

Appendix 4D

Half Yearly Report

Under ASX listing rule 4.2A

Name of entity

CARINDALE PROPERTY TRUST (ASX: CDP)

ARSN

093 261 744

Half year ending ('current period')

31 December 2018

Interim report

The attached half-year financial report has been prepared under AASB 134. The half-year financial report should be read in conjunction with the annual financial report of Carindale Property Trust as at 30 June 2018 which was prepared based on Australian equivalents to International Financial Reporting Standards. It is also recommended that the half-year financial report be considered together with any public announcements made by Carindale Property Trust during the half-year ended 31 December 2018 in accordance with the continuous disclosure obligations under the Corporations Act 2001.

Results for announcement to the market (A\$'000)

	31-Dec-18	31-Dec-17		
Property revenue	<u>27,059</u>	<u>28,193</u>	down	4.0%
Net profit attributable to members of the Trust	<u>8,823</u>	<u>14,880</u>	down	40.7%
Funds from operations	<u>13,125</u>	<u>14,072</u>	down	6.7%
Net tangible assets per security (\$)	<u>8.08</u>	<u>8.17</u>	down	1.1%
Distributions	Amount per security			
Interim distribution	18.10 cents			
Previous corresponding period	20.10 cents			

Record date for determining entitlements to the distribution.

19 December 2018

The distribution for the six months ended 31 December 2018 will be 18.10 cents per unit.

This distribution is payable on 28 February 2019.

Details of the full year components of distributions will be provided in the Annual Tax Statements which will be sent to members in September 2019.

Commentary and analysis on the results for the current period can be found in the attached Carindale Property Trust ASX Announcement dated 20 February 2019. This ASX announcement forms part of the Appendix 4D.

The half-year report should be read in conjunction with the most recent annual financial report.

The "Previous corresponding period" is 31 December 2017 unless otherwise stated.

Carindale Property Trust Half-year Report

For the half-year ended 31 December 2018

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CARINDALE PROPERTY TRUST
STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	31 Dec 18	31 Dec 17
	\$'000	\$'000
<hr/>		
Revenue		
Property revenue	27,059	28,193
Expenses		
Property expenses and outgoings	(7,235)	(7,282)
Net property income	19,824	20,911
Other expenses		
Manager's service charge	(2,495)	(2,430)
Other costs	(216)	(249)
	(2,711)	(2,679)
Interest income	26	22
Financing costs	(4,586)	(4,691)
Net fair value (loss)/gain on interest rate derivatives	(1,394)	456
Amortisation of modification gain on borrowing facilities refinanced in a prior period	(182)	-
Property revaluation	(2,154)	861
Net profit attributable to members of the Trust	8,823	14,880
Total comprehensive income attributable to members of the Trust	8,823	14,880
	cents	cents
Basic earnings per unit	12.60	21.26
Diluted earnings per unit	12.60	21.26

CARINDALE PROPERTY TRUST
BALANCE SHEET

AS AT 31 DECEMBER 2018

	Note	31 Dec 18 \$'000	30 Jun 18 \$'000
Current assets			
Cash and cash equivalents		4,241	1,784
Trade and other receivables		533	1,722
Prepayments and deferred costs		1,479	372
Total current assets		6,253	3,878
Non current assets			
Investment properties	2	828,670	814,429
Prepayments and deferred costs		382	249
Derivative assets		-	171
Total non current assets		829,052	814,849
Total assets		835,305	818,727
Current liabilities			
Trade and other payables		20,460	21,908
Derivative liabilities		156	8
Total current liabilities		20,616	21,916
Non current liabilities			
Interest bearing liabilities	3	245,867	225,068
Derivative liabilities		2,978	1,902
Total non current liabilities		248,845	226,970
Total liabilities		269,461	248,886
Net assets		565,844	569,841
Equity attributable to members of the Trust			
Contributed equity		187,934	187,934
Reserves		552	97
Retained profits		377,358	381,810
Total equity attributable to members of the Trust		565,844	569,841

