

Scentre Group¹ : Appendix 4D

For the half-year ended 30 June 2022

(previous corresponding period being the half-year ended 30 June 2021)

Results for Announcement to the Market:

			2022	2021
Revenue (\$million)	up	8.8%	1,176.3	1,081.4
Profit after tax (inclusive of unrealised movements) attributable to members of Scentre Group (\$million)	up	19.8%	479.8	400.4
Operating cash flow per security (cents per stapled security)	up	16.9%	11.00	9.41
Funds from operations (FFO) per security attributable to members of Scentre Group (cents per stapled security)	up	18.3%	10.58	8.94
Operating profit per security attributable to members of Scentre Group (cents per stapled security)	up	17.5%	10.43	8.88

Dividend/Distributions for Scentre Group

	Cents per stapled security
Dividend/distributions for the period ended 30 June 2022	7.50
Interim dividend/distributions in respect of Scentre Group earnings to be paid on 31 August 2022 comprising: ⁽¹⁾	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

⁽¹⁾ 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 distributions was 16 August 2022 and the distribution will be paid on 31 August 2022. The Group does not operate a Distribution Reinvestment Plan.

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 ASX.

⁽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.

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Scentre Group
Half-Year Financial Report
For the half-year ended 30 June 2022

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SCENTRE GROUP

INCOME STATEMENT

For the half-year ended 30 June 2022

	Note	30 Jun 22 \$million	30 Jun 21 \$million
Revenue			
Property revenue		1,016.6	996.2
Property development and construction revenue		130.3	56.5
Property management income		29.4	28.7
		1,176.3	1,081.4
Expenses			
Property expenses, outgoings and other costs		(237.0)	(229.3)
Expected credit charge relating to COVID-19		(13.1)	(41.1)
Property development and construction costs		(118.7)	(51.9)
Property management costs		(5.7)	(5.6)
Overheads		(42.4)	(40.4)
		(416.9)	(368.3)
Share of after tax profits of equity accounted entities			
Property revenue		116.4	113.1
Property expenses, outgoings and other costs		(29.4)	(29.6)
Expected credit charge relating to COVID-19		(1.2)	(3.4)
Property revaluations		0.7	(13.1)
Tax expense	6(a)	(9.5)	(8.6)
		77.0	58.4
Interest income		0.9	3.5
Currency loss		(23.7)	(14.4)
Financing costs	12	(573.5)	(385.6)
Capital costs relating to strategic initiatives		(12.4)	-
Property revaluations		285.4	54.1
Profit before tax		513.1	429.1
Tax expense	7	(13.8)	(17.9)
Profit after tax for the period		499.3	411.2
Profit after tax for the period attributable to:			
- Members of Scentre Group		479.8	400.4
- External non controlling interests		19.5	10.8
Profit after tax for the period		499.3	411.2
Earnings per stapled security attributable to members of Scentre Group		cents	cents
- Basic earnings per stapled security	11(a)	9.26	7.72
- Diluted earnings per stapled security	11(a)	9.22	7.70

SCENTRE GROUP

STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 30 June 2022

	30 Jun 22 \$million	30 Jun 21 \$million
Profit after tax for the period	499.3	411.2
Other comprehensive loss		
<i>Movement in foreign currency translation reserve ⁽ⁱ⁾</i>		
– Unrealised currency movement on the translation of investment in foreign operations	(58.3)	(3.1)
Total comprehensive income for the period	441.0	408.1
Total comprehensive income attributable to:		
– Members of Scentre Group ⁽ⁱⁱ⁾	421.5	397.3
– External non controlling interests	19.5	10.8
Total comprehensive income for the period	441.0	408.1

⁽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 \$38.5 million (30 June 2021: income of \$38.2 million) attributable to Scentre Group Limited (SGL) members and \$383.0 million (30 June 2021: income of \$359.1 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 \$439.4 million (30 June 2021: \$361.8 million) and unrealised currency movement on the translation of investment in foreign operations of \$56.4 million (30 June 2021: \$2.7 million).

SCENTRE GROUP
BALANCE SHEET

As at 30 June 2022

	Note	30 Jun 22 \$million	31 Dec 21 \$million
Current assets			
Cash and cash equivalents		402.8	978.7
Trade debtors	3	134.9	167.3
Receivables	3	75.2	72.5
Interest receivable		177.3	169.5
Tax receivable		2.7	-
Derivative assets		8.8	2.8
Other current assets		74.3	75.0
Total current assets		876.0	1,465.8
Non current assets			
Trade debtors	3	1.4	3.2
Investment properties	4	31,912.3	31,490.9
Equity accounted investments	6(b)	2,765.1	2,803.0
Derivative assets		794.7	659.6
Plant, equipment and intangible assets		47.0	42.4
Right-of-use assets		61.5	68.3
Other non current assets		104.5	105.2
Total non current assets		35,686.5	35,172.6
Total assets		36,562.5	36,638.4
Current liabilities			
Trade creditors		274.6	269.4
Payables and other creditors		506.3	511.4
Interest payable		286.0	277.7
Interest bearing liabilities			
– Senior borrowings	13	1,057.4	884.9
Other financial liabilities		170.0	243.3
Tax payable		-	10.3
Lease liabilities		13.6	13.2
Derivative liabilities		3.2	47.2
Total current liabilities		2,311.1	2,257.4
Non current liabilities			
Payables and other creditors		27.9	26.0
Interest bearing liabilities			
– Senior borrowings	13	9,343.6	9,723.3
– Subordinated notes	13	4,359.8	4,133.9
Other financial liabilities		198.4	368.7
Deferred tax liabilities		44.4	43.6
Lease liabilities		99.8	106.2
Derivative liabilities		934.9	804.7
Total non current liabilities		15,008.8	15,206.4
Total liabilities		17,319.9	17,463.8
Net assets		19,242.6	19,174.6
Equity attributable to members of Scentre Group			
Contributed equity	14(b)	9,990.8	9,990.8
Reserves		71.9	123.9
Retained profits		8,988.2	8,884.2
Total equity attributable to members of Scentre Group		19,050.9	18,998.9
Equity attributable to external non controlling interests			
Contributed equity		72.7	71.4
Retained profits		119.0	104.3
Total equity attributable to external non controlling interests		191.7	175.7
Total equity		19,242.6	19,174.6

SCENTRE GROUP
STATEMENT OF CHANGES IN EQUITY

For the half-year ended 30 June 2022

	Contributed Equity \$million	Reserves \$million	Retained Profits \$million	30 Jun 22 Total \$million	Contributed Equity \$million	Reserves \$million	Retained Profits \$million	30 Jun 21 Total \$million
Changes in equity attributable to members of Scentre Group								
Balance at the beginning of the period	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⁾	-	-	479.8	479.8	-	-	400.4	400.4
– Other comprehensive loss ^{(i) (ii)}	-	(58.3)	-	(58.3)	-	(3.1)	-	(3.1)
Transactions with owners in their capacity as owners								
– Movement in employee share plan benefits reserve	-	6.3	-	6.3	-	5.6	-	5.6
– Dividends/distributions paid or provided for	-	-	(375.8)	(375.8)	-	-	(362.9)	(362.9)
Closing balance of equity attributable to members of Scentre Group	9,990.8	71.9	8,988.2	19,050.9	9,990.8	106.6	8,759.6	18,857.0
Changes in equity attributable to external non controlling interests								
Balance at the beginning of the period	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⁾	-	-	19.5	19.5	-	-	10.8	10.8
– Distribution paid or provided for	-	-	(3.3)	(3.3)	-	-	(3.0)	(3.0)
– Increase/(decrease) in external non controlling interest	1.3	-	(1.5)	(0.2)	-	-	-	-
Closing balance of equity attributable to external non controlling interests	72.7	-	119.0	191.7	70.3	-	103.5	173.8
Total equity	10,063.5	71.9	9,107.2	19,242.6	10,061.1	106.6	8,863.1	19,030.8

⁽ⁱ⁾ Total comprehensive income for the period amounts to \$441.0 million (30 June 2021: \$408.1 million).

