a significant impact on the financial statements on application.

IFRS Sustainability Disclosure Standards exposure drafts

In March 2022, the International Sustainability Standards Board (ISSB) launched a consultation on its first two proposed IFRS Sustainability Disclosure Standards – IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures. The proposed standards, when finalised, would form a comprehensive global baseline of sustainability-related disclosures designed to meet the information needs of investors in assessing enterprise value. The ISSB met in January 2023 to redeliberate and consider comments it received on the proposed standards.

The Group continues to assess the impact of climate-related risks and opportunities on its operations and financial performance including its impact on the Group's investment property valuations. Independent valuations are generally prepared annually to assess the fair value of each of the Group's shopping centre assets. These valuations are conducted in accordance with the guidelines and valuation principles as set by the International Valuation Standards Council and the Royal Institution of Chartered Surveyors (RICS).

Notes to the Financial Statements continued

Note 1 – Basis of preparation of the Financial Report (continued)

In assessing the implications of sustainability in property valuations under the RICS Valuation – Global Standards, consideration is given to matters such as (but is not limited to) environment, climate change and corporate responsibility that can or do impact on the valuation of an asset. This may include key environmental risks, such as flooding, energy efficiency, current and historic land use as well as matters of design, configuration, accessibility, legislation, management and fiscal considerations.

Climate disclosure in the Directors' Report discusses how the Group is managing the impacts of climate change on its business including governance, strategy, risk management, metrics and targets adopted by the Group.

(g) Significant accounting judgements, estimates and assumptions

The preparation of this 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 various other 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 judgements, estimates and assumptions applied may be found in the relevant notes to the financial statements, in particular, Note 2: Segment reporting, Note 3: Trade debtors and receivables, Note 4: Investment properties, Note 5: Details of shopping centre investments and Note 28: Fair value of financial assets and liabilities.

(h) Comparative information

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

(i) Rounding

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts shown in this financial report have been rounded to the nearest tenth of a million dollars, unless otherwise indicated. Amounts shown as 0.0 represent amounts less than \$50,000 that have been rounded down.

Note 2 – Segment reporting

The Group's operational segments comprise the property investment and property management and construction segments.

(a) Property investment

The property investment segment includes net property income from shopping centres. A geographic analysis of net property investment income is also provided.

(b) Property management and construction

The property management and construction segment includes external fee income from third parties, primarily property management and development fees, and associated business expenses.

The Group's operating segment income and expenses as well as the details of segment assets have been prepared on a proportionate format. 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 and expenses, assets and liabilities. The Group's liabilities are managed on a consolidated basis rather than by operational segments.

The proportionate format is used by management in assessing and understanding the performance and results of operations of the Group as it allows management to observe and analyse revenue and expense results and trends on a portfolio-wide basis. The assets underlying both the consolidated and the equity accounted components of the statutory income statement are similar (that is, Australian and New Zealand shopping centres), all centres are under common management and therefore the drivers of their results are similar. Accordingly, management considers that the proportionate format provides a more useful way to understand the performance of the portfolio as a whole than the statutory format.

Note 2 – Segment reporting (continued)

(i) Operating segment information

	Property investment \$million	Property management and construction \$million	31 Dec 22 \$million	Property investment \$million	Property management and construction \$million	31 Dec 21 \$million
Revenue						
Property revenue	2,309.3	–	2,309.3	2,211.2	–	2,211.2
Property development and construction revenue	–	328.7	328.7	–	240.9	240.9
Property management income	–	57.4	57.4	–	54.8	54.8
	2,309.3	386.1	2,695.4	2,211.2	295.7	2,506.9
Expenses						
Property expenses, outgoings and other costs	(566.7)	–	(566.7)	(527.0)	–	(527.0)
Expected credit charge relating to COVID-19	(14.3)	–	(14.3)	(168.8)	–	(168.8)
Property development and construction costs	–	(303.1)	(303.1)	–	(217.1)	(217.1)
Property management costs	–	(11.3)	(11.3)	–	(10.0)	(10.0)
	(581.0)	(314.4)	(895.4)	(695.8)	(227.1)	(922.9)
Segment income and expenses	1,728.3	71.7	1,800.0	1,515.4	68.6	1,584.0
Shopping centre investments	34,198.6	–	34,198.6	33,833.4	–	33,833.4
Development projects and construction in progress	790.5	–	790.5	616.0	–	616.0
Segment assets ⁽ⁱ⁾	34,989.1	–	34,989.1	34,449.4	–	34,449.4

(i) Includes equity accounted segment assets of \$2,835.2 million (31 December 2021: \$2,958.5 million).

(ii) Geographic information – Total revenue

	Australia \$million	New Zealand \$million	31 Dec 22 \$million	Australia \$million	New Zealand \$million	31 Dec 21 \$million
Property revenue ⁽ⁱ⁾	2,178.8	130.5	2,309.3	2,088.3	122.9	2,211.2
Property development and construction revenue ⁽ⁱⁱ⁾	292.0	36.7	328.7	204.1	36.8	240.9
Property management income	51.1	6.3	57.4	49.4	5.4	54.8
Total revenue	2,521.9	173.5	2,695.4	2,341.8	165.1	2,506.9

(i) Includes recoveries of outgoings from lessees of \$205.4 million (31 December 2021: \$206.6 million).

(ii) Property development and construction revenue recognised during the year that was included in the contract liability balance (presented in current payables and other creditors on the balance sheet) at the beginning of the year, amounted to \$41.6 million (31 December 2021: \$15.3 million). No amounts were recognised during the current year that relate to performance obligations satisfied or partially satisfied in previous periods (31 December 2021: nil).

Receivables and contract liabilities from contracts with customers

As at 31 December 2022, receivables from contracts with customers amounted to \$19.8 million (31 December 2021: \$22.9 million) and contract liabilities from contracts with customers amounted to \$61.8 million (31 December 2021: \$63.7 million).

Transaction price allocated to the remaining performance obligations

As at 31 December 2022, the aggregate amount of the transaction price allocated to remaining performance obligations is \$309.3 million (31 December 2021: \$431.3 million). The Group will recognise this as revenue as property development and construction projects are completed, which is expected to occur over the next 6–24 months. These amounts do not include contracts that have an expected duration of one year or less and any portion of the transaction price that is variable and constrained.

Notes to the Financial Statements continued

Note 2 – Segment reporting (continued)

(iii) Geographic information – Net property income

	Australia \$million	New Zealand \$million	31 Dec 22 \$million	Australia \$million	New Zealand \$million	31 Dec 21 \$million
Shopping centre base rent and other property income	2,240.3	133.6	2,373.9	2,144.5	125.0	2,269.5
Amortisation of tenant allowances	(70.9)	(3.8)	(74.7)	(63.1)	(3.4)	(66.5)
Straightlining of rent	9.4	0.7	10.1	6.9	1.3	8.2
Property revenue	2,178.8	130.5	2,309.3	2,088.3	122.9	2,211.2
Property expenses, outgoings and other costs	(532.6)	(34.1)	(566.7)	(494.5)	(32.5)	(527.0)
Expected credit charge relating to COVID-19	(13.1)	(1.2)	(14.3)	(160.3)	(8.5)	(168.8)
Net property income	1,633.1	95.2	1,728.3	1,433.5	81.9	1,515.4

(iv) Geographic information – Non current assets

	Australia \$million	New Zealand \$million	31 Dec 22 \$million	Australia \$million	New Zealand \$million	31 Dec 21 \$million
Non current assets	33,596.0	1,337.8	34,933.8	32,936.5	1,451.0	34,387.5
Group non current assets			861.3			785.1
Total non current assets			35,795.1			35,172.6
Additions to segment non current assets during the period ⁽ⁱ⁾	490.1	39.4	529.5	264.6	36.2	300.8

(i) Additions are net of amortisation of tenant allowances of \$74.7 million (31 December 2021: \$66.5 million).

Note 2 – Segment reporting (continued)

(v) Reconciliation of segment information

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

	Consolidated \$million	Equity Accounted \$million	31 Dec 22 \$million	Consolidated \$million	Equity Accounted \$million	31 Dec 21 \$million
Revenue						
Property revenue	2,071.8	237.5	2,309.3	1,985.1	226.1	2,211.2
Property development and construction revenue	328.7	–	328.7	240.9	–	240.9
Property management income	57.4	–	57.4	54.8	–	54.8
	2,457.9	237.5	2,695.4	2,280.8	226.1	2,506.9
Expenses						
Property expenses, outgoings and other costs	(504.6)	(62.1)	(566.7)	(468.4)	(58.6)	(527.0)
Expected credit charge relating to COVID-19	(13.1)	(1.2)	(14.3)	(151.8)	(17.0)	(168.8)
Property development and construction costs	(303.1)	–	(303.1)	(217.1)	–	(217.1)
Property management costs	(11.3)	–	(11.3)	(10.0)	–	(10.0)
	(832.1)	(63.3)	(895.4)	(847.3)	(75.6)	(922.9)
Segment income and expenses	1,625.8	174.2	1,800.0	1,433.5	150.5	1,584.0
Overheads			(86.8)			(81.7)
Interest income			6.9			5.4
Currency loss			(32.1)			(37.0)
Financing costs						
– Net fair value movement and modification loss			(669.6)			66.1
– Other financial liabilities and lease liabilities			(24.4)			(30.9)
– Senior borrowings			(434.5)			(430.0)
– Subordinated notes coupons			(251.0)			(200.4)
– Interest capitalised			22.1			19.0
			(1,357.4)			(576.2)
Capital costs relating to strategic initiatives			(47.6)			(23.5)
Property revaluations			79.2			81.2
Tax expense – current			(47.5)			(51.6)
Tax benefit – deferred			7.5			3.4
External non controlling interests			(21.6)			(16.1)
Net profit attributable to members of the Group ⁽ⁱ⁾			300.6			887.9

(i) Net profit attributable to members of the Group was \$300.6 million (31 December 2021: \$887.9 million). Net profit after tax for the year which includes profit attributable to external non controlling interests of \$21.6 million (31 December 2021: \$16.1 million) was \$322.2 million (31 December 2021: \$904.0 million).

Notes to the Financial Statements continued

Note 2 – Segment reporting (continued)

(v) Reconciliation of segment information (continued)

	Consolidated \$million	Equity Accounted \$million	31 Dec 22 \$million	Consolidated \$million	Equity Accounted \$million	31 Dec 21 \$million
Shopping centre investments	31,448.8	2,749.8	34,198.6	30,953.6	2,879.8	33,833.4
Development projects and construction in progress	705.1	85.4	790.5	537.3	78.7	616.0
Segment assets	32,153.9	2,835.2	34,989.1	31,490.9	2,958.5	34,449.4
Cash and cash equivalents	679.0	14.9	693.9	978.7	10.2	988.9
Trade debtors and receivables						
– Trade debtors	265.2	26.1	291.3	446.8	44.5	491.3
– Receivables	101.4	5.1	106.5	86.2	2.3	88.5
Expected credit loss allowance						
– Trade debtors	(188.2)	(19.2)	(207.4)	(276.3)	(29.4)	(305.7)
– Receivables	(16.4)	(0.7)	(17.1)	(13.7)	(0.4)	(14.1)
Derivative assets						
– Currency derivatives – Subordinated notes currency related ⁽ⁱ⁾ ^(iv)	–	–	–	24.3	–	24.3
– Currency derivatives – Senior borrowings currency related ⁽ⁱⁱ⁾ ^(iv)	524.5	–	524.5	375.7	–	375.7
– Currency derivatives – Senior borrowings interest related ⁽ⁱⁱⁱ⁾ ^(iv)	(172.0)	–	(172.0)	209.7	–	209.7
	352.5	–	352.5	585.4	–	585.4
– Interest rate derivatives	508.7	–	508.7	52.7	–	52.7
Other assets	477.3	0.6	477.9	460.4	0.5	460.9
Total assets	34,333.4	2,862.0	37,195.4	33,835.4	2,986.2	36,821.6
Interest bearing liabilities						
– Senior borrowings ⁽ⁱⁱ⁾	11,008.8	–	11,008.8	10,608.2	–	10,608.2
– Subordinated notes ⁽ⁱ⁾	4,403.3	–	4,403.3	4,133.9	–	4,133.9
Derivative liabilities						
– Currency derivatives – Subordinated notes currency related ⁽ⁱ⁾ ^(iv)	(293.7)	–	(293.7)	–	–	–
– Currency derivatives – Subordinated notes interest related ⁽ⁱⁱⁱ⁾ ^(iv)	665.5	–	665.5	218.2	–	218.2
	371.8	–	371.8	218.2	–	218.2
– Currency derivatives – Senior borrowings currency related ⁽ⁱⁱ⁾ ^(iv)	151.5	–	151.5	288.4	–	288.4
– Currency derivatives – Senior borrowings interest related ⁽ⁱⁱⁱ⁾ ^(iv)	631.5	–	631.5	195.1	–	195.1
	783.0	–	783.0	483.5	–	483.5
– Interest rate derivatives	0.2	–	0.2	150.2	–	150.2
Lease liabilities	107.1	0.3	107.4	119.4	0.3	119.7
Other financial liabilities	354.9	–	354.9	612.0	–	612.0
Other liabilities	1,257.1	188.4	1,445.5	1,138.4	182.9	1,321.3
Total liabilities	18,286.2	188.7	18,474.9	17,463.8	183.2	17,647.0
Net assets	16,047.2	2,673.3	18,720.5	16,371.6	2,803.0	19,174.6

Note 2 – Segment reporting (continued)

(v) Reconciliation of segment information (continued)

- (i) The economically hedged value of the US\$ subordinated 60-year notes was \$4,109.6 million (31 December 2021: \$4,109.6 million) comprising notes of \$4,403.3 million (31 December 2021: \$4,133.9 million) translated at the period end rate of 0.6813 (31 December 2021: 0.7257) reduced by net currency gains on the hedging of subordinated notes of \$293.7 million (31 December 2021: \$24.3 million).