CARINDALE PROPERTY TRUST
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	<i>Contributed</i>			<i>Retained</i>	31 Dec 18	<i>Contributed</i>			<i>Retained</i>	31 Dec 17
	<i>equity</i>	<i>Reserves</i>		<i>profits</i>	Total	<i>equity</i>	<i>Reserves</i>		<i>profits</i>	Total
	<i>\$'000</i>	<i>\$'000</i>		<i>\$'000</i>	\$'000	<i>\$'000</i>	<i>\$'000</i>		<i>\$'000</i>	\$'000
Changes in equity attributable to members of the Trust										
Balance at the beginning of the period, as reported	187,934	97		381,810	569,841	187,934	50		383,007	570,991
Impact of changes in accounting standards ⁽ⁱ⁾				(150)	(150)					-
Adjusted balance at the beginning of the period	187,934	97		381,660	569,691	187,934	50		383,007	570,991
- Profit after tax for the period	-	-		8,823	8,823	-	-		14,880	14,880
- Amount transferred to other reserves		455		(455)	-	-	2		(2)	-
Transactions with owners in their capacity as owners:					-					-
- Dividends paid	-	-		(12,670)	(12,670)	-	-		(14,070)	(14,070)
Closing balance of equity attributable to members of the Trust	187,934	552		377,358	565,844	187,934	52		383,815	571,801

⁽ⁱ⁾ The Trust has adopted AASB 9 Financial Instruments. This resulted in a net charge of \$150,000 to retained profits as at 1 July 2018, comprising the recognition of an additional loss allowance of \$798,000 for impairment of financial assets, offset by cumulative gains of \$648,000 relating to the refinancing of borrowing facilities during previous financial periods (refer to Note 1(b)). The comparative results for the half-year ended 31 December 2017 are not restated as permitted by the standard.

CARINDALE PROPERTY TRUST
CASH FLOW STATEMENT

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	31 Dec 18	31 Dec 17
	\$'000	\$'000
Cash flows from operating activities		
Receipts in the course of operations (including GST)	29,639	30,453
Payments in the course of operations (including GST)	(10,792)	(11,711)
Goods and services tax paid to government bodies	(1,636)	(1,450)
Financing costs	(4,318)	(4,516)
Interest received	26	22
Net cash flows from operating activities	12,919	12,798
Cash flows from investing activities		
Payments for capital expenditure of property investments	(2,953)	(4,283)
Payments for the acquisition of sundry property	(14,239)	-
Net cash flows used in investing activities	(17,192)	(4,283)
Cash flows from financing activities		
Proceeds from interest bearing liabilities	20,800	5,500
Distribution paid to members	(14,070)	(14,070)
Net cash flows from/(used in) financing activities	6,730	(8,570)
Net increase/(decrease) in cash and cash equivalents held	2,457	(55)
Add: opening cash and cash equivalents brought forward	1,784	1,782
Cash and cash equivalents at the end of the period	4,241	1,727

CARINDALE PROPERTY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 1 BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The half-year financial report does not include all notes of the type normally included within 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 Trust as the full financial report. The half-year financial report should be read in conjunction with the annual financial report of the Trust for the year ended 30 June 2018.

It is also recommended that the half-year financial report be considered together with any public announcements made by the Trust during the Financial Period in accordance with the continuous disclosure obligations under the Corporations Act 2001 (Cth).

(a) Corporate information

This financial report of Carindale Property Trust (Trust) for the half-year ended 31 December 2018 (Financial Period) was approved in accordance with a resolution of the Board of Directors of Scentre Management Limited (Directors) as responsible entity of the Trust (Responsible Entity).

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

(b) Statement of Compliance

This financial report complies with Australian Accounting Standards and International Financial Reporting Standards issued by the International Accounting Standards Board. The accounting policies adopted are consistent with those of the previous financial year except that the Trust has adopted the following new or amended standards which became applicable on 1 July 2018.

- AASB 15 Revenue from Contracts with Customers

Impact of adoption

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

The Trust has adopted AASB 15 and related amendments from 1 July 2018. Comparative results are not restated as permitted by the standard. Following a detailed assessment of the requirements of the standard, the Trust has determined that there is no significant impact on the financial statements on application.

- AASB 9 Financial Instruments

Impact of adoption

This standard includes new requirements for classification and measurement, impairment and hedge accounting of financial instruments compared with the requirements of AASB 139 Financial Instruments: Recognition and Measurement.

The Trust has adopted AASB 9 and related amendments from 1 July 2018. Comparative results are not restated as permitted by the standard. The cumulative effect on initial application of AASB 9 is a charge to opening retained profits of \$150,000 as at 1 July 2018. This difference arises from the recognition of impairment losses on financial assets, offset by a modification gain relating to the refinancing of a financial liability in a previous period.