⁽ⁱⁱ⁾ Movement in reserves attributable to members of SGT1, SGT2 and SGT3 comprises unrealised currency movement on the translation of investment in foreign operations of \$56.4 million (30 June 2021: \$2.7 million).

SCENTRE GROUP

CASH FLOW STATEMENT

For the half-year ended 30 June 2022

	Note	30 Jun 22 \$million	30 Jun 21 \$million
Cash flows from operating activities			
Receipts in the course of operations (including Goods and Services Tax (GST))		1,334.2	1,257.7
Payments in the course of operations (including GST)		(425.2)	(379.2)
Dividends/distributions received from equity accounted entities		46.1	42.4
Net operating cash flows retained by equity accounted entities		15.0	23.4
Income and withholding taxes paid		(25.3)	(32.3)
GST paid		(92.9)	(92.8)
Payments of financing costs (excluding financing costs capitalised)		(282.6)	(335.0)
Interest received		0.9	3.5
Net cash inflow from operating activities - proportionate ⁽ⁱ⁾		570.2	487.7
Less: net operating cash flows retained by equity accounted entities		(15.0)	(23.4)
Net cash inflow from operating activities		555.2	464.3
Cash flows from investing activities			
Capital expenditure		(152.5)	(138.8)
Payments relating to the sale of assets		-	(3.8)
Net outflows for investments in equity accounted entities		(11.5)	(4.9)
Payments for plant, equipment and intangible assets		(14.4)	(9.9)
Financing costs capitalised to qualifying development projects and construction in progress	12	(10.2)	(9.9)
Net cash outflow from investing activities		(188.6)	(167.3)
Cash flows from financing activities			
Net repayment of senior borrowings		(313.0)	(1,272.8)
Repayment of other financial liabilities	15	(243.3)	-
Repayment of lease liabilities		(6.5)	(6.0)
Dividends/distributions paid		(375.8)	(362.9)
Distributions paid by controlled entities to external non controlling interests		(2.7)	(3.0)
Cancellation of derivatives following the issuance of subordinated notes		-	(38.1)
Inflows from short term deposits at bank		-	1,414.5
Net cash outflow from financing activities		(941.3)	(268.3)
Net increase/(decrease) in cash and cash equivalents held		(574.7)	28.7
Add opening cash and cash equivalents brought forward		978.7	378.1
Effects of exchange rate changes on cash and cash equivalents		(1.2)	-
Cash and cash equivalents at the end of the period ⁽ⁱⁱ⁾		402.8	406.8

⁽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 \$402.8 million (30 June 2021: \$406.8 million) net of bank overdraft of nil (30 June 2021: nil).

SCENTRE GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2022

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 half-year ended 30 June 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) Basis of preparation

This half-year financial report does not include all notes of the type normally included in the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the annual financial report.

This half-year financial report should be read in conjunction with the annual financial report of Scentre Group as at 31 December 2021.

It is also recommended that this half-year financial report be considered together with any public announcements made by Scentre Group during the half-year ended 30 June 2022 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 (Corporations Act).

(c) Impact of the COVID-19 pandemic

Disclosures relating to the impact of the ongoing COVID-19 pandemic on the Group's operations and financial performance are discussed in Note 3: Trade debtors and receivables, Note 5: Details of shopping centre investments and in section 1 Operating and Financial Review in the Directors' Report.

(d) Going concern

This half-year 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 30 June 2022, \$4.5 billion (31 December 2021: \$5.6 billion) of financing resources were available to the Group which are sufficient to cover short term liabilities; and
- the Group's ability to meet its financial covenants over the next 12 months, assuming various scenarios for the potential impact of the COVID-19 pandemic.

(e) Basis of accounting

This half-year financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act and AASB 134 Interim Financial Reporting.

This half-year financial report has 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.

For the purpose of preparing this half-year financial report, the half-year has been treated as a discrete reporting period.

This half-year financial report has been prepared using the same accounting policies as used in the annual financial report for the year ended 31 December 2021 except for the changes required due to the adoption of accounting standards as disclosed in Note 1(f).

This half-year financial report is presented in Australian dollars.

(f) New accounting standards and interpretations

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.

SCENTRE GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2022

1 Basis of preparation of the Financial Report (continued)

(f) New accounting standards and interpretations (continued)

- 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.

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 half-year ended 30 June 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 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.

(g) Comparative information

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

(h) Rounding

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts shown in this half-year 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.

SCENTRE GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2022

2 Segment reporting

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

(a) Property investments

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

(b) Property management and construction

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.

(i) Operating segment information

	Property investment	Property management and construction	30 Jun 22	Property investment	Property management and construction	30 Jun 21
	\$million	\$million	\$million	\$million	\$million	\$million
Revenue						
Property revenue	1,133.0	-	1,133.0	1,109.3	-	1,109.3
Property development and construction revenue	-	130.3	130.3	-	56.5	56.5
Property management income	-	29.4	29.4	-	28.7	28.7
	1,133.0	159.7	1,292.7	1,109.3	85.2	1,194.5
Expenses						
Property expenses, outgoings and other costs	(266.4)	-	(266.4)	(258.9)	-	(258.9)
Expected credit charge relating to COVID-19	(14.3)	-	(14.3)	(44.5)	-	(44.5)
Property development and construction costs	-	(118.7)	(118.7)	-	(51.9)	(51.9)
Property management costs	-	(5.7)	(5.7)	-	(5.6)	(5.6)
	(280.7)	(124.4)	(405.1)	(303.4)	(57.5)	(360.9)
Segment income and expenses	852.3	35.3	887.6	805.9	27.7	833.6

	Property investment	Property management and construction	30 Jun 22	Property investment	Property management and construction	31 Dec 21
	\$million	\$million	\$million	\$million	\$million	\$million
Shopping centre investments	34,115.8	-	34,115.8	33,833.4	-	33,833.4
Development projects and construction in progress	713.7	-	713.7	616.0	-	616.0
Segment assets ⁽ⁱ⁾	34,829.5	-	34,829.5	34,449.4	-	34,449.4

⁽ⁱ⁾ Includes equity accounted segment assets of \$2,917.2 million (31 December 2021: \$2,958.5 million).