(ii) The economically hedged value of senior borrowings was \$10,635.8 million (31 December 2021: \$10,520.9 million) comprising borrowings of \$11,008.8 million (31 December 2021: \$10,608.2 million) translated at period end rates, reduced by the net fair value gain on currency derivatives of \$373.0 million (31 December 2021: \$87.3 million).

(iii) The cumulative net fair value loss on cross currency derivatives relating to interest rates of \$1,469.0 million (31 December 2021: \$203.6 million) has been recognised in the financial statements. This interest component of cross currency derivatives economically hedges the foreign currency interest bearing liabilities by swapping the fixed interest coupon into an Australian dollar floating exposure. Interest bearing liabilities are recognised at amortised cost for accounting and consequently an offsetting gain is not recorded in the financial statements.

(iv) The currency related and interest related components of cross currency derivatives are part of the same contract. The net position has been classified accordingly as a derivative asset or derivative liability on the balance sheet.

Accounting Policies

Revenue recognition

Leases

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 on the balance sheet as a receivable and carried at its recoverable amount.

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 revenue.

Impact of the COVID-19 pandemic

Temporary lease arrangements which included rent abatements, were negotiated with tenants to assist with their cash flow issues due to the impact of the COVID-19 pandemic.

When an agreement is legally executed, rent abated that relates to past occupancy is recognised as an expense in the income statement and rent abated that relates to future occupancy is accounted for as a lease modification and recognised on a straight-line basis over the remaining term of the lease.

When an agreement has not been legally executed at balance date, rental income is recognised on a straight-line basis in accordance with the terms of the original lease. However, an allowance for expected credit loss is recognised against outstanding trade debtors based on management’s expectations of the level of rental abatements that will be provided to tenants for the period up to the end of the financial year. Refer to Note 3 for further details of judgements, estimates and assumptions used by management in assessing the expected credit loss allowance.

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods and services are transferred to the customer, at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services.

Property development and construction revenue comprises Construction, Design and Development fees earned from Design and Construction Agreements (D&C Agreements) with third parties. The Group accounts for all services provided under the D&C Agreements as a single performance obligation, the services being part of a series of distinct goods and services that are substantially integrated with the same pattern of transfer, and revenue is recognised based on the percentage of completion for that single performance obligation. Percentage of completion is determined based on the proportion of contract costs incurred to date and the estimated contract costs to complete. Accordingly, significant judgments and estimates are made in determining (i) variable consideration which may be included in the transaction price; (ii) costs incurred to date that reflects the Group’s progress in satisfying its performance obligations under the contract; and (iii) the total contract costs.

Differences between amounts recognised as revenue and amounts billed to customers are recognised as contract assets or liabilities on the balance sheet. Progress billings to customers include charges for work completed, materials and/or goods delivered (which may include uninstalled materials and/or goods) or expenditure incurred. Amounts billed to customers are usually due within 10 days.

Property management revenue from third parties is recognised as services are provided.

Recoveries of outgoings from lessees are recognised as services are provided.

Revenue from the sale of properties is recognised when the buyer obtains control of the asset. Control is transferred when the buyer has the ability to direct the use of and substantially obtain the economic benefits from the asset.

All other revenues are recognised as services are provided.

Notes to the Financial Statements continued

Note 2 – Segment reporting (continued)

Expenses

Costs to obtain or fulfil a contract with customers

The Group recognises as an asset the incremental costs of obtaining a contract with a customer and all costs of fulfilling a contract, if the Group expects to recover those costs. Capitalised costs are amortised, with the expense recognised on a systematic basis that depicts the transfer of goods and services to customers. An impairment loss is recognised if the carrying amount of the asset exceeds the remaining amount of consideration the Group expects to receive less costs that have not yet been recognised as expenses.

All other expenses are brought to account on an accruals basis.

Note 3 – Trade debtors and receivables

	31 Dec 22 \$million	31 Dec 21 \$million
Current		
Trade debtors	77.0	167.3
Receivables	85.0	72.5
	162.0	239.8
Non current		
Trade debtors	–	3.2
	–	3.2
Total trade debtors and receivables	162.0	243.0
(a) Components of trade debtors and receivables		
Trade debtors	265.2	446.8
Other receivables	101.4	86.2
	366.6	533.0
Expected credit loss allowance	(204.6)	(290.0)
Total trade debtors and receivables	162.0	243.0
(b) Movement in expected credit loss allowance		
Balance at the beginning of the year	(290.0)	(265.2)
Expected credit charge relating to COVID-19	(13.1)	(151.8)
Amounts written-off relating to COVID-19	94.8	115.6
Other decreases in expected credit loss	3.7	11.4
Balance at the end of the year	(204.6)	(290.0)

Note 3 – Trade debtors and receivables (continued)

Impact of the COVID-19 pandemic

The expected credit charge relating to COVID-19 is solely related to the COVID-19 pandemic and has been separately disclosed in the income statement to highlight its significant impact on the Group’s financial performance in the comparative reporting period. The charge reflects the expected rental abatements and the additional credit risk associated with tenants. The expected rental abatements are based on management’s expectations of the level of rental abatements that will be provided to tenants. The level of expected rental abatements has been determined after discussions and agreements with tenants. Where abatements have not been agreed with tenants, estimates have been made giving reference to outcomes with similar retailers.

For trade debtors and receivables outstanding at balance date in excess of the expected rental abatements, management have assessed that there is an increased level of credit risk on the collection of these balances. In addition to historical loss rates, the assumptions used in estimating lifetime expected credit loss include the following:

- the extent and duration of the pandemic;
- the effectiveness of government policies in response to the pandemic;
- the age of trade debtor balances;
- the credit quality of tenants based on shared credit risk characteristics (e.g. size and industry);
- future economic conditions which are based on forward looking information such as economic growth and inflation; and
- consumer and business sentiment.

In determining the expected credit loss allowance, management has taken into account security deposits received from tenants generally in the form of bank guarantees, which can be called upon if the tenant is in default under the terms of the lease contract. Trade debtors also include GST which is fully recoverable from the relevant tax authorities where the debt is not collected and therefore the GST amount is excluded from the loss allowance.

Trade debtors and receivables written-off include rent abated resulting from rent relief arrangements applicable to the COVID-19 pandemic period. The decrease in the expected credit loss allowance is primarily as a result of abatements credited against outstanding receivables.

At 31 December 2022, approximately 79% of trade debtors are aged greater than 90 days and the expected credit loss allowance is 71% of gross trade debtors. An increase or decrease of 5% in the expected credit loss rate (after adjusting for GST and bank guarantees) would result in an increase or decrease in expected credit loss allowance of \$10.2 million respectively. At 31 December 2021, approximately 74% of trade debtors are aged greater than 90 days and the expected credit loss allowance is 62% of gross trade debtors. An increase or decrease of 5% in the expected credit loss rate (after adjusting for GST and bank guarantees) would result in an increase or decrease in expected credit loss allowance of \$16.2 million respectively.

Accounting Policies

Trade debtors and receivables

Trade debtors and receivables are held to collect contractual cash flows and these contractual cash flows are solely payments of principal and interest. At initial recognition, these are measured at fair value.

Trade debtors and receivables are subsequently measured at amortised cost using the effective interest rate method, reduced by impairment losses. Interest income and impairment losses are recognised in the income statement. The receivable is written off when there is no reasonable expectation of recovering the contractual cash flows such as when all legal avenues for debt recovery have been exhausted, and when rent is waived as part of the COVID-19 rent relief negotiations. Any gain or loss on derecognition is also recognised in the income statement.

In assessing for impairment, the Group assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost. For trade debtors and receivables, the Group applies the simplified approach, which requires lifetime expected losses to be recognised from initial recognition of the receivables.

In measuring the expected credit loss, trade debtors and receivables have been grouped based on shared credit risk characteristics (e.g. size and industry) and the days past due. The expected loss rates are determined based on days past the due date and the historical credit losses experienced. Historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of customers to settle their debts.

Notes to the Financial Statements continued

Note 4 – Investment properties

	31 Dec 22 \$million	31 Dec 21 \$million
Shopping centre investments	31,448.8	30,953.6
Development projects and construction in progress	705.1	537.3
Total investment properties	32,153.9	31,490.9
Movement in total investment properties		
Balance at the beginning of the year	31,490.9	31,214.0
Capital expenditure	478.9	243.6
Amortisation of tenant allowances	(66.8)	(60.2)
Net revaluation increment	250.9	93.5
Balance at the end of the year ⁽ⁱ⁾	32,153.9	31,490.9

(i) The fair value of investment properties at the end of the year of \$32,153.9 million (31 December 2021: \$31,490.9 million) comprises investment properties at market value of \$32,109.7 million (31 December 2021: \$31,447.1 million) and ground lease assets of \$44.2 million (31 December 2021: \$43.8 million).

Accounting Policies

Investment properties

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

Shopping centre investments

The Group’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 Group’s portfolio of shopping centre investment properties are stated at fair value. Gains and losses arising from changes in the fair values of shopping centre investment properties are included in the income statement in the year in which they arise. Any gains or losses on the sale of an investment property are recognised in the income statement in the year of sale.

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

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

The key assumptions and estimates used in determining fair value are disclosed in Note 5.

Note 4 – Investment properties (continued)

Development projects and construction in progress

The Group’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, and are classified as inventories when intended for sale to third parties. 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.

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

Independent valuations are conducted in accordance with guidelines and valuation principles as set by the International Valuation Standards Council.

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

Australian shopping centres

- CBRE Valuations Pty Limited
- Colliers International Holdings (Australia) Ltd
- Cushman & Wakefield (Valuations) Pty Ltd
- Jones Lang LaSalle Advisory Services Pty Ltd
- Knight Frank Australia Pty Ltd
- Savills Valuations Pty Ltd

New Zealand shopping centres

- Colliers International New Zealand Limited
- Jones Lang La Salle Limited

Notes to the Financial Statements continued

Note 5 – Details of shopping centre investments

	Carrying Amount 31 Dec 22 \$million	Retail Capitalisation Rates 31 Dec 22 %	Carrying Amount 31 Dec 21 \$million	Retail Capitalisation Rates 31 Dec 21 %
Consolidated Australian shopping centres	31,448.8	4.83%	30,953.6	4.79%
Wholly-owned: Belconnen, Bondi Junction, Carousel, Chatswood, Chermside, Fountain Gate, Hornsby, Innaloo, Kotara, Mt Gravatt, Sydney ⁽ⁱ⁾ and Tuggerah				
Jointly-owned (50%): Airport West, Booragoon, Burwood, Carindale ⁽ⁱⁱ⁾ , Coomera, Doncaster, Eastgardens, Geelong, Helensvale, Hurstville, Knox, Liverpool, Marion, Miranda, North Lakes, Parramatta, Penrith, Plenty Valley, Warringah Mall, West Lakes, Whitford City and Woden				
Equity accounted Australian shopping centres	1,370.5	5.31%	1,394.5	5.24%
Jointly-owned (50%): Mt Druitt, Southland and Tea Tree Plaza				
Total Australian portfolio	32,819.3	4.86% ⁽ⁱⁱⁱ⁾	32,348.1	4.82% ⁽ⁱⁱⁱ⁾
Equity accounted New Zealand shopping centres	NZ\$1,479.9	6.61%	NZ\$1,578.4	6.09%
Jointly-owned (51%): Albany, Manukau, Newmarket, Riccarton and St Lukes				
Total New Zealand portfolio	NZ\$1,479.9	6.63% ⁽ⁱⁱⁱ⁾	NZ\$1,578.4	6.11% ⁽ⁱⁱⁱ⁾
Exchange rate	1.0729		1.0627	
Total New Zealand portfolio in A\$	1,379.3		1,485.3	
Total portfolio	34,198.6	4.93% ⁽ⁱⁱⁱ⁾	33,833.4	4.88% ⁽ⁱⁱⁱ⁾

(i) Sydney comprises Sydney Central Plaza and the Sydney City Retail Centre.
(ii) Carindale Property Trust (CDP) has a 50% interest in this shopping centre. As at 31 December 2022, the Group has a 64.10% interest in CDP (31 December 2021: 63.09%).
(iii) Weighted average capitalisation rate including non-retail assets.

Centres that are held through controlled entities or are held directly and jointly as tenants in common and are treated as joint operations are consolidated. For joint operations, the contractual arrangements establish that the parties share all the liabilities, obligations, costs and expenses in their ownership proportion. The allocation of revenue and expenses is based on the ownership interest in the joint arrangement.

Centres that are held through a separate vehicle with joint control and are treated as a joint venture are accounted for under the equity method of accounting.

Note 5 – Details of shopping centre investments (continued)

Valuation inputs

The Income Capitalisation approach and the Discounted Cash Flow approach are used to arrive at a range of valuation outcomes, from which a best estimate of fair value is derived at a point in time.

The key assumptions and estimates used in these valuation approaches include:

- forecast future income, based on the location, type and quality of the property, which are supported by the terms of any existing leases, other contracts or external evidence such as current market rents for similar properties;
- lease assumptions based on current and expected future market conditions after expiry of any current lease; and
- the capitalisation rate and discount rate derived from recent comparable market transactions.

The table below summarises some of the key inputs used in determining investment property valuations:

	31 Dec 22	31 Dec 21
Australian portfolio		
Retail capitalisation rate	4.25%–6.25%	4.25%–6.25%
Weighted average retail capitalisation rate	4.85%	4.81%
Retail discount rate	5.75%–7.25%	5.75%–7.25%
New Zealand portfolio		
Retail capitalisation rate	6.00%–7.38%	5.50%–6.75%
Weighted average retail capitalisation rate	6.61%	6.09%
Retail discount rate	7.50%–8.75%	7.00%–8.50%

Changes to key inputs would result in changes to the fair value of investment properties. An increase in capitalisation rate and/or discount rate would result in lower fair value, while a decrease in capitalisation rate and/or discount rate will result in higher fair value (with all other factors held constant). The discount rates have broadly remained unchanged in Australia with some increases in New Zealand compared to 31 December 2021. The weighted average capitalisation rates have increased from 4.88% at 31 December 2021 to 4.93% at 31 December 2022. The capitalisation rate sensitivity analysis is detailed below.