(i) Classification and measurement

Financial assets previously held at fair value continue to be measured at fair value. Trade and other receivables are held to collect contractual cash flows and these contractual cash flows are solely payments of principal and interest. These receivables continue to be measured at amortised cost. The impact of the classification of financial instruments under AASB 9 was immaterial.

The Trust has floating rate borrowing facilities that have been refinanced during previous financial periods. Under AASB 9, the accounting for the modification of a financial liability that has not resulted in derecognition, requires an adjustment to the amortised cost of the liability, with any gain or loss being recognised immediately in the statement of comprehensive income. Under the previous standard AASB 139, the gain or loss would have been recognised over the remaining life of the borrowing by adjusting the effective interest rate. The Trust has assessed that the cumulative gain on initial application is \$648,000, which has been credited to opening retained profits at 1 July 2018. The amortisation of this opening balance adjustment resulted in a charge of \$182,000 to the Statement of Comprehensive Income for the six months to 31 December 2018.

(ii) Impairment

Under AASB 9, the Trust's accounting for impairment losses for financial assets is fundamentally changed, by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. The Trust has applied the simplified approach and recorded lifetime expected losses on trade and other receivables. The revised methodology for calculation of impairment of trade and other receivables resulted in an additional loss allowance of \$798,000 as at 1 July 2018.

(iii) Hedge accounting

As the Trust currently does not have any existing hedge relationships that are designated as effective hedges, there is no impact from the application of hedging requirements on the financial statements.

CARINDALE PROPERTY TRUST
NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 1 BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (CONTINUED)

(b) Statement of Compliance (continued)

- AASB 9 Financial Instruments (continued)

Accounting policies

AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AASB 9 has not had a significant effect on the Trust's accounting policies related to financial liabilities. The impact of the standard on financial assets is set out below.

(i) Classification

From 1 July 2018, the Trust classifies its financial assets as follows:

- a) cash, trade and other receivables are measured at amortised cost. These are held to collect contractual cash flows and these contractual cash flows are solely payments of principal and interest.
- b) derivative assets are measured at fair value through the profit and loss (FVTPL).

(ii) Measurement

At initial recognition, the Trust measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses from changes in fair value are recognised in the statement of comprehensive income unless they have been designated and qualify as cash flow or net investment hedging instruments, where the effective portion of changes in fair value is recognised in either a cash flow or foreign currency reserve within equity.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses (see below). Interest income, foreign exchange gains and losses and impairment are recognised in the statement of comprehensive income. Any gain or loss on derecognition is also recognised in the statement of comprehensive income.

(iii) Impairment

From 1 July 2018, the Trust assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost. For trade receivables, the Trust applies the simplified approach permitted by the standard, which requires lifetime expected losses to be recognised from initial recognition of the receivables.

The Trust has also adopted the following amendments to and clarification of interpretations of, accounting standards:

- AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions

- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments

- AASB Interpretation 22 Foreign Currency Transactions and Advance Consideration

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

CARINDALE PROPERTY TRUST
NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 1 BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (CONTINUED)

(b) 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 Trust for the half year ended 31 December 2018. The impact of these new standards (to the extent relevant to the Trust) and interpretations is as follows:

- IFRS 16 Leases (effective from 1 January 2019)

This standard contains requirements about lease classification and recognition, measurement and presentation and disclosures of leases for lessees and lessors. This standard is not expected to have a significant financial impact on the financial statements on application.

- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures (effective 1 January 2019)

This amends AASB 128 Investments in Associates and Joint Ventures to clarify that an entity is required to account for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture but to which the equity method is not applied, using AASB 9 Financial Instruments before applying the loss allocation and impairment requirements in AASB 128. This amendment is not expected to have a significant impact on the financial statements on application.

- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle (effective 1 January 2019)

The amendments clarify certain requirements in:

- (i) AASB 3 Business Combinations and AASB 11 Joint Arrangements - previously held interest in a joint operation;
- (ii) AASB 112 Income Taxes - income tax consequences of payments on financial instruments classified as equity; and
- (iii) AASB 123 Borrowing Costs - borrowing costs eligible for capitalisation.

This amendment is not expected to have a significant impact on the financial statements on application.

- AASB Interpretation 23 Uncertainty over Income Tax Treatments, and relevant amending standards (effective 1 January 2019)

The Interpretation clarifies the application of the recognition and measurement criteria in AASB 112 Income Taxes when there is uncertainty over income tax treatments. This standard is 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 2022)

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.