SCENTRE GROUP
NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2022

2 Segment reporting (continued)

(ii) Geographic information - Total revenue

	Australia \$million	New Zealand \$million	30 Jun 22 \$million	Australia \$million	New Zealand \$million	30 Jun 21 \$million
Property revenue ⁽ⁱ⁾	1,069.8	63.2	1,133.0	1,048.8	60.5	1,109.3
Property development and construction revenue	113.6	16.7	130.3	43.9	12.6	56.5
Property management income	26.3	3.1	29.4	25.9	2.8	28.7
Total revenue	1,209.7	83.0	1,292.7	1,118.6	75.9	1,194.5

⁽ⁱ⁾ Includes recoveries of outgoings from lessees of \$101.6 million (30 June 2021: \$108.9 million).

(iii) Geographic information - Net property income

	Australia \$million	New Zealand \$million	30 Jun 22 \$million	Australia \$million	New Zealand \$million	30 Jun 21 \$million
Shopping centre base rent and other property income	1,099.6	64.7	1,164.3	1,075.5	61.1	1,136.6
Amortisation of tenant allowances	(34.5)	(1.9)	(36.4)	(29.6)	(1.6)	(31.2)
Straightlining of rent	4.7	0.4	5.1	2.9	1.0	3.9
Property revenue	1,069.8	63.2	1,133.0	1,048.8	60.5	1,109.3
Property expenses, outgoings and other costs	(250.9)	(15.5)	(266.4)	(242.5)	(16.4)	(258.9)
Expected credit charge relating to COVID-19	(13.1)	(1.2)	(14.3)	(45.5)	1.0	(44.5)
Net property income	805.8	46.5	852.3	760.8	45.1	805.9

(iv) Geographic information - Non current assets

	Australia \$million	New Zealand \$million	30 Jun 22 \$million	Australia \$million	New Zealand \$million	31 Dec 21 \$million
Non current assets	33,363.7	1,411.7	34,775.4	32,936.5	1,451.0	34,387.5
Group non current assets			911.1			785.1
Total non current assets			35,686.5			35,172.6
Additions to segment non current assets during the period ⁽ⁱⁱ⁾	165.4	15.1	180.5	264.6	36.2	300.8

⁽ⁱⁱ⁾ Additions are net of amortisation of tenant allowances of \$36.4 million (31 December 2021: \$66.5 million).

SCENTRE GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2022

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	30 Jun 22 \$million	Consolidated \$million	Equity Accounted \$million	30 Jun 21 \$million
Revenue						
Property revenue	1,016.6	116.4	1,133.0	996.2	113.1	1,109.3
Property development and construction revenue	130.3	-	130.3	56.5	-	56.5
Property management income	29.4	-	29.4	28.7	-	28.7
	1,176.3	116.4	1,292.7	1,081.4	113.1	1,194.5
Expenses						
Property expenses, outgoings and other costs	(237.0)	(29.4)	(266.4)	(229.3)	(29.6)	(258.9)
Expected credit charge relating to COVID-19	(13.1)	(1.2)	(14.3)	(41.1)	(3.4)	(44.5)
Property development and construction costs	(118.7)	-	(118.7)	(51.9)	-	(51.9)
Property management costs	(5.7)	-	(5.7)	(5.6)	-	(5.6)
	(374.5)	(30.6)	(405.1)	(327.9)	(33.0)	(360.9)
Segment income and expenses	801.8	85.8	887.6	753.5	80.1	833.6
Overheads			(42.4)			(40.4)
Interest income			0.9			3.5
Currency loss			(23.7)			(14.4)
Financing costs						
– Net fair value movement and modification gain/(loss)			(275.7)			(53.2)
– Other financial liabilities and lease liabilities			(11.9)			(17.7)
– Senior borrowings			(193.3)			(226.1)
– Subordinated notes coupon			(102.8)			(98.5)
– Interest capitalised			10.2			9.9
			(573.5)			(385.6)
Capital costs relating to strategic initiatives			(12.4)			-
Property revaluations			286.1			41.0
Tax expense - current			(26.3)			(23.6)
Tax benefit/(expense) - deferred			3.0			(2.9)
External non controlling interests			(19.5)			(10.8)
Net profit attributable to members of the Group ⁽ⁱ⁾			479.8			400.4

⁽ⁱ⁾ Net profit attributable to members of the Group was \$479.8 million (30 June 2021: \$400.4 million). Net profit after tax for the period which includes profit attributable to external non controlling interests of \$19.5 million (30 June 2021: \$10.8 million) was \$499.3 million (30 June 2021: \$411.2 million).

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NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2022

2 Segment reporting (continued)

(v) Reconciliation of segment information (continued)

	Consolidated \$million	Equity Accounted \$million	30 Jun 22 \$million	Consolidated \$million	Equity Accounted \$million	31 Dec 21 \$million
Shopping centre investments	31,284.8	2,831.0	34,115.8	30,953.6	2,879.8	33,833.4
Development projects and construction in progress	627.5	86.2	713.7	537.3	78.7	616.0
Segment assets	31,912.3	2,917.2	34,829.5	31,490.9	2,958.5	34,449.4
Cash and cash equivalents	402.8	6.9	409.7	978.7	10.2	988.9
Trade debtors and receivables						
– Trade debtors	373.3	37.6	410.9	446.8	44.5	491.3
– Receivables	90.8	2.5	93.3	86.2	2.3	88.5
Expected credit loss allowance						
– Trade debtors	(237.0)	(23.2)	(260.2)	(276.3)	(29.4)	(305.7)
– Receivables	(15.6)	(0.5)	(16.1)	(13.7)	(0.4)	(14.1)
Derivative assets						
– Cross currency derivatives - Subordinated notes currency related ^{(i) (iv)}	-	-	-	24.3	-	24.3
– Cross currency derivatives - Senior borrowings currency related ^{(ii) (iv)}	412.6	-	412.6	375.7	-	375.7
– Cross currency derivatives - Senior borrowings interest related ^{(iii) (iv)}	(60.3)	-	(60.3)	209.7	-	209.7
	352.3	-	352.3	585.4	-	585.4
– Interest rate derivatives	451.2	-	451.2	52.7	-	52.7
Other assets	467.3	0.2	467.5	460.4	0.5	460.9
Total assets	33,797.4	2,940.7	36,738.1	33,835.4	2,986.2	36,821.6
Interest bearing liabilities						
– Senior borrowings	10,401.0	-	10,401.0	10,608.2	-	10,608.2
– Subordinated notes ⁽ⁱ⁾	4,359.8	-	4,359.8	4,133.9	-	4,133.9
Derivative liabilities						
– Cross currency derivatives - Subordinated notes currency related ^{(i) (iv)}	(250.2)	-	(250.2)	-	-	-
– Cross currency derivatives - Subordinated notes interest related ^{(iii) (iv)}	524.0	-	524.0	218.2	-	218.2
	273.8	-	273.8	218.2	-	218.2
– Cross currency derivatives - Senior borrowings currency related ^{(ii) (iv)}	222.7	-	222.7	288.4	-	288.4
– Cross currency derivatives - Senior borrowings interest related ^{(iii) (iv)}	438.5	-	438.5	195.1	-	195.1
– Interest rate derivatives	3.1	-	3.1	150.2	-	150.2
Lease liabilities	113.4	0.3	113.7	119.4	0.3	119.7
Other financial liabilities	368.4	-	368.4	612.0	-	612.0
Other liabilities	1,139.2	175.3	1,314.5	1,138.4	182.9	1,321.3
Total liabilities	17,319.9	175.6	17,495.5	17,463.8	183.2	17,647.0
Net assets	16,477.5	2,765.1	19,242.6	16,371.6	2,803.0	19,174.6

⁽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 \$4,359.8 million (31 December 2021: \$4,133.9 million) translated at the period end rate of 0.6881 (31 December 2021: 0.7257) reduced by net currency gains on the hedging of subordinated notes of \$250.2 million (31 December 2021: \$24.3 million).