		31 Dec 22 \$million	31 Dec 21 \$million
The sensitivity of shopping centre valuations to changes in capitalisation rates is as follows:	Capitalisation rate movement	Increase/(decrease) in fair value	
	-50 bps	3,857.5	3,863.0
	-25 bps	1,825.8	1,827.2
	+25 bps	(1,649.6)	(1,649.1)
	+50 bps	(3,147.4)	(3,144.8)

Notes to the Financial Statements continued

Note 6 – Details of equity accounted investments

	31 Dec 22 \$million	31 Dec 21 \$million
(a) Share of equity accounted entities’ net profit/(loss) and comprehensive income/(loss)		
Share of after tax profit/(loss) of equity accounted entities	(13.2)	123.2
Other comprehensive income/(loss) ⁽ⁱ⁾	(14.9)	12.6
Share of total comprehensive income/(loss) of equity accounted entities	(28.1)	135.8

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

(b) Share of equity accounted entities’ assets and liabilities

The Group’s equity accounted investments of \$2,673.3 million (31 December 2021: \$2,803.0 million) comprise investments in joint ventures in Australia and New Zealand represented by equity of \$1,829.9 million (31 December 2021: \$1,774.2 million) and interest bearing loans of \$843.4 million (31 December 2021: \$1,028.8 million). Inter-entity facilities within the Group are on commercial arm’s length terms. Inter-entity interest charges on the loans amounted to \$39.6 million (31 December 2021: \$20.8 million).

(c) Equity accounted entities economic interest

Name of investments	Type of equity	Balance date	Economic interest	
			31 Dec 22	31 Dec 21
Australian investments⁽ⁱ⁾				
Mt Druitt ⁽ⁱⁱ⁾	Trust units	30 Jun	50.0%	50.0%
Southland ⁽ⁱⁱ⁾	Trust units	30 Jun	50.0%	50.0%
Tea Tree Plaza ⁽ⁱⁱ⁾	Trust units	30 Jun	50.0%	50.0%
New Zealand investments^{(i) (iii)}				
Albany	Shares	31 Dec	51.0%	51.0%
Manukau	Shares	31 Dec	51.0%	51.0%
Newmarket	Shares	31 Dec	51.0%	51.0%
Riccarton	Shares	31 Dec	51.0%	51.0%
St Lukes	Shares	31 Dec	51.0%	51.0%

- (i) All equity accounted property partnerships, trusts and companies operate solely as retail property investors.
- (ii) Notwithstanding that the financial year of these investments ends on 30 June, the consolidated financial statements have been prepared so as to include the accounts for a period coinciding with the financial year of the Parent Company being 31 December.
- (iii) Under the Shareholders’ Agreement, the Group and GIC, Singapore’s sovereign wealth fund, each have two representatives in the Shareholders’ Committee with voting power in proportion to each shareholder’s shareholding. While the Group has a 51% interest in these entities, 75% of the votes is required to pass a resolution. Accordingly, the Group’s 51% interest in these investments is accounted for using the equity accounted method.

Note 7 – Taxation

	31 Dec 22 \$million	31 Dec 21 \$million
(a) Tax expense		
Current tax expense – underlying operations	(38.9)	(40.5)
Deferred tax benefit	14.9	7.3
	(24.0)	(33.2)
The prima facie tax on profit before tax is reconciled to the income tax expense provided in the financial statements as follows:		
Profit before income tax	346.2	937.2
Less: Trust income not taxable for the Group – tax payable by members	(365.2)	(935.0)
	(19.0)	2.2
Prima facie tax expense at 30%	5.7	(0.7)
Tax on inter-entity transactions	(29.7)	(28.4)
Prior year under provision	–	(1.7)
Other	–	(2.4)
Tax expense	(24.0)	(33.2)
(b) Deferred tax liabilities		
Investment properties	27.0	27.3
Other timing differences	13.5	16.3
	40.5	43.6

Accounting Policies

Taxation

The Group comprises taxable and non taxable entities. Income tax expense is only recognised in respect of taxable entities.

Taxable and non taxable entities of the Group

The Parent Company and its Australian resident wholly-owned subsidiaries have formed a tax consolidated group. The Parent Company has entered into tax funding arrangements with its Australian resident wholly-owned subsidiaries, pursuant to which each subsidiary has agreed to pay or receive a tax equivalent amount based on the net taxable amount or loss of the subsidiary at the current tax rate. The tax consolidated group has applied the modified separate taxpayer approach in determining the appropriate amount of current taxes to allocate to each entity.

SGT1 and SGT2 have elected into the Attribution Managed Investment Trust Regime. Accordingly, the Trusts are not liable for Australian income tax provided that the taxable income of each Trust is attributed to members. The members of each Trust are taxable on the share of the taxable income of each Trust attributed to them.

SGT3 is treated as a company for Australian tax purposes and accordingly is a taxable entity. The Group’s New Zealand resident entities are subject to New Zealand tax.

Accounting for income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities, calculated using the tax rates and tax laws enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date. Deferred tax relating to items recognised in other comprehensive income or directly in equity is recognised in other comprehensive income or directly in equity and not the income statement.

Notes to the Financial Statements continued

Note 8 – Significant items

The following items are relevant in calculating certain financial covenants and in explaining the financial performance of the business:

	Note	31 Dec 22 \$million	31 Dec 21 \$million
Property revaluations	2(v)	79.2	81.2
Net fair value loss including associated credit risk on currency derivatives that do not qualify for hedge accounting	12	(32.1)	(37.0)
Net fair value gain/(loss) on interest rate hedges that do not qualify for hedge accounting	13	(676.2)	68.2
Net fair value gain on other financial liabilities	13	13.8	0.7
Net modification loss on refinanced borrowing facilities	13	(7.2)	(2.8)
Capital costs relating to strategic initiatives		(47.6)	(23.5)
Expected credit charge relating to COVID-19	2(v)	(14.3)	(168.8)

Note 9 – Dividends/distributions

	31 Dec 22 \$million	31 Dec 21 \$million
(a) Final dividends/distributions for the year		
Dividends/distributions in respect of the six months to 31 December 2022		
Parent Company: 4.82 cents per share (31 December 2021: 2.89 cents per share) ⁽ⁱ⁾	249.9	149.8
SGT1: 2.00 cents per unit (31 December 2021: 2.14 cents per unit)	103.7	110.9
SGT2: 1.43 cents per unit (31 December 2021: 2.14 cents per unit)	74.1	110.9
SGT3: nil (31 December 2021: 0.08 cents per unit) ⁽ⁱ⁾	–	4.1
Scentre Group: 8.25 cents per stapled security (31 December 2021: 7.25 cents per stapled security)	427.7	375.8 ⁽ⁱⁱ⁾

(i) Dividends paid/to be paid by the Parent Company and distributions paid by SGT3 are franked at the corporate tax rate of 30%.
(ii) Total may not add due to rounding.

Interim dividends/distributions of 7.50 cents were paid on 31 August 2022. Final dividends/distributions will be paid on 28 February 2023. The record date for the final dividends/distributions was 17 February 2023. The Group does not operate a Distribution Reinvestment Plan.

Note 9 – Dividends/distributions (continued)

	31 Dec 22 \$million	31 Dec 21 \$million
(b) Dividends/distributions paid during the year		
Dividends/distributions in respect of the six months to 30 June 2022		
Parent Company: nil (30 June 2021: nil)	–	–
SGT1: 3.75 cents per unit (30 June 2021: 3.50 cents per unit)	194.4	181.5
SGT2: 3.75 cents per unit (30 June 2021: 3.50 cents per unit)	194.4	181.5
SGT3: nil (30 June 2021: nil)	–	–
Dividends/distributions in respect of the six months to 31 December 2021		
Parent Company: 2.89 cents per share (31 December 2020: nil) ⁽ⁱ⁾	149.8	–
SGT1: 2.14 cents per unit (31 December 2020: 4.43 cents per unit)	110.9	229.7
SGT2: 2.14 cents per unit (31 December 2020: 2.57 cents per unit)	110.9	133.2
SGT3: 0.08 cents per unit (31 December 2020: nil) ⁽ⁱ⁾	4.1	–
Scentre Group: 14.75 cents per stapled security (31 December 2021: 14.00 cents per stapled security)	764.6 ⁽ⁱⁱ⁾	725.8 ⁽ⁱⁱ⁾

(i) Dividends paid by the Parent Company and distributions paid by SGT3 are franked at the corporate tax rate of 30%.
(ii) Total may not add due to rounding.

(c) Franking credit balance of the Group

As at 31 December 2022, franking credits available for use in future dividends/distributions amount to \$9.2 million (31 December 2021: \$97.7 million).

Note 10 – Net tangible asset backing

	31 Dec 22 \$	31 Dec 21 \$
Net tangible asset backing per security	3.57	3.66

Net tangible asset backing per security is calculated by dividing net assets (including right-of-use assets) attributable to members of the Group of \$18,530.6 million (31 December 2021: \$18,998.9 million) by the number of securities on issue at 31 December 2022 of 5,184,177,688 (31 December 2021: 5,184,177,688) as disclosed in Note 18(a).

Notes to the Financial Statements continued

Note 11 – Statutory earnings per security

	31 Dec 22 cents	31 Dec 21 cents
(a) Summary of earnings per security attributable to members of Scentre Group		
Basic earnings per stapled security	5.80	17.13
Diluted earnings per stapled security	5.78	17.07

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

	31 Dec 22 \$million	31 Dec 21 \$million
Earnings used in calculating basic earnings per stapled security ⁽ⁱ⁾ ⁽ⁱⁱ⁾	300.6	887.9
Adjustment to earnings on employee performance rights which are considered dilutive	–	–
Earnings used in calculating diluted earnings per stapled security	300.6	887.9

- (i) Refer to the income statement for details of the profit after tax attributable to members of the Group.
- (ii) Comprises net profit attributable to SGL of \$31.3 million (31 December 2021: \$64.2 million) and net profit attributable to members of SGT1, SGT2 and SGT3 of \$269.3 million (31 December 2021: \$823.7 million).

The following reflects the security data used in the calculations of basic and diluted earnings per stapled security:

	31 Dec 22 Number of securities	31 Dec 21 Number of securities
Weighted average number of ordinary securities used in calculating basic earnings per stapled security	5,184,177,688	5,184,177,688
Weighted average number of potential employee performance rights which, if securities were issued, would be dilutive ⁽ⁱⁱⁱ⁾	18,570,237	18,539,383
Adjusted weighted average number of ordinary securities used in calculating diluted earnings per stapled security	5,202,747,925	5,202,717,071

- (iii) As at 31 December 2022, 17,499,774 (31 December 2021: 13,798,867) employee performance rights are on issue.

	31 Dec 22 cents	31 Dec 21 cents
(b) Summary of earnings per SGL share		
Basic earnings per SGL share	0.60	1.24
Diluted earnings per SGL share	0.60	1.23

Earnings of \$31.3 million (31 December 2021: \$64.2 million) was used in calculating basic and diluted earnings per SGL share.

The weighted average number of ordinary securities used in calculating basic earnings per SGL share was 5,184,177,688 (31 December 2021: 5,184,177,688).

The adjusted weighted average number of ordinary securities used in calculating diluted earnings per SGL share was 5,202,747,925 (31 December 2021: 5,202,717,071) after adjusting for the weighted average number of potential employee performance rights of 18,570,237 (31 December 2021: 18,539,383) which, if securities were issued, would be dilutive.

Note 11 – Statutory earnings per security (continued)

(c) Conversions, calls, subscription, issues or buy-back after 31 December 2022

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

Accounting Policies

Earnings per security

Basic earnings per security is calculated as net profit attributable to members divided by the weighted average number of ordinary securities. Diluted earnings per security is calculated as net profit attributable to members adjusted for any profit recognised in the period in relation to dilutive potential ordinary securities, divided by the weighted average number of ordinary securities and dilutive potential ordinary securities.

Note 12 – Currency loss

	31 Dec 22 \$million	31 Dec 21 \$million
Net fair value loss including associated credit risk on currency derivatives that do not qualify for hedge accounting	(32.1)	(37.0)

The translation of the Group's foreign currency borrowings to Australian dollars has been economically hedged by currency derivatives with the same principal values. Therefore the income statement is not sensitive to any movements in exchange rates in relation to these net positions. The recognition of a net loss results from the movement in the fair value calculation of the credit risk on the currency derivative positions only.

Accounting Policies

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

Translation of foreign currency transactions

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 on the settlement of or on translating amounts payable or receivable in foreign currency at rates different from those at which they were translated on initial recognition, are recognised in the income statement in the period in which they arise, except where hedge accounting is applied.

Refer to Notes 17 and 19 for other items included in currency gain/(loss).

Notes to the Financial Statements
 continued

Note 13 – Financing costs

	31 Dec 22 \$million	31 Dec 21 \$million
Gross financing costs on senior borrowings (excluding net fair value gain/(loss) on interest rate hedges that do not qualify for hedge accounting)	(434.5)	(429.9)
Financing costs capitalised to qualifying development projects and construction in progress	22.1	19.0
Interest expense on other financial liabilities	(19.0)	(25.0)
Lease liabilities interest expense	(5.4)	(5.9)
	(436.8)	(441.8)
Net fair value gain/(loss) on interest rate hedges that do not qualify for hedge accounting	(676.2)	68.2
Net fair value gain on other financial liabilities	13.8	0.7
Net modification loss on refinanced borrowing facilities	(7.2)	(2.8)
Total financing costs (excluding coupons on subordinated notes)	(1,106.4)	(375.7)
Subordinated notes coupons	(251.0)	(200.4)
Total financing costs	(1,357.4)	(576.1)

Accounting Policies

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 Group for the acquisition or construction of a qualifying asset, the financing costs are capitalised.