(c) Basis of Accounting

The half-year financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 (Cth) and AASB 134 Interim Financial Reporting. The half-year financial report has been prepared on a historical cost basis, except for investment properties and derivative financial instruments that have been measured at fair value.

This financial report is presented in Australian dollars.

CARINDALE PROPERTY TRUST
NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	31 Dec 18	30 Jun 18
	\$'000	\$'000
NOTE 2 INVESTMENT PROPERTIES		
Shopping centre investment	814,318	814,318
Development projects	113	111
Sundry property	14,239	-
	828,670	814,429

The Trust's interest in Westfield Carindale is independently valued annually, with the latest independent valuation being at 30 June 2018. The latest independent valuation of the Trust's 50% interest in Westfield Carindale was \$814.3 million with a capitalisation rate of 5.00% and was conducted by Jones Lang LaSalle Advisory Services Pty Ltd in accordance with guidelines set by the International Valuation Standards Committee. The key assumptions in determining the valuation of the Trust's interest in Westfield Carindale is the estimated capitalisation rate and net operating income. Significant movements in each of these assumptions in isolation would result in a higher/(lower) fair value. As of 31 December 2018, the Trust's interest in Westfield Carindale has been assessed by the Directors at \$814.3 million with a capitalisation rate of 5.00% as approximating fair value.

Together with its Joint Venture partner APPF, Carindale Property Trust has purchased the Millennium Boulevard Office and Retail Centre adjoining Westfield Carindale for \$28 million (Trust's share \$14 million).

NOTE 3 INTEREST BEARING LIABILITIES

Non current

Loans payable - secured	245,800	225,000
Finance leases	67	68
	245,867	225,068

The maturity profile in respect of the interest bearing liabilities is set out below:

Due within one year	4	4
Due between one and five years	245,818	225,016
Due after five years	45	48
	245,867	225,068

The Trust has a \$260 million floating interest rate 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 and matures in the second half of calendar year 2020.

During the six months to 31 December 2018, the Trust increased its existing facility by \$15 million, as part of the acquisition of the sundry property for approximately \$14 million. The accounting for any modification gain or loss on this refinancing was not considered material.

NOTE 4 INTEREST RATE RISK MANAGEMENT

Summary of fixed interest rate positions at balance date

Notional principal amounts of the Trust's interest rate swaps:

	31 Dec 18	31 Dec 18
	Notional	Average
Swaps contracted as at the reporting date and outstanding at	Principal amount	rate
	\$'000	
A\$ payable		
31 December 2018	A\$180,000	2.61%
30 June 2019	A\$180,000	2.61%
30 June 2020	A\$160,000	2.55%
30 June 2021	A\$140,000	2.48%
30 June 2022	A\$120,000	2.45%
30 June 2023	A\$100,000	2.41%
30 June 2024	A\$30,000	2.54%

CARINDALE PROPERTY TRUST
NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 5 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

	Fair value Hierarchy	Fair value		Carrying amount	
		31 Dec 18	30 Jun 18	31 Dec 18	30 Jun 18
		\$'000	\$'000	\$'000	\$'000
Assets					
Cash		4,241	1,784	4,241	1,784
Trade and other receivables ⁽ⁱ⁾		533	1,722	533	1,722
Derivative asset ⁽ⁱⁱ⁾	Level 2	-	171	-	171
Liabilities					
Trade and other payables ⁽ⁱ⁾		20,460	21,908	20,460	21,908
Interest bearing liabilities ⁽ⁱⁱ⁾					
- Floating rate debt	Level 2	245,800	225,000	245,800	225,000
- Finance lease	Level 2	67	68	67	68
Derivative liabilities ⁽ⁱⁱ⁾	Level 2	3,134	1,910	3,134	1,910

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

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

Determination of fair value

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

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

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

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

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

All other financial assets and liabilities have a fair value which approximates carrying amount.

Investment properties are considered Level 3, refer to Note 2: Investment properties for relevant fair value disclosures.

The fair value of derivatives have been determined with reference to market observable inputs for contracts with similar maturity profiles. The valuation is a present value calculation which incorporates interest rate curves and the credit quality of all counterparties.