⁽ⁱⁱ⁾ The economically hedged value of senior borrowings was \$10,211.1 million (31 December 2021: \$10,520.9 million) comprising borrowings of \$10,401.0 million (31 December 2021: \$10,608.2 million) translated at period end rates, reduced by the net fair value gain on currency derivatives of \$189.9 million (31 December 2021: \$87.3 million).

⁽ⁱⁱⁱ⁾ The cumulative net fair value loss on cross currency derivatives relating to interest rates of \$1,022.8 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.

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NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2022

3 Trade debtors and receivables

	30 Jun 22 \$million	31 Dec 21 \$million
Current		
Trade debtors	134.9	167.3
Receivables	75.2	72.5
	210.1	239.8
Non current		
Trade debtors	1.4	3.2
	1.4	3.2
Total trade debtors and receivables	211.5	243.0
(a) Trade debtors and receivables comprise:		
Trade debtors	373.3	446.8
Receivables	90.8	86.2
	464.1	533.0
Expected credit loss allowance	(252.6)	(290.0)
Total trade debtors and receivables	211.5	243.0
(b) Movement in expected credit loss allowance		
Balance at the beginning of the period	(290.0)	(265.2)
Expected credit charge relating to COVID-19	(13.1)	(151.8)
Amounts written-off relating to COVID-19	50.8	115.6
Other decreases/(increases) in expected credit loss	(0.3)	11.4
Balance at the end of the period	(252.6)	(290.0)

Impact of the COVID-19 pandemic

In April 2020, the Australian Government issued the Code of Conduct for small to medium sized retailers, which mandated a framework for temporary lease arrangements to reduce cash rent in proportion to the retailers' revenue impact during the pandemic period. Since the pandemic started, various governments in Australia have extended and/or amended legislated COVID-19 rent relief schemes for commercial tenants to provide further financial assistance. New Zealand does not have an equivalent code of conduct, however the Group has implemented similar principles in that market with respect to small to medium sized retailers. The Group has also worked with retail partners that are not subject to the code on a case-by-case basis to determine appropriate ways to assist with their cash flow issues. Legislated COVID-19 rent relief schemes expired in Queensland in December 2020, South Australia and Australian Capital Territory in January 2021 and in New South Wales, Victoria and Western Australia in March 2021. In the second half of 2021, rent relief schemes were reinstated in the Australian Capital Territory which applied until December 2021 and in Victoria and New South Wales which applied until March 2022.

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. 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. Rather than primarily applying 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 credit quality of tenants based on shared credit risk characteristics (e.g. size, industry, aging);
- future economic conditions which are based on forward looking information such as economic growth and inflation; and
- consumer and business sentiment.

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NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2022

3 Trade debtors and receivables (continued)

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 relating to past occupancy that is part of rent relief arrangements with tenants applicable to the COVID-19 pandemic period.

At 30 June 2022, approximately 80% of trade debtors are aged greater than 90 days and the expected credit loss allowance is 63% of 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 \$13.8 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 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.

4 Investment properties

	30 Jun 22 \$million	31 Dec 21 \$million
Shopping centre investments	31,284.8	30,953.6
Development projects and construction in progress	627.5	537.3
Total investment properties⁽ⁱ⁾	31,912.3	31,490.9

⁽ⁱ⁾ The fair value of investment properties at the end of the period of \$31,912.3 million (31 December 2021: \$31,490.9 million) comprises investment properties at market value of \$31,868.2 million (31 December 2021: \$31,447.1 million) and ground lease assets of \$44.1 million (31 December 2021: \$43.8 million).

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

The Directors' assessment of fair value of each shopping centre takes into account the latest independent valuations generally prepared annually, with updates taking into account any changes in capitalisation rate, underlying income and valuations of comparable centres. In determining the fair value, the capitalisation of net income method and the discounting of future cash flows to their present value have been used, which are based upon assumptions and judgements in relation to future rental income, capitalisation rate and make reference to market evidence of transaction prices for similar properties. The key assumptions and estimates used in determining fair value are disclosed in Note 5.

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.

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NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2022

5 Details of shopping centre investments

	Carrying Amount 30 Jun 22 \$million	Retail Capitalisation Rates 30 Jun 22 %	Carrying Amount 31 Dec 21 \$million	Retail Capitalisation Rates 31 Dec 21 %
Consolidated Australian shopping centres	31,284.8	4.78%	30,953.6	4.79%
Wholly-owned: Belconnen, Bondi Junction, Carousel, Chatswood, Chermside, Fountain Gate, Mt Gravatt, Hornsby, Innaloo, Kotara, 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	1,394.5	5.24%	1,394.5	5.24%
Jointly-owned (50%): Mt Druitt, Southland and Tea Tree Plaza				
Total Australian portfolio	32,679.3	4.82% ⁽ⁱⁱⁱ⁾	32,348.1	4.82% ⁽ⁱⁱⁱ⁾
Equity accounted New Zealand shopping centres	NZ\$1,590.6	6.10%	NZ\$1,578.4	6.09%
Jointly-owned (51%): Albany, Manukau, Newmarket, Riccarton and St Lukes				
Total New Zealand portfolio	NZ\$1,590.6	6.12% ⁽ⁱⁱⁱ⁾	NZ\$1,578.4	6.11% ⁽ⁱⁱⁱ⁾
Exchange rate	1.1073		1.0627	
Total New Zealand portfolio in A\$	1,436.5		1,485.3	
Total portfolio	34,115.8	4.87% ⁽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 30 June 2022, the Group has a 63.59% interest in CDP (31 December 2021: 63.09%).

⁽ⁱⁱⁱ⁾ Weighted average capitalisation rate including non-retail assets.

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NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2022

5 Details of shopping centre investments (continued)

Impact of the COVID-19 pandemic

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 which have been impacted by COVID-19 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 recognising the COVID-19 impact;
- lease assumptions based on current and expected future market conditions after expiry of any current lease;
- the capitalisation rate and discount rate derived from recent comparable market transactions; and
- the impact of government mandated support for tenants giving rise to rent deferrals, rent waivers, and eviction moratoriums.

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

	30 Jun 22	31 Dec 21
Australian portfolio		
Retail capitalisation rate	4.25%-6.25%	4.25%-6.25%
Weighted average retail capitalisation rate	4.80%	4.81%
Retail discount rate	5.75%-7.25%	5.75%-7.25%
New Zealand portfolio		
Retail capitalisation rate	5.50%-6.75%	5.50%-6.75%
Weighted average retail capitalisation rate	6.10%	6.09%
Retail discount rate	7.00%-8.50%	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 adopted at 30 June 2022 have broadly remained unchanged to 31 December 2021, whilst weighted average capitalisation rates have decreased from 4.88% at 31 December 2021 to 4.87% at 30 June 2022. The capitalisation rate sensitivity analysis is detailed below.