Refer to Notes 16 and 17 for other items included in financing costs.

Note 14 – Cash and cash equivalents

	31 Dec 22 \$million	31 Dec 21 \$million
(a) Components of cash and cash equivalents		
Cash	679.0	978.7
Bank overdrafts	–	–
Total cash and cash equivalents	679.0	978.7
(b) Reconciliation of profit after tax to net cash flows from operating activities		
Profit after tax	322.2	904.0
Property revaluations	(250.9)	(93.5)
Difference between share of equity accounted profit/(loss) and dividends/distributions received	104.4	(42.8)
Deferred tax benefit	(14.9)	(7.3)
Net fair value loss including associated credit risk on currency derivatives	32.1	37.0
Net fair value loss/(gain) on interest rate hedges that do not qualify for hedge accounting	676.2	(68.2)
Net fair value gain on other financial liabilities	(13.8)	(0.7)
Net modification loss on refinanced borrowing facilities	7.2	2.8
Decrease in working capital attributable to operating activities	284.1	155.9
Net cash flows from operating activities	1,146.6	887.2
(c) Changes in net debt and subordinated notes arising from financing activities		
Net debt and subordinated notes at the beginning of the year	14,677.1	13,812.8
Repayment of borrowings	(934.9)	(1,381.4)
Proceeds from borrowings	1,020.2	–
Inflows from short term deposits at bank	–	2,218.0
Effects of exchange rate changes and fair value movement on currency derivatives	22.9	27.7
Net debt and subordinated notes at the end of the year ⁽ⁱ⁾	14,785.3	14,677.1
Less: Subordinated notes at the hedged rate	(4,109.6)	(4,109.6)
Net debt	10,675.7	10,567.5

(i) Net debt and subordinated notes primarily comprises interest bearing liabilities of \$15,412.1 million (31 December 2021: \$14,742.1 million) and net receivables on currency derivatives hedging senior borrowings and subordinated notes in foreign currency of \$666.7 million (31 December 2021: net receivables of \$111.6 million).

Accounting Policies

Cash and cash equivalents

Cash and cash equivalents on the balance sheet comprises cash at bank and on hand and short term deposits on demand 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.

Cash and cash equivalents are measured at amortised cost using the effective interest rate method, reduced by impairment losses. Interest income and impairment losses (if any) are recognised in the income statement.

For purposes of the cash flow statement, cash and cash equivalents includes cash on hand and at bank, short term deposits on demand and bank accepted bills of exchange readily converted to cash net of bank overdrafts. Bank overdrafts are carried at the principal amount.

Short term deposits at bank

Short term deposits at bank are deposits with an original maturity of 180 days or less and may be subject to certain conditions and penalties for early withdrawal.

Notes to the Financial Statements continued

Note 15 – Interest bearing liabilities

	31 Dec 22 \$million	31 Dec 21 \$million
Current		
Unsecured		
Commercial paper and uncommitted facilities		
– A\$ denominated	592.2	111.0
Notes payable		
– € denominated	1,576.7	–
– £ denominated	–	743.8
– A\$ denominated	–	30.1
	2,168.9	884.9
Non current		
Unsecured		
Bank loans		
– A\$ denominated	743.0	310.0
Notes payable		
– € denominated	2,514.2	4,064.6
– US\$ denominated	4,550.1	4,271.7
– £ denominated	709.3	743.8
– HK\$ denominated	75.3	70.7
Secured		
Bank loans and mortgages		
– A\$ denominated	248.0	262.5
	8,839.9	9,723.3
Total senior borrowings	11,008.8	10,608.2
Less: Cash and cash equivalents	(679.0)	(978.7)
Total senior borrowings net of cash and cash equivalents	10,329.8	9,629.5
Non current		
Unsecured		
Subordinated notes		
– US\$ denominated	4,403.3	4,133.9
Total subordinated notes	4,403.3	4,133.9
Interest bearing liabilities		
– Senior borrowings	11,008.8	10,608.2
– Subordinated notes	4,403.3	4,133.9
Total interest bearing liabilities	15,412.1	14,742.1

The Group maintains a range of interest bearing liabilities. The sources of funding are spread over various counterparties to minimise credit exposure and the terms of the instruments are negotiated to achieve a balance between capital availability and the cost of debt. Refer to Note 23 for details relating to fixed rate liabilities and derivatives which hedge floating rate liabilities.

Note 15 – Interest bearing liabilities (continued)

	31 Dec 22 \$million	31 Dec 21 \$million
(a) Summary of financing facilities		
Committed financing facilities available to the Group:		
Financing facilities	19,538.9	19,408.6
Senior borrowings	(11,008.8)	(10,608.2)
Subordinated notes	(4,403.3)	(4,133.9)
Bank guarantees	(52.6)	(46.4)
Available financing facilities	4,074.2	4,620.1
Cash and cash equivalents	679.0	978.7
Financing resources available	4,753.2	5,598.8

These facilities comprise fixed rate notes and both secured and unsecured interest only floating rate facilities. Certain facilities are also subject to negative pledge arrangements which require the Group to comply with specific minimum financial and non-financial requirements. These facilities exclude the property linked notes liability of \$354.9 million (31 December 2021: \$612.0 million). Amounts which are denominated in foreign currencies are translated at exchange rates ruling at balance date.

		Committed financing facilities 31 Dec 22 \$million	Interest bearing liabilities 31 Dec 22 \$million	Committed financing facilities 31 Dec 21 \$million	Interest bearing liabilities 31 Dec 21 \$million
(b) Financing facilities and interest bearing liabilities, comprise:	Maturity Date				
Unsecured senior notes payable					
– US\$ ⁽ⁱ⁾	Feb 25 to May 30	4,550.1	4,550.1	4,271.7	4,271.7
– € ⁽ⁱ⁾	Mar 23 to Mar 29	4,090.9	4,090.9	4,064.6	4,064.6
– £ ⁽ⁱ⁾	Jul 26	709.3	709.3	1,487.6	1,487.6
– HK\$ ⁽ⁱ⁾	Apr 30	75.3	75.3	70.7	70.7
– A\$	Jul 22	–	–	30.1	30.1
Total unsecured senior notes payable		9,425.6	9,425.6	9,924.7	9,924.7
Unsecured bank loan facilities	Apr 24 to Sep 29	5,410.0	743.0	5,050.0	310.0
Unsecured commercial paper and uncommitted facilities ⁽ⁱⁱ⁾		–	592.2	–	111.0
Secured bank loans and mortgages ⁽ⁱⁱⁱ⁾	May 27	300.0	248.0	300.0	262.5
		15,135.6	11,008.8	15,274.7	10,608.2
Unsecured subordinated notes – US\$ ^(iv)	Sep 80	4,403.3	4,403.3	4,133.9	4,133.9
Total financing facilities and interest bearing liabilities		19,538.9	15,412.1	19,408.6	14,742.1

(i) The US\$, €, £ and HK\$ denominated unsecured senior notes payables are economically hedged using cross currency swaps with the same principal values to convert into A\$ payables.

(ii) Drawings on the Group's commercial paper program and uncommitted facilities are in addition to the Group's committed facilities and are classified as current interest bearing liabilities. These drawings may be refinanced by non current unsecured bank loan facilities.

(iii) The Group consolidates Carindale Property Trust. The trust has a \$300.0 million (31 December 2021: \$300.0 million) floating interest rate syndicated facility. Drawings under this facility are secured by a registered mortgage over the trust's interest in Westfield Carindale, and a fixed and floating charge over all assets and undertakings of the trust. The facility is subject to negative pledge arrangements. At 31 December 2022, the recorded fair value of Westfield Carindale is \$785.1 million (31 December 2021: \$750.1 million) compared to borrowings of \$248.0 million (31 December 2021: \$262.5 million).

(iv) The US\$ subordinated notes comprise US\$1.5 billion with a non-call period of 6 years and US\$1.5 billion with a non-call period of 10 years. The notes may be redeemed by the Group at par at the end of their respective non-call periods or any coupon date thereafter. The unsecured subordinated notes are economically hedged up to the end of their respective non-call periods using cross currency swaps with the same principal values to convert into A\$ payables.

Notes to the Financial Statements continued

Note 15 – Interest bearing liabilities (continued)

	Maturity Date	31 Dec 22 Local currency million	31 Dec 21 Local currency million
(c) Maturity of unsecured senior notes payable and subordinated notes			
Senior notes payable	8 Apr 22	–	£400.0
	4 Jul 22	–	A\$30.1
	22 Mar 23	€500.0	€500.0
	11 Sep 23	€503.4	€508.2
	16 Jul 24	€600.0	€600.0
	12 Feb 25	US\$600.0	US\$600.0
	28 Oct 25	US\$500.0	US\$500.0
	28 Jan 26	US\$750.0	US\$750.0
	16 Jul 26	£400.0	£400.0
	23 Mar 27	US\$500.0	US\$500.0
	11 Apr 28	€500.0	€500.0
	28 Mar 29	€500.0	€500.0
	29 Apr 30	HK\$400.0	HK\$400.0
	28 May 30	US\$750.0	US\$750.0
Total A\$ equivalent of senior unsecured notes payable		9,425.6	9,924.7
Subordinated notes	24 Sep 80	US\$3,000.0	US\$3,000.0
Total A\$ equivalent of senior unsecured notes payable and subordinated notes		13,828.9	14,058.6

Accounting Policies

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, where the Group has an unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

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

The fair values of the Group’s interest bearing liabilities as disclosed in Note 28 are determined as follows:

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

Note 16 – Other financial liabilities

	31 Dec 22 \$million	31 Dec 21 \$million
Property linked notes		
Current	162.3	243.3
Non current	192.6	368.7
	354.9	612.0

The Property Linked Notes (Notes) are designed to provide returns based on the economic performance of certain Westfield Australian super regional and regional shopping centres. When the Notes were originally issued, these centres were: Parramatta, Hornsby and Burwood in Sydney, Southland in Melbourne, Tea Tree Plaza in Adelaide and Belconnen in the Australian Capital Territory (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). 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 at a Review Date.

The redemption value of a Note is effectively calculated as the market value of the Noteholder’s Reference Property Interest at the date of redemption and the final coupon (if applicable). The Notes were initially recorded at fair value and are subsequently remeasured at fair value each reporting period. The fair value of the Notes is determined by reference to the fair value of the relevant Westfield centre with the gains or losses recorded through the income statement. Accordingly, the gains or losses recorded through the income statement are directly related to the revaluation of the relevant Westfield centre. On redemption, the obligation to pay the amount due on the Notes can, in certain circumstances, be satisfied by the transfer of the underlying Reference Property Interest to the Noteholder. The Notes are subordinated to all other secured and unsecured debt of the Group. The Notes are guaranteed (on a subordinated basis) by the Parent Company and RE1 Limited as responsible entity of SGT2.

As at the date of this report, \$1,263.4 million of the Notes have been repaid and terminated since the Notes were originally issued, including \$162.3 million of the Notes linked to Southland that were repaid and terminated on 4 January 2023. The review date for the remaining Note linked to Hornsby is 31 December 2023. As this date falls on a day that is not a business day, payment for the Note will be required on 2 January 2024. The coupon on the Notes is payable quarterly on 15 March, 15 June, 15 September and 15 December each year for as long as the Notes remain outstanding.

Accounting Policies

Other financial liabilities

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

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

Notes to the Financial Statements continued

Note 17 – Derivative assets and liabilities

	Current \$million	Non current \$million	31 Dec 22 \$million	Current \$million	Non current \$million	31 Dec 21 \$million
(a) Derivative assets						
Currency derivatives ⁽ⁱ⁾						
– Subordinated notes	–	–	–	–	24.3	24.3
– Senior borrowings	96.4	256.1	352.5	2.8	582.6	585.4
Interest rate derivatives	3.1	505.6	508.7	–	52.7	52.7
	99.5	761.7	861.2	2.8	659.6	662.4
(b) Derivative liabilities						
Currency derivatives ⁽ⁱ⁾						
– Subordinated notes	–	371.8	371.8	–	218.2	218.2
– Senior borrowings	–	783.0	783.0	35.5	448.0	483.5
Interest rate derivatives	0.2	–	0.2	11.7	138.5	150.2
	0.2	1,154.8	1,155.0	47.2	804.7	851.9

(i) Currency derivatives comprise cross currency swaps and foreign currency swaps. The currency related and interest related components of currency derivatives are part of the same contract (refer to Note 2(v)). The net position has been classified accordingly as a derivative asset or derivative liability on the balance sheet.

The Group’s derivatives above do not meet the accounting requirements to qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement. At 31 December 2022, the aggregate fair value is a net payable of \$293.8 million (31 December 2021: \$189.5 million). The change in fair value for the year ended 31 December 2022 was a net loss of \$104.3 million (31 December 2021: net gain of \$549.3 million). In 2021, the Group cancelled derivatives following the issuance of subordinated notes in 2020 resulting in a payment of \$38.1 million.

The Group presents the fair value mark to market of its derivative assets and derivative liabilities on a gross basis. Certain derivative assets and liabilities are subject to legally enforceable master netting arrangements, however do not meet the criteria for offsetting in the balance sheet. As at 31 December 2022, if these netting arrangements were applied to the derivative portfolio, derivative assets of \$861.2 million would be reduced by \$509.5 million to the net amount of \$351.7 million and derivative liabilities of \$1,155.0 million would be reduced by \$509.5 million to the net amount of \$645.5 million. As at 31 December 2021, if these netting arrangements were applied to the derivative portfolio, derivative assets of \$662.4 million would be reduced by \$410.1 million to the net amount of \$252.3 million and derivative liabilities of \$851.9 million would be reduced by \$410.1 million to the net amount of \$441.8 million.