	31 Dec 18	30 Jun 18
	Units	Units
NOTE 6 TRUST UNITS		
Number of units on issue		
Balance at the beginning and end of the period	70,000,000	70,000,000

CARINDALE PROPERTY TRUST
NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	31 Dec 18	31 Dec 17
	\$'000	\$'000
NOTE 7 DISTRIBUTIONS PAID AND PAYABLE TO MEMBERS		
(a) Current/prior period distribution payable/paid to members		
Interim distribution payable to members:		
- Ordinary units: 18.10 cents per unit	12,670	
Interim distribution paid to members:		
- Ordinary units: 20.10 cents per unit		14,070
	12,670	14,070
(b) Distributions paid to members		
Distribution in respect of the 6 months to 30 June 2018		
- Ordinary units: 20.10 cents per unit	14,070	
Distribution in respect of the 6 months to 30 June 2017		
- Ordinary units: 20.10 cents per unit		14,070
	14,070	14,070

NOTE 8 SEGMENT INFORMATION

The Trust operates in one operating segment, being the ownership of an interest in one shopping centre in Brisbane, Australia.

NOTE 9 SUBSEQUENT EVENTS

There has not been any matter or circumstance occurring subsequent to the end of the Financial Period that has significantly affected, or may significantly affect, the operations of the Trust, the results of those operations, or the state of affairs of the Trust in future financial years.

NOTE 10 OTHER SIGNIFICANT ACCOUNTING POLICIES

(a) Rounding

In accordance with the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts shown in the financial report have, unless otherwise indicated, been rounded to the nearest thousand dollars. Amounts shown as 0.0 represent amounts less than \$500 that have been rounded down.

**CARINDALE PROPERTY TRUST
DIRECTORS' DECLARATION**

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

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the Financial Statements and notes of the Trust:
 - (i) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001; and
 - (ii) give a true and fair view of the financial position of the Trust as at 31 December 2018 and the performance for the half-year ended on that date.

Made on 20 February 2019 in accordance with a resolution of the Board of Directors.



Brian Schwartz AM
Chairman



Michael Ihlein
Director



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Independent Auditor's Review Report to the members of Carindale Property Trust

Report on the Half-Year Financial Report

Opinion

We have reviewed the accompanying half-year financial report of Carindale Property Trust ("The Trust"), which comprises the balance sheet as at 31 December 2018, the statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, notes to the financial statements comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Trust is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Trust's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Directors' Responsibility for the Half-Year Financial Report

The directors of Scentre Management Limited, the Responsible Entity of the Trust, 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 is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to 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 Trust's financial position as at 31 December 2018 and its 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. As the auditor of the Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

We have given to the directors of Scentre Management Limited a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Ernst & Young

Sydney

20 February 2019

St Elmo Wilken
Partner

Liability limited by a scheme approved under
Professional Standards Legislation

CARINDALE PROPERTY TRUST
DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

The Directors of Scentre Management Limited (Responsible Entity), the responsible entity of Carindale Property Trust (Trust) submit the following report for the half-year ended 31 December 2018 (Financial Period).

REVIEW AND RESULTS OF OPERATIONS

Operating environment

The principal activity of the Trust during the Financial Period was the long term ownership of a 50% interest in Westfield Carindale shopping centre, which is located in the suburb of Carindale, east of Brisbane. Westfield Carindale is managed by Scentre Group. There were no significant changes in the nature of that activity during the Financial Period.

As at 31 December 2018, the centre was 99% leased with retail sales of \$896.5 million for the 12 months including specialty retail sales of \$10,917 per square metre.

The centre was valued as at 31 December 2018 at \$1,628.6 million (the Trust's share \$814.3 million), representing a revaluation decrement of \$2.2 million of the Trust's share since 30 June 2018.

Financial results

The Trust's net property income for the Financial Period was \$19.8 million representing a 5.2% decrease from the previous period.

Funds from operations, which excludes tenant allowances amortisation and unrealised fair value adjustments of \$4.3 million, was \$13.1 million.

The net tangible asset backing as at 31 December 2018 was \$8.08 per unit.

The Trust has a secured loan facility. As at 31 December 2018, borrowings were \$245.8 million with a gearing of 29.7%.

As of 31 December 2018, Scentre Management Limited as Responsible Entity for Scentre Group Trust 1 (SGT1) held 41,718,977 units in the Trust equating to a 59.60% ownership interest (30 June 2018: 41,718,977 units or 59.60% ownership interest).

The primary reporting measure for the Trust is Funds from Operations (FFO) which is a widely recognised measure of performance of real estate groups.