		30 Jun 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	3,901.5	3,863.0
	-25 bps	1,845.3	1,827.2
	+25 bps	(1,665.1)	(1,649.1)
	+50 bps	(3,175.3)	(3,144.8)

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NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2022

6 Details of equity accounted investments

	30 Jun 22 \$million	30 Jun 21 \$million
(a) Share of equity accounted entities' net profit and comprehensive income/(loss)		
Share of after tax profit of equity accounted entities	77.0	58.4
Other comprehensive loss ⁽ⁱ⁾	(57.8)	(2.7)
Share of total comprehensive income of equity accounted entities	19.2	55.7

⁽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 \$2,765.1 million (31 December 2021: \$2,803.0 million) comprise investments in joint ventures in Australia and New Zealand represented by equity of \$1,777.8 million (31 December 2021: \$1,774.2 million) and interest bearing loans of \$987.3 million (31 December 2021: \$1,028.8 million). Inter-entity interest charges on the loans amounted to \$14.8 million (30 June 2021: \$9.6 million).

(c) Equity accounted entities economic interest

Name of investments	Type of equity	Balance date	Economic interest 30 Jun 22	31 Dec 21
Australian investments ⁽ⁱ⁾				
Mt Druitt ⁽ⁱⁱ⁾	Trust units	30 Jun	50.0%	50.0%
Southland ⁽ⁱⁱⁱ⁾	Trust units	30 Jun	50.0%	50.0%
Tea Tree Plaza ⁽ⁱⁱⁱ⁾	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 made out 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.

7 Taxation

	30 Jun 22 \$million	30 Jun 21 \$million
Current tax expense - underlying operations	(20.5)	(17.8)
Deferred tax benefit/(expense)	6.7	(0.1)
	(13.8)	(17.9)

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NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2022

8 Significant items

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

	Note	30 Jun 22 \$million	30 Jun 21 \$million
Property revaluations	2(v)	286.1	41.0
Net fair value loss and associated credit risk on currency derivatives that do not qualify for hedge accounting	2(v)	(23.7)	(14.4)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	12	(282.1)	(50.3)
Net fair value gain/(loss) on other financial liabilities	12	0.3	(0.9)
Net modification gain/(loss) on refinanced borrowing facilities	12	6.1	(2.0)
Capital costs relating to strategic initiatives	2(v)	(12.4)	-
Deferred tax benefit/(expense)	2(v)	3.0	(2.9)
Expected credit charge relating to COVID-19	2(v)	(14.3)	(44.5)

9 Dividends/distributions

	30 Jun 22 \$million	30 Jun 21 \$million
(a) Interim dividends/distributions for the period		
Dividend/distribution 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)	-	-
Scentre Group: 7.50 cents per stapled security (30 June 2021: 7.00 cents per stapled security) ⁽ⁱ⁾	388.8	362.9

⁽ⁱ⁾ Total may not add due to rounding.

Interim distributions will be paid on 31 August 2022. The record date for determining entitlement to these distributions was 16 August 2022. The Group does not operate a Distribution Reinvestment Plan.

	30 Jun 22 \$million	30 Jun 21 \$million
(b) Dividends/distributions paid during the period		
Dividend/distribution 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: 7.25 cents per stapled security (31 December 2020: 7.00 cents per stapled security) ⁽ⁱⁱ⁾	375.8	362.9

⁽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.

10 Net tangible asset backing

	30 Jun 22 \$	31 Dec 21 \$
Net tangible asset backing per security	3.67	3.66

Net tangible asset backing per security is calculated by dividing net assets (including the right-of-use asset) attributable to members of the Group of \$19,050.9 million (31 December 2021: \$18,998.9 million) by the number of securities on issue at 30 June 2022 of 5,184,177,688 (31 December 2021: 5,184,177,688) as disclosed in Note 14(a).

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NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2022

11 Statutory earnings per security

	30 Jun 22 cents	30 Jun 21 cents
(a) Summary of earnings per security attributable to members of Scentre Group		
Basic earnings per stapled security	9.26	7.72
Diluted earnings per stapled security	9.22	7.70

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

	30 Jun 22 \$million	30 Jun 21 \$million
Earnings used in calculating basic earnings per stapled security ^{(i) (ii)}	479.8	400.4
Adjustment to earnings on employee performance rights which are considered dilutive	-	-
Earnings used in calculating diluted earnings per stapled security	479.8	400.4

⁽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 \$40.4 million (30 June 2021: \$38.6 million) and net profit attributable to members of SGT1, SGT2 and SGT3 of \$439.4 million (30 June 2021: \$361.8 million).

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

	30 Jun 22 Number of securities	30 Jun 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⁾	19,335,895	18,843,141
Adjusted weighted average number of ordinary securities used in calculating diluted earnings per stapled security	5,203,513,583	5,203,020,829

⁽ⁱⁱⁱ⁾ As at 30 June 2022, 19,278,880 (30 June 2021: 18,674,772) employee performance rights are on issue.

(b) Conversions, calls, subscription, issues or buy-back after 30 June 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.

12 Financing costs

	30 Jun 22 \$million	30 Jun 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)	(193.3)	(226.1)
Financing costs capitalised to qualifying development projects and construction in progress	10.2	9.9
Interest expense on other financial liabilities	(9.3)	(14.8)
Lease liabilities interest expense	(2.6)	(2.9)
	(195.0)	(233.9)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	(282.1)	(50.3)
Net fair value gain/(loss) on other financial liabilities	0.3	(0.9)
Net modification gain/(loss) on refinanced borrowing facilities	6.1	(2.0)
Total financing costs (excluding coupon on subordinated notes)	(470.7)	(287.1)
Subordinated notes coupon	(102.8)	(98.5)
Total financing costs	(573.5)	(385.6)

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NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2022

13 Interest bearing liabilities

	30 Jun 22 \$million	31 Dec 21 \$million
Current		
Unsecured		
Commercial paper and uncommitted facilities		
– A\$ denominated	298.8	111.0
Notes payable		
– € denominated	758.6	-
– £ denominated	-	743.8
– A\$ denominated	-	30.1
	1,057.4	884.9
Non current		
Unsecured		
Bank loans		
– A\$ denominated	610.0	310.0
Notes payable		
– € denominated	3,195.2	4,064.6
– US\$ denominated	4,505.2	4,271.7
– £ denominated	706.1	743.8
– HK\$ denominated	74.1	70.7
Secured		
Bank loans and mortgages		
– A\$ denominated	253.0	262.5
	9,343.6	9,723.3
Total senior borrowings	10,401.0	10,608.2
Less: cash and cash equivalents	(402.8)	(978.7)
Total senior borrowings net of cash and cash equivalents	9,998.2	9,629.5
Non current		
Unsecured		
Subordinated notes		
– US\$ denominated	4,359.8	4,133.9
Total subordinated notes	4,359.8	4,133.9
Interest bearing liabilities		
– Senior borrowings	10,401.0	10,608.2
– Subordinated notes	4,359.8	4,133.9
Total interest bearing liabilities	14,760.8	14,742.1

The Group maintains a range of interest bearing liabilities. The sources of funding are spread over various counterparties to minimise credit risk and the terms of the instruments are negotiated to achieve a balance between capital availability and the cost of debt.