Accounting Policies

Derivative financial instruments

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

The Group has set defined policies and implemented a comprehensive hedging program to manage interest and exchange rate risks. Derivative instruments are transacted to achieve the economic outcomes in line with the Group’s treasury policy and hedging program. Derivative instruments are not transacted for speculative purposes. Accounting standards require detailed compliance with documentation, designation and effectiveness parameters before a derivative financial instrument is deemed to qualify for hedge accounting treatment. Where these requirements are not met, derivative instruments are deemed not to qualify for hedge accounting and changes in fair value are recorded in the income statement.

Note 17 – Derivative assets and liabilities (continued)

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

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

Note 18 – Contributed equity

	31 Dec 22 Number of securities	31 Dec 21 Number of securities
(a) Securities on issue		
Number of securities on issue ⁽ⁱ⁾	5,184,177,688	5,184,177,688

(i) The number of securities on issue as at 31 December 2022 was 5,190,378,339 (31 December 2021: 5,190,378,339). The Scentre Executive Option Plan Trust holds 6,200,651 (31 December 2021: 6,200,651) securities in the Group, which have been consolidated and eliminated in accordance with accounting standards.

There were no changes to the number of securities on issue during the years ended 31 December 2022 and 2021.

Holders of Scentre Group stapled securities have the right to receive declared dividends from the Parent Company and distributions from SGT1, SGT2 and SGT3 and, in the event of winding up the Parent Company, 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 stapled securities can vote their shares and units in accordance with the Corporations Act, either in person or by proxy, at a meeting of any of the Parent Company, SGT1, SGT2 and SGT3 (as the case may be).

	31 Dec 22 \$million	31 Dec 21 \$million
(b) Amount of contributed equity attributable to members of Scentre Group		
Comprise amounts attributable to:		
SGL	661.0	661.0
SGT1, SGT2 and SGT3	9,329.8	9,329.8
Scentre Group	9,990.8	9,990.8

There were no changes to the amount of contributed equity attributable to members of Scentre Group during the years ended 31 December 2022 and 2021.

Accounting Policies

Contributed equity

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

Notes to the Financial Statements continued

Note 19 – Reserves

	Note	31 Dec 22 \$million	31 Dec 21 \$million
(a) Reserves attributable to members of Scentre Group			
Comprise amounts attributable to:			
SGL		33.1	22.3
SGT1, SGT2 and SGT3		86.5	101.6
Scentre Group		119.6	123.9
Total reserves attributable to members of Scentre Group comprise:			
Foreign currency translation reserve	19(b)	85.3	100.5
Employee share plan benefits reserve	19(c)	34.3	23.4
Total reserves		119.6	123.9
(b) Movement in foreign currency translation reserve			
Balance at the beginning of the year		100.5	88.1
Foreign exchange movement			
– Currency movement on the translation of investment in foreign operations		(15.2)	12.4
Balance at the end of the year		85.3	100.5

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

Accounting Policies

Translation of accounts of foreign operations

The functional and presentation currency of the Parent Company 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 Group to be reported in a common currency.

The balance sheets of foreign subsidiaries and equity accounted investments are translated at exchange rates ruling at balance date and the income statement of foreign subsidiaries and equity accounted investments are translated at average exchange rates for the period. Exchange differences arising on translation of the interests in foreign operations are taken directly to the foreign currency translation reserve.

Refer to Note 17 for other items included in foreign currency translation reserve.

		31 Dec 22 \$million	31 Dec 21 \$million
(c) Movement in employee share plan benefits reserve			
Balance at the beginning of the year		23.4	16.0
Amounts settled during the year		(4.7)	(4.1)
Amortisation during the year		15.6	11.5
Balance at the end of the year		34.3	23.4

The employee share plan benefits reserve is used to record the value of share based payments provided to employees as part of their remuneration.

Note 20 – Retained profits

	Note	31 Dec 22 \$million	31 Dec 21 \$million
(a) Retained profits attributable to members of Scentre Group			
Comprise amounts attributable to:			
SGL		216.7	335.2
SGT1, SGT2 and SGT3		8,203.5	8,549.0
Scentre Group		8,420.2	8,884.2
(b) Movement in retained profits attributable to members of Scentre Group			
Balance at the beginning of the year		8,884.2	8,722.1
Profit after tax for the year		300.6	887.9
Dividends/distributions paid	9(b)	(764.6)	(725.8)
Balance at the end of the year		8,420.2	8,884.2

Note 21 – Capital risk management

The Group seeks to manage its capital requirements to maximise value to members through the mix of debt and equity funding, while ensuring that Group 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 Group 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 Group continuously reviews its capital structure in order to:

- have sufficient funds and financing facilities, on a cost effective basis, available to implement the Group's property development and business acquisition strategies;
- ensure financing facilities for unforeseen contingencies are maintained; and
- provide distributions to members.

The Group is able to alter its capital mix by issuing new stapled securities and hybrid securities, establishing a distribution reinvestment plan, 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 Group also protects its equity in assets by taking out insurance.

Notes to the Financial Statements continued

Note 22 – Financial risk management

The Group’s principal financial instruments comprise cash, short term deposits at bank, receivables, payables, interest bearing liabilities, other financial liabilities and derivative financial instruments.

The Group manages its exposure to key financial risks in accordance with the 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.

The Group’s treasury risk management policies are established to identify and analyse the risks faced by the Group, 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 Group’s activities. The Group through its training and procedures, has developed a control environment in which relevant treasury and finance personnel understand their roles and obligations in respect of the Group’s treasury management objectives.

The Group has an established Board approved risk management framework including policies, procedures, limits and allowed types of derivative financial instruments. 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 Group’s Executive Risk Management Committee.

The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates, foreign exchange, liquidity and credit risk. The Group 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 Group’s operations, cash flows, interest bearing liabilities and its net investments in foreign operations. The Group seeks to deal only with creditworthy counterparties and these assessments are regularly reviewed. Liquidity risk is monitored through the use of rolling cash flow forecasts.

Note 23 – Interest rate risk management

The Group is exposed to interest rate risk on its interest bearing liabilities and derivative financial instruments. This risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate interest bearing liabilities. Fixed rate liabilities are achieved either through fixed rate funding or through the use of derivative financial instruments in accordance with a Board approved policy. These activities are evaluated regularly to determine that the Group 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 23 – Interest rate risk management (continued)

Summary of interest rate positions at balance date

The Group’s interest rate risk exposures at balance date including the relevant financial instruments used to manage these exposures are as follows:

	Note	31 Dec 22 \$million	31 Dec 21 \$million
Principal amounts of interest bearing assets/(liabilities):			
Senior borrowings	15	(11,008.8)	(10,608.2)
Subordinated notes	15	(4,403.3)	(4,133.9)
Cross currency swaps			
– A\$ relating to senior borrowings		(9,030.9)	(9,808.7)
– A\$ relating to subordinated notes		(4,109.6)	(4,109.6)
– US\$3,100.0 million (31 December 2021: US\$3,100.0 million)		4,550.1	4,271.7
– US\$3,000.0 million relating to subordinated notes (31 December 2021: US\$3,000.0 million)		4,403.3	4,133.9
– €2,600.0 million (31 December 2021: €2,600.0 million)		4,085.5	4,051.8
– £400.0 million (31 December 2021: £800.0 million)		709.3	1,487.6
– HK\$400.0 million (31 December 2021: HK\$400.0 million)		75.3	70.7
Foreign currency swaps			
– A\$		104.2	4.0
– NZ\$110.4 million payable (31 December 2021: nil)		(102.9)	–
– Nil (31 December 2021: £151.3 million receivable)		–	281.4
– Nil (31 December 2021: £153.6 million payable)		–	(285.5)
Cash and cash equivalents	2(v)	693.9	988.9
Principal amounts of net interest bearing liabilities		(14,033.9)	(13,655.9)
Principal amounts of fixed interest rate assets/(liabilities):			
Fixed rate debt and subordinated notes			
– A\$		–	(30.0)
– US\$3,100.0 million (31 December 2021: US\$3,100.0 million)		(4,550.1)	(4,271.7)
– US\$3,000.0 million subordinated notes (31 December 2021: US\$3,000.0 million)		(4,403.3)	(4,133.9)
– €2,600.0 million (31 December 2021: €2,600.0 million)		(4,085.5)	(4,051.8)
– £400.0 million (31 December 2021: £800.0 million)		(709.3)	(1,487.6)
– HK\$400.0 million (31 December 2021: HK\$400.0 million)		(75.3)	(70.7)
Fixed rate derivatives			
– A\$		(10,535.0)	(5,730.0)
– US\$3,100.0 million (31 December 2021: US\$3,100.0 million)		4,550.1	4,271.7
– US\$3,000.0 million subordinated notes (31 December 2021: US\$3,000.0 million)		4,403.3	4,133.9
– €2,600.0 million (31 December 2021: €2,600.0 million)		4,085.5	4,051.8
– £400.0 million (31 December 2021: £800.0 million)		709.3	1,487.6
– HK\$400.0 million (31 December 2021: HK\$400.0 million)		75.3	70.7
Other derivatives ⁽ⁱ⁾			
– A\$		–	(1,000.0)
Principal amounts of net interest bearing liabilities hedged by fixed rate instruments and derivatives		(10,535.0)	(6,760.0)

(i) The Group had entered into callable swaps with an aggregate principal value of A\$1.0 billion, where floating rate payments were swapped to fixed rate payments from February 2020 until February 2026. The callable swaps were called at no cost during the financial year.

Notes to the Financial Statements continued

Note 23 – Interest rate risk management (continued)

Summary of interest rate positions at balance date (continued)

At 31 December 2022, the Group has hedged 75% of its net interest bearing liabilities by way of fixed rate borrowings, subordinated notes and interest rate derivatives of varying durations. The remaining 25% is exposed to floating rates on a principal payable of \$3,498.9 million, at an interest rate based on an interbank benchmark rate and applicable margins (31 December 2021: 50% hedged with floating exposure on a principal payable of \$6,895.9 million).

Interest rate sensitivity

The sensitivity of interest expense to changes in the floating exposure interest rate is proportional. Assuming the floating interest payable exposure remains unchanged, an increase or decrease in interest rates of 100 basis points would increase or decrease interest expense by \$35.0 million (31 December 2021: \$69.0 million) respectively for the next 12 months.

The fair values of derivatives used by the Group are also sensitive to changes in interest rates and are as follows:

		31 Dec 22 \$million	31 Dec 21 \$million
	Interest rate movement		Increase/(decrease) in fair value
	-2.0%	232.1	827.7
	-1.0%	114.5	390.9
	-0.5%	54.9	189.8
	0.5%	(51.7)	(179.9)
	1.0%	(100.6)	(351.9)
	2.0%	(189.5)	(675.5)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the current observable market environment.

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

Note 24 – Exchange rate risk management

The Group is exposed to exchange rate risks primarily on its foreign currency denominated liabilities and its investment in New Zealand. The Group manages these exposures by entering into currency derivative instruments.

Summary of foreign currency balance sheet positions at balance date

The Group's significant foreign exchange risk exposures at reporting date including the relevant financial instruments used to manage these exposures are as follows:

	31 Dec 22 million	31 Dec 21 million
New Zealand Dollar		
Cash and cash equivalents	NZ\$110.4	–
Investment in New Zealand	NZ\$1,432.4	NZ\$1,515.8
Foreign currency swaps	NZ\$(110.4)	–
NZ\$ denominated net assets	NZ\$1,432.4	NZ\$1,515.8
US Dollar		
Cash and cash equivalents	US\$1.9	US\$1.8
Borrowings	US\$(3,100.0)	US\$(3,100.0)
Cross currency swaps	US\$3,100.0	US\$3,100.0
US\$ denominated net assets	US\$1.9	US\$1.8
US Dollar – Subordinated notes		
Subordinated notes	US\$(3,000.0)	US\$(3,000.0)
Cross currency swaps	US\$3,000.0	US\$3,000.0
US\$ denominated net assets	–	–
British Pound		
Borrowings	£(400.0)	£(800.0)
Cross currency swaps and foreign currency swaps	£400.0	£797.7
Other net assets	–	£2.3
£ denominated net assets	–	–
Euro		
Borrowings	€(2,600.0)	€(2,600.0)
Cross currency swaps	€2,600.0	€2,600.0
€ denominated net assets	–	–
Hong Kong Dollar		
Borrowings	HK\$(400.0)	HK\$(400.0)
Cross currency swaps	HK\$400.0	HK\$400.0
HK\$ denominated net assets	–	–

Foreign exchange gains or losses arising from the translation of interests in foreign operations and the fair value gains or losses from currency derivatives where hedge accounting requirements are met, are taken directly to the foreign currency translation reserve. Where the Group does not satisfy the hedge accounting requirements, the changes in fair value are reflected in the income statement.

Notes to the Financial Statements continued

Note 24 – Exchange rate risk management (continued)

Foreign currency sensitivity

The Group’s sensitivity to movements in foreign exchange rates mainly arises from its NZ\$ denominated net assets.

The NZ\$ cash and cash equivalents are economically hedged using foreign currency swaps with the same principal value to convert into A\$ receivables. The US\$, €, £ and HK\$ denominated notes payable exposures and the subordinated notes exposures (up to the end of the respective non-call periods) are economically hedged using cross currency swaps with the same principal values to convert into A\$ payables. Therefore the income statement is not sensitive to any movements in exchange rates in relation to these net positions.

Note 25 – Credit risk management

The Group’s credit risk arises from financial assets such as cash and cash equivalents, trade debtors and receivables and favourable derivative financial instruments. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

The Group generally considers a financial asset to be in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

For cash, short term deposits and derivative instruments with banks and other financial institutions, credit limits have been established to ensure that the Group deals only with approved counterparties, 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 Group, 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.