	31 Dec 18	31 Dec 17
	\$'000	\$'000
Profit after tax, funds from operations and distribution for the period		
Net property income	19,824	20,911
Manager's service charge	(2,495)	(2,430)
Overheads	(216)	(249)
Net fair value (loss)/gain on interest rate derivatives	(1,394)	456
Amortisation of modification gain on borrowing facilities refinanced in a prior period ⁽ⁱ⁾	(182)	-
Net financing costs	(4,560)	(4,669)
Property revaluation	(2,154)	861
Profit attributable to members of the Trust	8,823	14,880
Adjustments:		
- Property revaluation	2,154	(861)
- Tenant allowances amortised	572	509
- Net fair value (loss)/gain on interest rate derivatives	1,394	(456)
- Amortisation of modification gain on borrowing facilities refinanced in a prior period ⁽ⁱ⁾	182	-
FFO	13,125	14,072
Amount transferred to other reserves	(455)	(2)
Distributable Amount	12,670	14,070
	cents	cents
FFO per unit	18.75	20.10
Distributable Amount per unit	18.10	20.10

⁽ⁱ⁾ The Trust has floating rate borrowing facilities that have been refinanced during previous financial periods. Under AASB 9, the accounting for the modification of a financial liability that has not resulted in derecognition, requires an adjustment to the amortised cost of the liability, with any gain or loss being recognised immediately in the statement of comprehensive income. The Trust has assessed that the cumulative gain on initial application is \$648,000, which has been credited to opening retained profits at 1 July 2018. The amortisation of this opening balance adjustment resulted in a charge of \$182,000 to the Statement of Comprehensive Income for the six months to 31 December 2018.

**CARINDALE PROPERTY TRUST
DIRECTORS' REPORT**

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

PRINCIPAL ACTIVITY

The principal activity of the Trust during the Financial Period was the long term ownership of a 50% interest in Westfield Carindale shopping centre.

There were no significant changes to the nature of the principal activity of the Trust or the state of affairs of the Trust during the Financial Period.

OUTLOOK

The forecast distribution for the year ending 30 June 2019 is 36.2 cents per unit.

DISTRIBUTION

The distribution for the Financial Period is \$12.67 million or 18.10 cents per unit. The distribution will be paid to members on 28 February 2019.

THE DIRECTORS

The following Directors served on the Board of the Responsible Entity for the entire Financial Period: Mr Brian Schwartz AM (Chairman), Mr Peter Allen, Mr Andrew Harnos, Mr Michael Ihlein, Ms Carolyn Kay, Ms Aliza Knox, Mr Steven Lowy AM and Ms Margaret Seale.

Mr Steven Lowy AM will retire from the Board at the conclusion of the annual general meeting of Scentre Group Limited on 4 April 2019.

AUDITOR'S INDEPENDENCE DECLARATION

The directors have obtained the following independence declaration from the auditors, 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 Management Limited,
the Responsible Entity of Carindale Property Trust**

As lead auditor for the review of Carindale Property Trust for the half-year ended 31 December 2018, 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 review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

Ernst & Young

Sydney
20 February 2019

St Elmo Wilken
Partner

Liability limited by a scheme approved under
Professional Standards Legislation

**CARINDALE PROPERTY TRUST
DIRECTORS' REPORT**

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

ASIC Disclosures

Rounding

Pursuant to ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts shown in the financial statements have been rounded to the nearest thousand dollars, unless otherwise indicated. Amounts shown as 0.0 represent amounts less than \$500 that have been rounded down.

Synchronisation of Financial Year

The Trust is a consolidated entity of each of Scentre Group Trust 1 and Scentre Group Limited. By orders dated 21 November 2001 and 27 June 2005 respectively made by the Australian Securities and Investment Commission, the directors of the Company, as responsible entity of Scentre Group Trust 1 and Scentre Group Limited have been relieved of compliance with the requirement to ensure that the financial year of the Trust coincides with the financial year of Scentre Group Trust 1 and Scentre Group Limited.

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



Brian Schwartz AM
Chairman
20 February 2019



Michael Ihlein
Director

DIRECTORY

CARINDALE PROPERTY TRUST

ABN 29 192 934 520

ARSN 093 261 744

RESPONSIBLE ENTITY

Scentre Management Limited

ABN 41 001 670 579

AFS Licence 230329

REGISTERED OFFICE

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Paul F Giugni

AUDITORS

Ernst & Young

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Sydney NSW 2000

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Facsimile +61 2 9358 7881

E-mail investor@scentregroup.com

Website www.carindalepropertytrust.com.au

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LISTINGS

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