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NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2022

13 Interest bearing liabilities (continued)

	30 Jun 22 \$million	31 Dec 21 \$million
(a) Summary of financing facilities		
Committed financing facilities available to the Group:		
Financing facilities	18,949.0	19,408.6
Senior borrowings	(10,401.0)	(10,608.2)
Subordinated notes	(4,359.8)	(4,133.9)
Bank guarantees	(51.6)	(46.4)
Available financing facilities	4,136.6	4,620.1
Cash and cash equivalents	402.8	978.7
Financing resources available	4,539.4	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 \$368.4 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 30 Jun 22 \$million	Interest bearing liabilities 30 Jun 22 \$million	Committed financing facilities 31 Dec 21 \$million	Interest bearing liabilities 31 Dec 21 \$million
	Maturity Date				
(b) Financing facilities and interest bearing liabilities, comprise:					
Unsecured senior notes payable					
– US\$ ⁽ⁱ⁾	Feb 25 to May 30	4,505.2	4,505.2	4,271.7	4,271.7
– € ⁽ⁱ⁾	Mar 23 to Mar 29	3,953.8	3,953.8	4,064.6	4,064.6
– £ ⁽ⁱ⁾	Jul 26	706.1	706.1	1,487.6	1,487.6
– HK\$ ⁽ⁱ⁾	Apr 30	74.1	74.1	70.7	70.7
– A\$ ⁽ⁱⁱ⁾	Jul 22	-	-	30.1	30.1
Total unsecured notes payable		9,239.2	9,239.2	9,924.7	9,924.7
Unsecured bank loan facilities	Apr 23 to Jul 27	5,050.0	610.0	5,050.0	310.0
Unsecured commercial paper and uncommitted facilities ⁽ⁱⁱⁱ⁾		-	298.8	-	111.0
Secured bank loans and mortgages ^(iv)	May 27	300.0	253.0	300.0	262.5
		14,589.2	10,401.0	15,274.7	10,608.2
Unsecured subordinated notes - US\$ ^(v)	Sep 80	4,359.8	4,359.8	4,133.9	4,133.9
Total financing facilities and interest bearing liabilities		18,949.0	14,760.8	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⁾ A\$30.1 million notes payable maturing July 2022 were redeemed in April 2022.

⁽ⁱⁱⁱ⁾ 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.

^(iv) 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 30 June 2022, the recorded fair value of Westfield Carindale is \$785.1 million (31 December 2021: \$750.1 million) compared to borrowings of \$253.0 million (31 December 2021: \$262.5 million).

^(v) 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.

SCENTRE GROUP
NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2022

13 Interest bearing liabilities (continued)

	Maturity Date	30 Jun 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 ⁽ⁱ⁾	-	A\$30.1
	22 Mar 23	€500.0	€500.0
	11 Sep 23	€506.0	€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		9,239.2	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		13,599.0	14,058.6

⁽ⁱ⁾ A\$30.1 million notes payable maturing July 2022 were redeemed in April 2022.

14 Contributed equity

	30 Jun 22 Number of securities	31 Dec 21 Number of securities
(a) Number of securities on issue		
Balance at the beginning and end of the period ⁽ⁱ⁾	5,184,177,688	5,184,177,688

⁽ⁱ⁾ The number of securities on issue as at 30 June 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.

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).

	30 Jun 22 \$million	31 Dec 21 \$million
(b) Amount of contributed equity attributable to members of Scentre Group		
Balance at the beginning and end of the period ⁽ⁱ⁾	9,990.8	9,990.8

⁽ⁱ⁾ Comprises contributed equity attributable to SGL of \$661.0 million (31 December 2021: \$661.0 million) and contributed equity attributable to members of SGT1, SGT2 and SGT3 of \$9,329.8 million (31 December 2021: \$9,329.8 million).

SCENTRE GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2022

15 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		Carrying amount	
	Fair value Hierarchy	30 Jun 22 \$million	31 Dec 21 \$million	30 Jun 22 \$million	31 Dec 21 \$million
Consolidated assets					
Cash and cash equivalents		402.8	978.7	402.8	978.7
Trade debtors and receivables ⁽ⁱ⁾		211.5	243.0	211.5	243.0
Interest receivable ⁽ⁱ⁾		177.3	169.5	177.3	169.5
Derivative assets ⁽ⁱⁱⁱ⁾	Level 2	803.5	662.4	803.5	662.4
Consolidated liabilities					
Trade and other payables ⁽ⁱ⁾		808.8	806.8	808.8	806.8
Interest payable ⁽ⁱ⁾		286.0	277.7	286.0	277.7
Interest bearing liabilities ⁽ⁱⁱⁱ⁾					
– Fixed rate debt	Level 2	8,880.4	10,543.2	9,239.2	9,924.7
– Fixed rate subordinated notes	Level 2	3,756.2	4,382.0	4,359.8	4,133.9
– Floating rate debt	Level 2	1,161.9	683.5	1,161.8	683.5
Other financial liabilities ⁽ⁱⁱ⁾	Level 3	368.4	612.0	368.4	612.0
Derivative liabilities ⁽ⁱⁱ⁾	Level 2	938.1	851.9	938.1	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 below.

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 half-year ended 30 June 2022, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

	30 Jun 22 \$million	31 Dec 21 \$million
Level 3 fair value movement - Property linked notes ⁽ⁱ⁾		
Balance at the beginning of the period	612.0	612.7
Repayment of other financial liabilities	(243.3)	-
Net fair value gain included in financing costs in the income statement	(0.3)	(0.7)
Balance at the end of the period	368.4	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.

Investment properties are considered Level 3.

SCENTRE GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2022

16 Capital expenditure commitments

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

	30 Jun 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	184.8	189.1
Due between one and five years	519.2	503.3
	704.0	692.4

17 Contingent liabilities

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

	30 Jun 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.

SCENTRE GROUP DIRECTORS' DECLARATION

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; and
- (b) in the Directors' opinion, the Financial Statements and notes thereto are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - (ii) giving a true and fair view of the financial position as at 30 June 2022 and the performance of the consolidated entity for the half-year ended on that date in accordance with section 305 of the Corporations Act 2001.

Made on 23 August 2022 in accordance with a resolution of the Board of Directors.



Brian Schwartz AM
Chair



Michael Ihlein
Director

Independent Auditor's Review Report to the Members of Scentre Group Limited

Conclusion

We have reviewed the accompanying half-year financial report of Scentre Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the balance sheet as at 30 June 2022, income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2022 and of its consolidated financial performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-Year 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

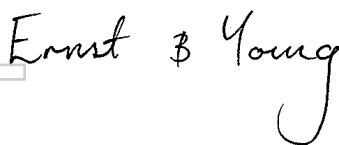
Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-Year Financial Report

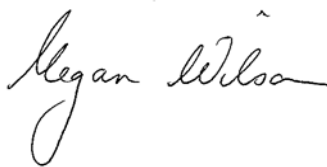
Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Ernst & Young

Sydney, 23 August 2022



Megan Wilson
Partner

SCENTRE GROUP

DIRECTORS' REPORT

The Directors of Scentre Group Limited (**Parent Company**) submit the following report for the half-year ended 30 June 2022 (**Financial Period**).