In accordance with the Group’s policy, credit risk in respect of cash, short term deposits and derivative financial instruments is spread among a number of creditworthy counterparties within specified limits. The Group had 53% (31 December 2021: 68%) of its aggregate credit risk spread over three 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.

For trade debtors and receivables, there are no significant concentrations of credit risk. The Group also obtains security deposits from tenants in the form of cash or bank guarantees which can be called upon if the tenant is in default under the terms of the lease contract. Credit risk due to the impact of the COVID-19 pandemic and the assessment of expected credit loss on trade debtors and receivables are discussed in Note 3.

The maximum exposure to credit risk at balance date is the aggregate of the carrying amounts of financial assets as disclosed in Note 28.

Note 26 – Liquidity risk management

The Group 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, and for working capital and expected committed capital expenditure requirements. The Group prepares and monitors rolling forecasts of liquidity requirements on the basis of expected cash flow.

Refer to Note 15 for details of interest bearing liabilities and financing facilities. The maturity profiles of the principal amounts of interest bearing liabilities including aggregate future estimated nominal interest and the future estimated nominal cashflows of derivative financial instruments are set out below:

	31 Dec 22 \$million	31 Dec 21 \$million
Senior borrowings and interest		
Due within one year	(2,521.9)	(1,195.9)
Due between one year and five years	(6,487.2)	(7,214.9)
Due after five years	(3,351.0)	(3,562.0)
	(12,360.1)	(11,972.8)
Subordinated notes and interest		
Due within one year	(217.4)	(204.1)
Due between one year and five years	(870.3)	(817.0)
Due between five years and ten years	(1,088.3)	(1,021.1)
Due after ten years	(14,788.1)	(14,088.0)
	(16,964.1)	(16,130.2)
Comprising:		
– principal amounts of current and non current senior borrowings	(11,008.8)	(10,608.2)
– aggregate future estimated nominal interest of senior borrowings	(1,351.3)	(1,364.6)
– principal amounts of non current subordinated notes	(4,403.3)	(4,133.9)
– aggregate future estimated nominal interest of subordinated notes	(12,560.8)	(11,996.3)
	(29,324.2)	(28,103.0)
Derivatives inflows/(outflows)		
Due within one year	(103.5)	(110.2)
Due between one year and five years	(268.1)	68.4
Due after five years	(217.7)	(161.1)
	(589.3)	(202.9)

Contingent liabilities are set out in Note 34 and are not included in the amounts shown above.

Notes to the Financial Statements continued

Note 27 – Financial covenants

The Group is required to comply with certain financial covenants in respect of its unsecured borrowing 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 2022 and 2021, the Group was in compliance with the financial covenants above.

Note 28 – Fair value of financial assets and liabilities

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

	Fair value Hierarchy	Fair value		Carrying amount	
		31 Dec 22 \$million	31 Dec 21 \$million	31 Dec 22 \$million	31 Dec 21 \$million
Consolidated assets					
Cash and cash equivalents		679.0	978.7	679.0	978.7
Trade debtors and receivables ⁽ⁱ⁾		162.0	243.0	162.0	243.0
Interest receivable ⁽ⁱ⁾		168.0	169.5	168.0	169.5
Derivative assets ⁽ⁱⁱ⁾	Level 2	861.2	662.4	861.2	662.4
Consolidated liabilities					
Trade and other payables ⁽ⁱ⁾		909.2	806.8	909.2	806.8
Interest payable ⁽ⁱ⁾		307.4	277.7	307.4	277.7
Interest bearing liabilities ⁽ⁱⁱⁱ⁾					
– Fixed rate debt	Level 2	8,739.8	10,543.2	9,425.6	9,924.7
– Fixed rate subordinated notes	Level 2	3,830.7	4,382.0	4,403.3	4,133.9
– Floating rate debt	Level 2	1,583.2	683.5	1,583.2	683.5
Other financial liabilities ⁽ⁱⁱⁱ⁾	Level 3	354.9	612.0	354.9	612.0
Derivative liabilities ⁽ⁱⁱⁱ⁾	Level 2	1,155.0	851.9	1,155.0	851.9

(i) These financial assets and liabilities are not subject to interest rate risk and the fair value approximates carrying amount.
(ii) These financial assets and liabilities are subject to interest rate and market risks, the basis of determining the fair value is set out in the fair value hierarchy on page 121.

Note 28 – Fair value of financial assets and liabilities (continued)

Determination of fair value

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

- Level 1: the fair value is calculated using quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: the fair value is estimated using inputs other than quoted prices that are observable, either directly (as prices) or indirectly (derived from prices).
- Level 3: the fair value is estimated using inputs that are not based on observable market data.

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

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

	Note	31 Dec 22 \$million	31 Dec 21 \$million
Level 3 fair value movement – Property linked notes ⁽ⁱ⁾			
Balance at the beginning of the year		612.0	612.7
Repayment of other financial liabilities		(243.3)	–
Net fair value gain included in financing costs in the income statement	13	(13.8)	(0.7)
Balance at the end of the year		354.9	612.0

(i) The fair value of the property linked notes has been determined by reference to the fair value of the relevant Westfield shopping centres (refer to Note 16).

Investment properties are considered Level 3, refer to Note 4: Investment properties and Note 5: Details of shopping centre investments for relevant fair value disclosures.

Notes to the Financial Statements continued

Note 29 – Other significant accounting policies

(a) Consolidation and classification

This consolidated financial report comprises the financial statements and notes to the financial statements of the Parent Company, and each of its controlled entities which includes SGT1, SGT2 and SGT3 from the date the Parent Company obtained control and until such time control ceased. The Parent Company and the entities it control are collectively referred to as the economic entity known as the Group. Where entities adopt accounting policies which differ from those of the Parent Company, adjustments have been made so as to achieve consistency within the Group.

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 27 June 2005, made by the Australian Securities and Investments Commission (ASIC) pursuant to subsection 340(1) of the Corporations Act, the Directors of the Parent Company have been relieved from compliance with subsection 323D(3) of the Corporations Act insofar as that subsection requires them to ensure the financial year of the controlled entity Carindale Property Trust (CDP), coincides with the financial year of the Parent Company.

Notwithstanding that the financial year of CDP 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 Company being 31 December.

(ii) Joint arrangements

Joint operations

The Group 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 Group has the rights to the individual assets and obligations arising from these interests and recognises its share of the assets, liabilities, revenues and expenses of the operation.

Joint ventures

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

The Group 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 Group's share of net assets of the joint ventures. The consolidated income statement reflects the Group's share of the results of operations of the joint ventures.

(iii) Controlled entities

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

(b) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on the 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 on 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 contingent liabilities are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(c) Trade and other 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 Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are paid within 30 days.

(d) Recoverable amount of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of the impairment exists, the Group 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.

Note 30 – Share based payments

(a) Performance rights – Equity settled over Scentre Group stapled securities

	Note	31 Dec 22 Number of rights	31 Dec 21 Number of rights
Performance rights – STVR	30(b)	2,439,780	3,467,052
Performance rights – LTVR	30(c)	8,524,831	3,796,652
Performance rights – Retention awards	30(d)	6,535,163	6,535,163
		17,499,774	13,798,867

(b) Performance rights – STVR

	31 Dec 22 Number of rights	31 Dec 21 Number of rights
Movement in Performance rights – STVR		
Balance at the beginning of the year	3,467,052	3,570,670
Rights issued during the year	863,725	1,676,002
Rights exercised during the year	(1,706,748)	(1,587,669)
Rights forfeited during the year	(184,249)	(191,951)
Balance at the end of the year	2,439,780	3,467,052

	31 Dec 22 Fair value granted \$million	31 Dec 22 Number of rights ⁽ⁱ⁾	31 Dec 21 Fair value granted \$million	31 Dec 21 Number of rights ⁽ⁱ⁾
Vesting profile				
2022	–	–	6.0	1,798,735
2023	3.9	1,576,055	4.1	1,668,317
2024	2.3	863,725	–	–
	6.2	2,439,780	10.1	3,467,052

(i) The exercise price for these rights is nil.

Accounting Policies

Performance rights – STVR

The Performance rights – STVR is a plan in which senior executives and high performing employees participate. The fair value of the rights issued is measured at each grant date using a Black Scholes option pricing model (Black Scholes). The inputs include the Group's 10-day volume weighted average security price prior to the grant date (from \$2.86 to \$3.85) and the following metrics were obtained from Bloomberg: the risk free interest rate (from 0.13% to 3.25%); expected volatility (from 12.44% to 34.50%) and expected dividend yield (from 4.87% to 6.05%) during the vesting period. Expected volatility is based on the historical security price volatility over the past three years. The Performance rights – STVR vest at the end of year three after the grant date (being two years after the end of the year of grant). Executives are not able to call for early exercise of the rights, however there are provisions in the plan to allow for early vesting at the discretion of the Board. Vesting conditions such as the number of employees remaining in service is taken into account in determining the total amortisation for each reporting period.

Notes to the Financial Statements continued

Note 30 – Share based payments (continued)

(c) Performance rights – LTVR

	31 Dec 22 Number of rights	31 Dec 21 Number of rights
Movement in Performance rights – LTVR		
Balance at the beginning of the year	3,796,652	3,331,335
Rights issued during the year	4,728,179	3,796,652
Rights forfeited during the year	–	(60,813)
Rights vested at zero during the year	–	(3,270,522)
Balance at the end of the year	8,524,831	3,796,652

Vesting profile	31 Dec 22 Fair value granted \$million	31 Dec 22 Number of rights ⁽ⁱ⁾	31 Dec 21 Fair value granted \$million	31 Dec 21 Number of rights ⁽ⁱ⁾
2023	4.3	1,858,682	4.3	1,858,682
2024	9.8	4,302,066	4.3	1,937,970
2025	5.3	2,364,083	–	–
	19.4	8,524,831	8.6	3,796,652

(i) The exercise price for these rights is nil.

Accounting Policies

Performance rights – LTVR

The senior leadership team of Scentre Group participate in the Performance rights – LTVR. The fair value of the rights issued is measured at each grant date using the Monte Carlo simulation using the Black Scholes framework (Monte Carlo) for the relative TSR hurdle component with the remaining hurdle components valued using Black Scholes. For Black Scholes, the inputs include the Group's 10-day volume weighted average security price prior to the grant date (from \$2.86 to \$3.08) and the following metrics were obtained from Bloomberg: the risk free interest rate (from 0.13% to 3.37%); expected volatility (from 32.23% to 34.50%); and expected dividend yield (from 4.87% to 4.89%) during the vesting period. For Monte Carlo, the inputs include the Group's security price at grant date, the risk free interest rate, expected volatility and expected dividend yield during the vesting period for the Group and the customised benchmarking index (as detailed in section 8 of the Remuneration Report). For both methods, the expected volatility is based on the historical security price volatility over the past three years. Other vesting conditions include meeting the performance hurdles applicable under the Performance rights – LTVR as determined annually by the Human Resources Committee. The hurdles chosen by the Human Resources Committee for the 2022 qualifying year are set out in section 8 of the Remuneration Report. The Performance rights – LTVR vests in two tranches (subject to the previously mentioned performance hurdles), the first tranche at the end of year three after the grant date (being two years after the end of the year of grant) and the second tranche at the end of year four after the grant date (being three years after the end of the year of grant). 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 performance hurdle conditions are met. Further details on the terms and conditions of the Performance rights – LTVR are described in section 8 of the Remuneration Report.

Note 30 – Share based payments (continued)

(d) Performance rights – Retention awards

	31 Dec 22 Number of rights	31 Dec 21 Number of rights
Movement in Performance rights – Retention awards		
Balance at the beginning of the year	6,535,163	6,697,230
Rights forfeited during the year	–	(162,067)
Balance at the end of the year	6,535,163	6,535,163

Vesting profile	31 Dec 22 Fair value granted \$million	31 Dec 22 Number of rights ⁽ⁱ⁾	31 Dec 21 Fair value granted \$million	31 Dec 21 Number of rights ⁽ⁱ⁾
2023	6.0	3,267,588	6.0	3,267,588
2024	5.6	3,267,575	5.6	3,267,575
	11.6	6,535,163	11.6	6,535,163

(i) The exercise price for these rights is nil.

Accounting Policies

Performance rights – Retention awards

In 2020, retention awards were issued to the senior leadership team in order to retain their services as they are integral to the Group's response to the COVID-19 pandemic and steering a course to recovery. The fair value of the rights issued is measured at each grant date using Black Scholes. The inputs include the Group's five-day volume weighted average security price prior to the grant date of \$2.16 and the following metrics were obtained from Bloomberg: the risk free interest rate (from 0.13% to 0.17%); expected volatility (from 40.85% to 41.40%); and expected dividend yield of 6.95% during the vesting period. Expected volatility is based on the historical security price volatility over the past three years. Other vesting conditions include the executive remaining employed with the Group for the retention period and satisfactory individual performance by the executive and contribution by the executive to the Group's annual business plans. In calculating the Black Scholes' value of rights granted, it has been assumed that the performance hurdle conditions are met. The retention awards vest in two tranches which are 15 February 2023 and 15 February 2024.

Accounting for equity settled share based payments

During the year, \$15.6 million (31 December 2021: \$11.5 million) was charged to the income statement as gross amortisation in respect of equity settled share based payments and the corresponding entry is recorded against the employee share plan benefits reserve.

Notes to the Financial Statements continued

Note 31 – Leases

	Note	31 Dec 22 \$million	31 Dec 21 \$million
(a) Right-of-use assets ⁽ⁱ⁾			
Balance at the beginning of the year		68.3	81.3
Amortisation		(13.7)	(13.0)
Balance at the end of the year		54.6	68.3
Ground lease assets are included in investment properties as disclosed in Note 4.			
(b) Lease liabilities			
Current		14.4	13.2
Non current		92.7	106.2
		107.1	119.4
Lease liabilities comprise:			
Right-of-use assets ⁽ⁱ⁾		62.9	75.6
Ground leases		44.2	43.8
Total lease liabilities		107.1	119.4
Total lease payments during the year comprise:			
Principal payments		13.4	11.9
Financing costs	13	5.4	5.9
		18.8	17.8

(i) These relate to lease agreements for the right to use certain office spaces mainly in the Sydney Office Towers which were recognised as lease liabilities and right-of-use assets from the lease commencement date.