Scentre Group (**Group**) is a stapled entity which comprises the Parent Company, Scentre Group Trust 1, Scentre Group Trust 2, Scentre Group Trust 3 and their respective controlled entities. Scentre Group operates as a single coordinated economic entity, with a common Board of Directors and management team.

1. Operating and Financial Review

1.1 Our Purpose and Strategy

Our Purpose – *creating extraordinary places, connecting and enriching communities* – underpins our strategy, growth ambition, responsible business approach and culture. It has remained constant since Scentre Group was established in 2014 and recognises the integral role our Westfield Living Centres play in the lives of our customers and communities.

Our Plan – *to create the places more people choose to come, more often, for longer* – reinforces our customer strategy. By remaining focused on what our customers want, 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 sustainable business framework is balanced across four key areas – community, people, environment and economic performance.

In striving 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.

1.2 About Us

Scentre Group owns and operates a leading platform of 42 Westfield Living Centres with 37 located in Australia and five in New Zealand encompassing more than 12,000 outlets. The Group's total assets under management are \$50.9 billion, SCG share \$34.8 billion and \$16.1 billion of third-party funds.

Our Living Centres are strategically located near 20 million Australians and New Zealanders which is the majority of their populations. Our Westfield Living Centres are hubs of local economic activity which contribute to local employment and support a network of local businesses and suppliers.

The Group employs 2,749 people across Australia and New Zealand and is organised by teams reflecting our vertically integrated business. Approximately 93% of our workforce is located in Australia. More than half (56%) of our total workforce is female.

A comprehensive overview of our assets is in our 2021 Property Compendium, available on the investor section of our website.

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.

1.3 Our Ambition

1.3.1 People and communities

Our Westfield Living Centres are strategically located in the heart of the local communities we serve.

Every Westfield Living Centre has a community plan which aligns with Our Purpose. These plans outline the unique characteristics of each of our trade areas and what our customers have told us they value. It includes key brand activations, community engagement activities and connections with local authorities such as police and emergency services personnel. This contributes to our centres being regarded as safe, welcoming and inclusive destinations.

Our Westfield Local Heroes Program, which is in its fifth year, is progressing with finalists selected and community voting having commenced.

SCENTRE GROUP

DIRECTORS' REPORT (continued)

1.3.2 Businesses

Our Westfield Living Centres are located in the heart of communities close to where the majority of the population lives. Our customers choose to spend their time in our Living Centres because the products, services and experiences we curate for them reflect what they want.

During the Financial Period, the Group continued to support our business partners who are small to medium sized enterprises (SMEs) to mitigate the short-term cash-flow impact on their business due to COVID-19. The remaining state mandated rent relief schemes in Victoria and NSW expired during the Financial Period.

Customer visitation increased to more than 277 million in the year to date and we expect to achieve approximately 500 million visits for 2022.

Demand for space in our Westfield Living Centres is strong, with occupancy increasing to 98.8%, up 30 basis points since 30 June 2021. During the Financial Period we completed 1,579 lease deals with leasing spreads improving significantly to (3.9%). These lease deals included 585 new merchant deals of which 108 brands are new to the portfolio.

1.3.3 Our Platform

The Group's growth ambition to become essential to people, their communities and the businesses that interact with them underpins our strategic initiatives and opportunities.

Westfield Plus, our membership platform, has grown its membership to 2.75 million members, up 550,000 since the start of this year.

Westfield Direct, our aggregated "Click and Collect" service which was launched in October 2021 continues to grow in customer advocacy and business engagement. Westfield Direct has over 300 sellers and more than 340,000 products, with the majority of customers choosing to "Click and Collect" from their local Westfield Living Centre.

During the Financial Period, we opened the \$55 million rooftop entertainment, leisure and dining precinct at Westfield Mt Druitt resulting in a significant increase in customer visitation and dwell time.

The \$355 million investment in Westfield Knox, Melbourne is progressing well with strong pre-leasing and in line with budget. Stage 1, which will open in December 2022 is currently 96% leased.

All of our development projects feature sustainability initiatives that align to our responsible business strategy and seek to improve the energy, water and emissions intensity of our Living Centres.

1.4 Responsible Business

We continue to focus on how we operate as a responsible, sustainable business.

This includes initiatives that address the four pillars of our approach – community, people, environment and economic performance.

Aspects of our performance against these areas during the Financial Period are addressed throughout this report.

Our 2021 Responsible Business Report and Performance Data Pack and our second Modern Slavery Statement were released on 17 March 2022.

1.4.1 Community

We hold a trusted role in our community which we value and seek to nurture. We do this by designing and operating our Westfield Living Centres that are considered valued social infrastructure and integral to our customers and our communities.

1.4.2 People

Our aspiration is to create a workforce reflective of the communities in which we operate and to be the place where talent can thrive. We believe that a diverse and engaged workforce contributes to strong business performance and we seek to provide an inclusive and supportive working environment that recognises and celebrates all the ways we are different.

During the Financial Period we were recognised as a "Silver" employer in the Australian Workplace Equality Index LGBTQ Inclusion Awards.

We continue to progress our gender equity plan through industry collaboration with the Property Council of Australia and the National Association of Women in Construction.

We also launched our third Reconciliation Action Plan (2022-2024) which has been endorsed by Reconciliation Australia.

At last measure, we achieved an employee engagement score of 85% which places us in the top 5% of companies globally.

SCENTRE GROUP

DIRECTORS' REPORT (continued)

1.4.3 Environment

We are committed to having efficient and resilient assets in line with how we operate as a responsible, sustainable business.

In August 2022, we announced an agreement with CleanCo to source 100% renewable electricity to power our Queensland portfolio from 2025, consistent with our pathway to achieve net zero by 2030. We are the only company in Australia and New Zealand on the CDP Climate 'A' list.

During the Financial Period, we also received an upgraded MSCI ESG rating of AA.

1.4.4 Economic performance

Operating Profit for the Financial Period was \$540.5 million (10.43 cents per security), up 17.5% and Funds from Operations (FFO) was \$548.6 million (10.58 cents per security), up 18.3%.

The statutory profit after tax attributable to members of Scentre Group for the Financial Period, inclusive of unrealised non-cash items, was \$479.8 million including property revaluation gains of \$286.1 million.

During the Financial Period, the Group achieved net operating cashflows (after interest, overheads and tax) of \$570.2 million, up 16.9%.

The Group collected \$1,250 million in gross rent for the Financial Period, exceeding billings and reducing debtors. The Group has seen continued strong collections with a further \$220 million collected in July.