The lease agreements for the Sydney Office Towers include the option to renew four times, each for a period of five years after January 2027. The option to extend has not been included in the measurement of lease liabilities as at 31 December 2022 and 2021.

	31 Dec 22 \$million	31 Dec 21 \$million
The maturity profile of lease liabilities including future interest payments is set out below:		
Due within one year	19.3	18.7
Due between one year and five years	64.9	80.9
Due after five years	113.8	113.2
	198.0	212.8

Note 31 – Leases (continued)

Accounting Policies

Leases (lessee accounting)

At the lease commencement date, a right-of-use asset and a corresponding lease liability is recognised.

The liabilities arising from the lease are initially measured on a present value basis. Lease liabilities include the net present value of future lease payments, less any lease incentives receivable. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost.

Right-of-use assets are measured at cost comprising:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred; and
- any restoration costs.

Right-of-use assets with respect to the lease of office spaces are amortised on a straight-line basis over the lease term or asset’s useful life whichever is shorter.

Note 32 – Lease commitments

Operating lease receivables

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

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

	31 Dec 22 \$million	31 Dec 21 \$million
Future minimum rental revenues under non cancellable operating property leases:		
Due within one year	1,680.3	1,612.0
Due between one and two years	1,376.4	1,314.0
Due between two and three years	1,104.1	1,048.9
Due between three and four years	870.6	824.1
Due between four and five years	659.7	615.2
Due after five years	2,031.2	2,111.6
	7,722.3	7,525.8

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.

These amounts include undiscounted future lease payments to be received under non cancellable operating leases calculated based on contracted lease terms as at the end of the year.

Notes to the Financial Statements continued

Note 33 – Capital expenditure commitments

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

	31 Dec 22 \$million	31 Dec 21 \$million
Estimated capital expenditure committed at balance date but not provided for in relation to development projects:		
Due within one year	298.4	189.1
Due between one and five years	446.6	503.3
	745.0	692.4

Note 34 – Contingent liabilities

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

	31 Dec 22 \$million	31 Dec 21 \$million
Performance guarantees	53.8	48.6

Entities of Scentre Group have provided guarantees in respect of certain Westfield Corporation Limited joint venture operations in the United Kingdom. Under the Restructure and Merger Implementation Deed, the entities of Scentre Group and Westfield Corporation have cross indemnified each other for any claims that may be made or payment that may be required under such guarantees. On 7 June 2018, Unibail-Rodamco-Westfield acquired the entities of Westfield Corporation, including Westfield Corporation Limited.

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

From time to time, in the normal course of business, the Group 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 Group.

Note 35 – Parent company

The Parent Company 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 Company is presented below:

	31 Dec 22 \$million	31 Dec 21 \$million
(a) Assets		
Current assets	960.9	961.1
Non current assets	4,442.4	4,298.3
Total assets	5,403.3	5,259.4
(b) Liabilities		
Current liabilities	1,515.1	1,465.2
Non current liabilities	55.0	55.0
Total liabilities	1,570.1	1,520.2
(c) Equity		
Contributed equity	353.4	353.4
Employee share plan benefits reserve	3.0	3.0
Asset revaluation reserve	3,217.7	3,071.1
Reserves ⁽ⁱ⁾	310.1	362.7
Accumulated losses	(51.0)	(51.0)
Total equity	3,833.2	3,739.2
(d) Comprehensive income		
Profit after tax for the period	97.4	65.1
Other comprehensive income	146.6	11.3
Total comprehensive income for the period	244.0	76.4
(e) Contingent liabilities		
Guaranteed borrowings of controlled entities ⁽ⁱⁱ⁾	15,213.6	15,078.7

(i) The Directors of the Parent Company approved the transfer of \$97.4 million of the Parent Company’s profit for the 2022 financial year to reserves. In 2021, the Directors of the Parent Company approved the transfer of \$65.1 million of the Parent Company’s profit for the 2021 financial year to reserves.

(ii) The Parent Company has entered into guarantee arrangements with SGT1, SGT2, SGT3 and a number of associated finance subsidiaries on a joint and several basis covering the Group’s banking facilities and debt issuances. Under the arrangements, the Parent Company is guaranteed by, and is guarantor to, SGT1, SGT2, SGT3 and the finance subsidiaries.

Notes to the Financial Statements continued

Note 36 – Subsidiaries

Financial information of SGT1 and SGT2 are provided below as they have material non controlling interests:

Scentre Group Trust 1

As at 31 December 2022, SGT1 held current assets of \$0.2 billion, non current assets of \$17.3 billion, current liabilities of \$5.0 billion and non current liabilities of \$5.2 billion (31 December 2021: current assets of \$0.4 billion, non current assets of \$17.1 billion, current liabilities of \$4.2 billion and non current liabilities of \$6.0 billion).

As at 31 December 2022, the total equity held by SGT1 was \$7.3 billion (31 December 2021: \$7.3 billion).

The profit after tax for the period was \$390.6 million and total comprehensive income was \$383.3 million (31 December 2021: profit after tax was \$507.7 million and total comprehensive income was \$514.0 million). The revenue for the period was \$558.8 million (31 December 2021: \$535.8 million).

Scentre Group Trust 2

As at 31 December 2022, SGT2 held current assets of \$3.4 billion, non current assets of \$18.0 billion, current liabilities of \$1.8 billion and non current liabilities of \$9.1 billion (31 December 2021: current assets of \$2.8 billion, non current assets of \$17.7 billion, current liabilities of \$0.5 billion and non current liabilities of \$9.0 billion).

As at 31 December 2022, the total equity held by SGT2 was \$10.5 billion (31 December 2021: \$11.0 billion).

The loss after tax for the period was \$109.2 million and total comprehensive loss was \$116.6 million (31 December 2021: profit after tax for the period was \$322.9 million and total comprehensive income was \$329.2 million). The revenue for the period was \$591.9 million (31 December 2021: \$566.4 million).

Note 37 – Deed of cross guarantee

On 18 December 2019, Scentre Group Limited and each of the wholly-owned subsidiaries set out below (together the “Closed Group”) are party to a deed of cross guarantee (Deed), as defined in ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 (ASIC Instrument). The effect of the Deed is that each entity in the Closed Group guarantees the payment in full of all debts of the other entities in the Closed Group in the event of their winding up. Pursuant to the ASIC Instrument, the wholly-owned subsidiaries within the Closed Group are relieved from the requirement to prepare, audit and lodge separate financial reports.

The following entities are party to the Deed and part of the Closed Group: Scentre Group Limited, Scentre Limited, Scentre Shopping Centre Management Pty Ltd, Scentre Shopping Centre Management (VIC) Pty Ltd, Scentre Capital Assets Pty Limited, Samel Pty Limited, Scentre No 1 Pty Limited and Scentre Alliances Pty Limited.

A consolidated Statement of Comprehensive Income and Accumulated Losses and consolidated Balance Sheet for the Closed Group are presented below:

Statement of Comprehensive Income and Accumulated Losses	31 Dec 22 \$million	31 Dec 21 \$million
Revenue	509.7	486.4
Expenses excluding financing costs	(437.6)	(376.8)
Financing costs	(11.4)	(7.1)
Profit before tax	60.7	102.5
Income tax expense	(11.5)	(19.6)
Profit after tax	49.2	82.9
Other comprehensive income/(loss)	199.1	(2.9)
Total comprehensive income	248.3	80.0
Accumulated losses at the beginning of the year	(63.6)	(63.6)
Profit after tax	49.2	82.9
Transfers to reserves	(49.2)	(82.9)
Accumulated losses at the end of the year	(63.6)	(63.6)

Note 37 – Deed of cross guarantee (continued)

Balance Sheet	31 Dec 22 \$million	31 Dec 21 \$million
Current assets		
Cash and cash equivalents	34.7	34.5
Trade debtors	15.6	15.4
Receivables	998.1	976.2
Other current assets	82.4	48.5
Total current assets	1,130.8	1,074.6
Non current assets		
Investment in controlled entities	4,302.8	4,106.2
Right-of-use assets	54.3	67.8
Plant, equipment and intangible assets	75.4	48.8
Other non current assets	12.7	12.7
Total non current assets	4,445.2	4,235.5
Total assets	5,576.0	5,310.1
Current liabilities		
Trade creditors	46.5	39.3
Payables and other creditors	1,259.4	1,106.6
Interest bearing liabilities	300.0	278.6
Lease liabilities	13.7	12.5
Tax payable	–	3.8
Total current liabilities	1,619.6	1,440.8
Non current liabilities		
Payables and other creditors	24.4	23.3
Lease liabilities	48.8	62.6
Deferred tax liabilities	49.0	46.9
Total non current liabilities	122.2	132.8
Total liabilities	1,741.8	1,573.6
Net assets	3,834.2	3,736.5
Equity		
Contributed equity	353.4	353.4
Reserves	3,544.4	3,446.7
Accumulated losses	(63.6)	(63.6)
Total equity	3,834.2	3,736.5

Notes to the Financial Statements continued

Note 38 – Auditor’s remuneration

	31 Dec 22 \$000	31 Dec 21 \$000
Amounts received or due and receivable by the auditor of the Parent Company and any other entity in the Group for:		
– Auditing the statutory financial report of the Parent Company covering the Group ⁽ⁱ⁾	3,072	3,009
– Auditing the statutory financial reports of any controlled entities	117	203
– Fees for assurance services that are required by legislation to be provided by the auditor ⁽ⁱⁱ⁾	105	98
– Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements ⁽ⁱⁱⁱ⁾	994	984
– Fees for other services	–	49
	4,288	4,343
Amounts received or due and receivable by affiliates of the auditor of the Parent Company for:		
– Auditing the statutory financial report of the Parent Company covering the Group	53	48
– Auditing the statutory financial reports of any controlled entities	209	195
– Fees for assurance services that are required by legislation to be provided by the auditor	–	–
– Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements ⁽ⁱⁱⁱ⁾	35	34
– Fees for other services	–	–
	297	277
	4,585	4,620

(i) Includes stapled trusts, SGT1, SGT2 and SGT3.
(ii) Includes Australian Financial Services Licence, Compliance Plan and Comfort Letters issued in respect of corporate note issuances.
(iii) Includes assurance services such as real estate trust audits, outgoings audits, promotional fund audits and other assurance engagements.

Note 39 – Superannuation commitments

The Group sponsors accumulation style superannuation funds to provide retirement benefits to its employees. There are no unfunded liabilities in respect of these superannuation funds and plans. The Group does not sponsor defined benefits style superannuation funds and plans.

Note 40 – Related party disclosures

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

Nature of relationship with related parties

Key Management Personnel

Refer to Note 41 and the Remuneration Report in the Directors’ Report for details of Key Management Personnel (KMP).

Transactions with related parties and their terms and conditions

Transactions with KMP

Refer to Note 41 and the Remuneration Report in the Directors’ Report for remuneration of KMP.

The Group has established protocols governing transactions with related parties which are monitored and reviewed by the Audit and Risk Committee.

Note 41 – Details and remuneration of KMP

KMP are those individuals having the authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly. The non-executive Directors, Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are considered KMP.

(a) Key Management Personnel

As at 31 December 2022, the Board comprises the following directors:

Brian Schwartz AM	Non-Executive Chair
Elliott Rusanow	Managing Director and CEO
Ilana Atlas AO	Non-Executive Director
Catherine Brenner	Non-Executive Director
Andrew Harmos	Non-Executive Director
Michael Ihlein	Non-Executive Director
Carolyn Kay	Non-Executive Director
Stephen McCann	Non-Executive Director
Guy Russo	Non-Executive Director
Margaret Seale	Non-Executive Director
Michael Wilkins AO	Non-Executive Director

Catherine Brenner was appointed to the Board effective 1 March 2022. Steven Leigh retired from the Board on 7 April 2022. Stephen McCann was appointed to the Board effective 1 November 2022.

As announced to the Australian Securities Exchange on 23 February 2022, Peter Allen stepped down as Managing Director and CEO on 30 September 2022 and will retire from the Group on 30 September 2023. Elliott Rusanow was appointed Managing Director and CEO effective 1 October 2022. Elliott Rusanow was CFO from 1 January 2022 to 30 September 2022, and executive KMP for the whole year. During the year, Andrew Clarke was appointed CFO effective 1 October 2022, and is also a KMP from that date.

Notes to the Financial Statements continued

Note 41 – Details and remuneration of KMP (continued)

(b) Remuneration of KMP

The amounts below represent the total remuneration amounts for Key Management Personnel (KMP). A detailed discussion on KMP remuneration is in the Directors' Report rather than the financial report so as to avoid duplication of information. As such, refer to the Remuneration Report (which has been audited) in the Directors' Report for further details concerning disclosure of KMP remuneration.

The aggregate remuneration for the year was:

Key Management Personnel	Short term benefits				Post Employment	Termination Benefits	Share Based	TOTAL
	Fixed remuneration	Cash STVR	Non-monetary benefits	Other short term employee benefits ⁽ⁱ⁾				
	\$	\$	\$	\$	\$	\$	\$	\$
Directors								
31 December 2022 ⁽ⁱⁱⁱ⁾	4,564,513	1,817,928	–	3,109	194,361	–	2,000,000	6,905,754
31 December 2021	4,489,832	1,365,000	–	25,769	146,469	–	–	2,547,680
Non directors								
31 December 2022	1,051,432	1,015,762	–	18,365	23,568	–	–	1,192,187
31 December 2021	1,078,306	716,100	–	73,404	21,694	–	–	1,010,231
Total								
31 December 2022	5,615,945	2,833,690	–	21,474	217,929	–	2,000,000	8,097,941
31 December 2021	5,568,138	2,081,100	–	99,173	168,163	–	–	3,557,911

(i) Comprising annual leave and long service leave entitlements.

(ii) Refer to the Remuneration Report in the Directors' Report for further details regarding the operation of share based payments.

(iii) Peter Allen stepped down as CEO on 30 September 2022 and will retire from the Group on 30 September 2023. His remuneration reflects his time as executive KMP (1 January 2022 to 30 September 2022). Peter Allen has performance rights that will vest in 2023, 2024 and 2025. The amortisation of all his performance rights has been accelerated for accounting purposes in the 2022 financial year as a result of his retirement. This means that additional accounting expense for each unvested award that would have ordinarily been included in future year disclosures has been reflected in the share based payments. Any unvested awards that remain on foot are subject to the original performance conditions and will be tested at the relevant testing date. In accordance with his contractual arrangements, he will also receive a termination benefit, being a payment equivalent to 12 months fixed remuneration of \$2,000,000 on his retirement. The cash STVR includes nine months remuneration for the period Peter Allen was executive KMP. A further \$350,000 (not included in the above table) but has been expensed in 2022 will be paid to Peter Allen in February 2023 being the cash portion of his 2022 STVR for the non executive KMP period of his employment from 1 October 2022 to 31 December 2022. While employed by the Group in a non executive KMP role, Peter Allen will continue to receive fixed remuneration of \$2,000,000 per annum which is in addition to the amounts disclosed in the above table. The \$2,000,000 has been expensed in 2022.

(c) Performance rights held by KMP

Rights held by executive KMP under the Group's equity-linked incentive plans are disclosed in the Remuneration Report.

(d) Other transactions and balances with KMP

During the financial year, transactions occurred between the Group and KMP which were within normal employee/non-executive Director relationships being the performance of contracts of employment/services, including the reimbursement of expenses, and the payment of dividends/distributions by the Group in respect of stapled securities held in the Group.

Note 42 – Details of material and significant entities

Name of entity	31 Dec 22 – Interest			31 Dec 21 – Interest		
	Beneficial ⁽ⁱ⁾		Consolidated or Equity accounted	Beneficial ⁽ⁱ⁾		Consolidated or Equity accounted
	Parent Company %	Scentre Group %		Parent Company %	Scentre Group %	
ENTITIES INCORPORATED IN AUSTRALIA						
Parent Company						
Scentre Group Limited	100.0	100.0	100.0	100.0	100.0	100.0
Consolidated Controlled Entities						
Scentre Group Trust 1	–	100.0	100.0	–	100.0	100.0
Scentre Group Trust 2	–	100.0	100.0	–	100.0	100.0
Scentre Group Trust 3	–	100.0	100.0	–	100.0	100.0
Scentre Finance (Aust) Pty Limited	100.0	100.0	100.0	100.0	100.0	100.0
Scentre Limited	100.0	100.0	100.0	100.0	100.0	100.0
ENTITIES INCORPORATED IN NEW ZEALAND						
Consolidated Controlled Entities						
RE (NZ) Finance Limited	–	100.0	100.0	–	100.0	100.0
Scentre NZ Holdings Limited	–	100.0	100.0	–	100.0	100.0

(i) Beneficial interest in underlying controlled entities reflects the Parent Company being Scentre Group Limited and its subsidiaries (excluding SGT1, SGT2 and SGT3) and Scentre Group's ownership interest as determined under International Financial Reporting Standards (IFRS).

Directors' Declaration

For the year ended 31 December 2022

The Directors of Scentre Group Limited (Company) declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the Company 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 2022 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;

(c) they have been provided with the declarations required by section 295A of the *Corporations Act 2001*; and

(d) in the Directors' opinion, there are reasonable grounds to believe that the Company and the subsidiaries identified in Note 37 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee referred to in Note 37.

Made on 22 February 2023 in accordance with a resolution of the Board of Directors.



Brian Schwartz AM
Chair

22 February 2023



Michael Ihlein
Director

Investor Relations

Scentre Group is listed on the Australian Securities Exchange (ASX) under the code “SCG”.

Please visit our website at <https://www.scentregroup.com/investors> for a variety of investor information.

Scentre Group securities

A Scentre Group stapled security comprises:

- Scentre Group Limited share
- Scentre Group Trust 1 unit
- Scentre Group Trust 2 unit
- Scentre Group Trust 3 unit

and trade together as one security.

Scentre Group website

- About Us
- Our Customers
- Business Solutions
- Sustainability
- Investors
- News and Media

Electronic information

By becoming an electronic investor and registering your email address, you can receive via email, news, notifications and announcements, dividend/distribution statements, taxation statements and annual reports.

Secure access to your securityholding online

You can go to <https://www.scentregroup.com/investors> to access your securityholding information by clicking on ‘My SCG Securities’ as well as extensive information on the Group including the latest press releases, results announcements, presentations and more.

To view your securityholding, you will need your Holder Number (SRN/HIN) and will be asked to verify your registered postcode (inside Australia) or your country of residence (outside Australia).

Phone – you can confirm your holding balance, request forms and access distribution and trading information by phoning: 1300 730 458 or call +61 3 9946 4471 (outside Australia) then, pressing 1. You will be asked to enter your Holder Number (SRN/HIN).

Scentre Group distribution details

Your interim distribution will be paid at the end of August and your final distribution paid at the end of February. Details of the 2022 year distributions are provided in the table to the right. To ensure timely receipt of your distribution, please consider the following:

Direct credit

You can receive your distribution payment efficiently and safely by having it direct credited to your bank account. If you wish to register for direct credit, please complete the form and return it to the registry. This form can be downloaded from <https://www.scentregroup.com/investors/securityholder-information/securityholder-forms> or by phoning our Registry on 1300 730 458 (please have your Holder Number (SRN/HIN) available to quote). Alternatively, you can update your details directly online at <https://www.scentregroup.com/investors> and by clicking on “My SCG Securities”.

	Ordinary securities (cents per security)
Dividends/distributions for the year ended 31 December 2022	15.75
Dividends/distributions for the six months ended 30 June 2022 paid on 31 August 2022	7.50
Dividend in respect of a Scentre Group Limited share	Nil
Distribution in respect of a Scentre Group Trust 1 unit	3.75
Distribution in respect of a Scentre Group Trust 2 unit	3.75
Distribution in respect of a Scentre Group Trust 3 unit	Nil
Dividends/distributions for the six months ended 31 December 2022 to be paid on 28 February 2023	8.25
Dividend in respect of a Scentre Group Limited share	4.82
Distribution in respect of a Scentre Group Trust 1 unit	2.00
Distribution in respect of a Scentre Group Trust 2 unit	1.43
Distribution in respect of a Scentre Group Trust 3 unit	Nil

Note: The Group does not operate a distribution reinvestment plan.

Tax File Number (TFN)

You are not required by law to provide your Tax File Number (TFN), Australian Business Number (ABN) or Exemption.

However, if you do not provide your TFN, ABN or Exemption, withholding tax at the highest marginal rate, currently 47% for Australian resident members, may be deducted from distributions paid to you. If you have not supplied this information and wish to do so, please advise our Registry or your sponsoring broker.

Alternatively, you can update your details directly online at <https://www.scentregroup.com/investors> and by clicking on “My SCG Securities”.

Annual Tax Statement and Tax Guide

The Annual Tax Statement and Tax Guide are dispatched to securityholders in March.

Investor Relations continued

Unpresented cheques and unclaimed funds

Scentre Group is required to remit to the NSW Office of State Revenue amounts greater than \$100 held in an account that has been inactive for at least six years. If you believe you have unpresented cheques please contact the Registry which will be able to check the records and assist you in recovering any funds. Record checks can be made for the prior seven years. For any enquiries beyond seven years, you will need to contact the NSW Office of State Revenue (<https://www.revenue.nsw.gov.au>) to check for unclaimed money.

Australian Capital Gains Tax considerations

A Scentre Group stapled security comprises four separate assets for capital gains tax purposes. For capital gains tax purposes you need to apportion the cost of each stapled security and the proceeds on sale of each stapled security over the separate assets that make up the stapled security. This apportionment should be done on a reasonable basis. One possible method of apportionment is on the basis of the relative Net Tangible Assets (NTAs) of the individual entities.

These are set out by entity in the table below.

Relative net tangible assets (NTA) of entities in Scentre Group	30 Jun 22	31 Dec 22
Scentre Group Limited	4.80%	4.91%
Scentre Group Trust 1	38.12%	38.18%
Scentre Group Trust 2	57.00%	56.82%
Scentre Group Trust 3	0.08%	0.09%

Contact details

All changes of name, address, tax file number, payment instructions and document requests should be directed to the Registry or alternatively, you can update your details directly online at <https://www.scentregroup.com/investors> and by clicking on “My SCG Securities”.

Principal share registry

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000

GPO Box 2975
Melbourne VIC 3001

Telephone: +61 3 9946 4471
Toll Free: 1300 730 458 (Australia Only)
Facsimile: +61 3 9473 2500
Contact: <https://www.investorcentre.com/contact>
Website: <https://www.computershare.com>

All other queries should be directed to Scentre Group Investor Relations:

Level 30, 85 Castlereagh Street
Sydney NSW 2000, Australia

GPO Box 4004
Sydney NSW 2001

Telephone +61 2 9358 7877
Email: investor@scentregroup.com
Website: <https://www.scentregroup.com/investors>

Investor feedback

If you have any complaints or feedback, please direct these in writing to Scentre Group Investor Relations at GPO Box 4004, Sydney NSW 2001.

Scentre Group calendar

February

- 22 Feb 2023: Full-year results released
- 28 Feb 2023: Payment of Distribution for the six months ended December

March

- Annual Financial Reports for Scentre Group Trust 1, Scentre Group Trust 2 and Scentre Group Trust 3 released
- Annual Tax Statements released

April

- 5 Apr 2023: Scentre Group Limited Annual General Meeting

May

- 1st Quarter Update

August

- Half-year results released
- Payment of Distribution for the six months ending June

November

- 3rd Quarter Update

Members’ Information

As at 15 February 2023

Twenty largest holders of stapled securities in Scentre Group ⁽ⁱ⁾		Number of stapled securities
1	HSBC Custody Nominees (Australia) Limited	1,805,946,888
2	J P Morgan Nominees Australia Pty Limited	1,126,457,557
3	Citicorp Nominees Pty Limited	625,269,425
4	BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	604,821,420
5	National Nominees Limited	195,013,495
6	BNP Paribas Noms Pty Ltd <DRP>	188,331,328
7	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	56,432,041
8	HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	29,272,670
9	Netwealth Investments Limited <Wrap Services A/C>	9,406,725
10	BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd <DRP A/C>	9,199,141
11	BNP Paribas Noms (NZ) Ltd <DRP>	8,404,239
12	HSBC Custody Nominees (Australia) Limited	7,889,764
13	Argo Investments Limited	7,526,662
14	HSBC Custody Nominees (Australia) Limited – A/C 2	6,796,911
15	BNP Paribas Noms Pty Ltd <Global Markets DRP>	6,524,210
16	HSBC Custody Nominees (Australia) Limited <GSCO Customers A/C>	5,636,758
17	Amondi Pty Ltd <WEOPT>	5,388,133
18	Woodross Nominees Pty Ltd	5,379,113
19	Mutual Trust Pty Ltd	5,272,063
20	Neweconomy Com AU Nominees Pty Limited <900 Account>	4,594,407
		4,713,562,950

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

Voting rights

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

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

Members’ Information continued

Distribution schedule

Category	Number of stapled securities*	Number of securityholders	% of securities in each category
1 – 1,000	12,112,927	28,741	0.23
1,001 – 5,000	79,242,069	31,447	1.53
5,001 – 10,000	68,171,957	9,426	1.31
10,001 – 100,000	180,661,185	7,787	3.48
100,001 and over	4,850,190,201	386	93.45
Total	5,190,378,339	77,787	100.00

As at 15 February 2023, 7,276 securityholders hold less than a marketable parcel (being 168 securities at the closing price of \$2.98) of quoted securities in Scentre Group.

* There are 14,232,186 performance rights on issue under the Group’s performance rights plan to a total of 72 participants. These rights may be satisfied by either the transfer 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 the Company, Scentre Group Trust 1, Scentre Group Trust 2 and Scentre Group Trust 3 is required to issue securities on the vesting of a performance right.

** During FY22, 4,706,952 securities (at an average price of \$2.7363) were acquired on-market by the Scentre Group Performance Rights Plan Trust to satisfy executive entitlements on the vesting of rights under the Group’s equity-linked plans.

Substantial securityholders

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

Substantial securityholders	Number of stapled securities
UniSuper Limited as trustee for UniSuper and UniSuper Management Pty Limited	584,575,781
The Vanguard Group	524,857,282
BlackRock Group	496,793,754
State Street	445,042,771

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)

Registered Office
Level 30
85 Castlereagh Street
Sydney NSW 2000

New Zealand Office
Level 5, Office Tower
277 Broadway
Newmarket, Auckland 1023

Secretaries
Maureen T McGrath
Paul F Giugni

Auditor
Ernst & Young
200 George Street
Sydney NSW 2000

Investor Information
Scentre Group
Level 30
85 Castlereagh Street
Sydney NSW 2000

Telephone: +61 2 9358 7877
Facsimile: +61 2 9358 7881
E-mail: investor@scentregroup.com
Website: www.scentregroup.com/investors

Principal Share Registry
Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000

GPO Box 2975
Melbourne VIC 3001

Telephone: +61 3 9946 4471
Toll Free: 1300 730 458 (Australia Only)
Facsimile: +61 3 9473 2500
Contact: www.investorcentre.com/contact
Website: www.computershare.com

Listing
Australian Securities Exchange – SCG

Website
www.scentregroup.com



SCENTRE GROUP

www.scentregroup.com