SCENTRE GROUP

DIRECTORS' REPORT (continued)

FFO and Distribution ^{(i) (ii)}

	30 Jun 22 \$million	30 Jun 21 \$million
Property revenue ⁽ⁱⁱⁱ⁾	1,164.3	1,136.6
Property expenses	(266.4)	(258.9)
Expected credit charge relating to COVID-19	(14.3)	(44.5)
Net operating income	883.6	833.2
Management income ^(iv)	23.7	23.1
Income	907.3	856.3
Overheads	(42.4)	(40.4)
EBIT	864.9	815.9
Net interest (excluding subordinated notes coupon) ^(v)	(184.8)	(215.6)
Tax	(22.8)	(22.3)
Minority interest ^(vi)	(14.0)	(19.4)
Subordinated notes coupon	(102.8)	(98.5)
Operating profit	540.5	460.1
Project income ^(vii)	11.6	4.6
Tax on project income	(3.5)	(1.3)
Project income after tax	8.1	3.3
FFO	548.6	463.4
Retained earnings	(159.8)	(100.5)
Distribution	388.8	362.9

⁽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 and excludes straightlining of rent. FFO is a non-statutory reporting measure and the table above was not reviewed by the auditor.

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

	Note in Financial Statements	30 Jun 22 \$million	30 Jun 21 \$million
Profit after tax attributable to members of Scentre Group		479.8	400.4
Adjusted for:			
– Property revaluations	2(v)	(286.1)	(41.0)
– Amortisation of tenant allowances	2(iii)	36.4	31.2
– Straightlining of rent	2(iii)	(5.1)	(3.9)
– Net fair value loss and associated credit risk on currency derivatives that do not qualify for hedge accounting	2(v)	23.7	14.4
– Net fair value loss on interest rate hedges that do not qualify for hedge accounting	12	282.1	50.3
– Net modification loss/(gain) on refinanced borrowing facilities	12	(6.1)	2.0
– Net fair value loss/(gain) on other financial liabilities	12	(0.3)	0.9
– Capital costs relating to strategic initiatives	2(v)	12.4	-
– Deferred tax expense/(benefit)	2(v)	(3.0)	2.9
– FFO adjustments attributable to external non controlling interests		14.8	6.2
FFO		548.6	463.4

⁽ⁱⁱⁱ⁾ Property revenue of \$1,133.0 million (Note 2(iii)) plus amortisation of tenant allowances of \$36.4 million (Note 2(iii)) less straightlining of rent of \$5.1 million (Note 2(iii)).

^(iv) Property management income of \$29.4 million (Note 2(v)) less property management costs of \$5.7 million (Note 2(v)).

^(v) Financing costs of \$573.5 million (Note 2(v)), offset by interest income of \$0.9 million (Note 2(v)), less coupon on subordinated notes of \$102.8 million (Note 12), interest expense on other financial liabilities of \$9.3 million (Note 12), net fair value gain on other financial liabilities of \$0.3 million (Note 12), net fair value loss on interest rate hedges that do not qualify for hedge accounting of \$282.1 million (Note 12) and net modification gain on refinanced borrowing facilities of \$6.1 million (Note 12).

^(vi) Profit after tax attributable to external non controlling interests of \$19.5 million (Note 2(v)) less non-FFO items of \$14.8 million plus interest expense on other financial liabilities of \$9.3 million (Note 12).

^(vii) Property development and construction revenue of \$130.3 million (Note 2(v)) less property development and construction costs of \$118.7 million (Note 2(v)).

SCENTRE GROUP

DIRECTORS' REPORT (continued)

Capital management

The Group executed new and extended bank facilities of \$2.6 billion, including syndicated bank facilities of \$1.4 billion. As a result, the Group has available liquidity of \$4.8 billion (pro-forma for refinancing settled in August), sufficient to cover all debt maturities until the fourth quarter of 2025.

The Group has increased its interest rate hedging profile, with 80% hedging in the second half of 2022, 70% at January 2023 and 67% at December 2023.

Distribution

On 31 August 2022 a distribution of 7.50 cents per security will be made to members in respect of the Financial Period. This comprises an aggregate distribution from Scentre Group Trust 1 and Scentre Group Trust 2. The Parent Company has not determined to pay a dividend for the Financial Period. Scentre Group Trust 3 has not determined to pay a distribution for the Financial Period.

1.4.5 Outlook

Subject to no material change in conditions, the Group expects FFO to be above 19.0 cents per security for 2022, representing more than 14.2% growth for the year. Distributions are expected to be at least 15.0 cents per security for 2022, representing at least 5.3% growth for the year.

2. Risk Management

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

The Board sets the overall risk appetite for the Group and has approved strategies, policies and procedures to identify, monitor and manage key risks. The Board is assisted in its oversight of risk by the Audit and Risk Committee, which meets five times a year. The Board and Audit and Risk Committee are supported by the Executive Risk Management Committee, executive leadership team and a dedicated risk function, to promote understanding and management of risk across all teams.

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 defines risk oversight responsibilities for the Board and management and are reviewed annually by the risk team and approved by the Audit and Risk Committee and Board.

A detailed discussion of risks is set out in the Group's 2021 Annual Financial Report.

3. Directors

Our Board comprises nine independent non-executive Directors and one executive Director (being the Managing Director/ Chief Executive Officer (CEO)).

Name	Position
Brian Schwartz, AM	Non-executive Chair
Peter Allen	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
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.

All other Directors held office for the entire Financial Period.

SCENTRE GROUP

DIRECTORS' REPORT (continued)

As announced to the Australian Securities Exchange on 23 February 2022, Peter Allen will step down as Managing Director and CEO on 30 September 2022 and will retire from the Group in 2023.

Elliott Rusanow will be appointed Managing Director and CEO effective 1 October 2022.

The Boards of Scentre Management Limited, RE1 Limited and RE2 Limited (as Responsible Entities of Scentre Group Trust 1, Scentre Group Trust 2 and Scentre Group Trust 3, respectively) are identical to the Board of the Parent Company. If a Director ceases to be a Director of the Parent Company for any reason they must also retire as a Director of each responsible entity.

4. Principal activities

The principal activities of the Group for the Financial Period were the ownership, development, design, construction, asset management, leasing and marketing activities with respect to its portfolio of 42 Westfield Living Centres across Australia and New Zealand.

There were no significant changes in the nature of those activities during the Financial Period.

5. Events after the reporting period

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

6. Rounding

The Parent 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.

7. Synchronisation of financial year

Carindale Property Trust is a consolidated entity of the Parent 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 Parent 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 Parent Company.

8. 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 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.

SCENTRE GROUP DIRECTORS' REPORT (continued)

9. Auditor's independence declaration

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



Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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

As lead auditor for the review of the half-year financial report of Scentre Group Limited for the half-year ended 30 June 2022, I declare to the best of my knowledge and belief, there have been:

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

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

Ernst & Young

23 August 2022

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

Megan Wilson
Partner

This report is made on 23 August 2022 in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.

Brian Schwartz AM
Chair

Michael Ihlein
Director

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

ADDITIONAL INFORMATION

As at 30 June 2022

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 21
Scentre Group Limited	4.80%	5.36%
Scentre Group Trust 1	38.12%	36.94%
Scentre Group Trust 2	57.00%	57.60%
Scentre Group Trust 3	0.08%	0.10%