Scentre Group [1] : Appendix 4E

For the year ended 31 December 2019

(previous corresponding period being the year ended 31 December 2018)

Results for Announcement to the Market:

			2019	2018
Revenue ($million)	down	0.7%	2,616.4	2,635.1
Profit after tax attributable to members of Scentre Group ($million)	down	48.4%	1,179.5	2,287.2

			2019	2018
Funds from operations (FFO) attributable to members of Scentre Group ($million)	up	0.4%	1,344.6	1,339.5
FFO per security attributable to members of Scentre Group (cents per stapled security) (i)	up	0.7%	25.42	25.24

(i) In calculating the FFO per stapled security 5,289,057,510 (31 December 2018: 5,307,143,233) weighted average securities was used.

Dividend/Distributions for Scentre Group

	Cents per stapled security
Dividend/distributions for the year ended 31 December 2019	**22.60**
Final dividend/distributions in respect of Scentre Group earnings to be paid on 28 February 2020 comprising: (ii)	**11.30**
- dividend in respect of a Scentre Group Limited share	Nil
- distribution in respect of a Scentre Group Trust 1 unit	6.85
- distribution in respect of a Scentre Group Trust 2 unit	4.45
- distribution in respect of a Scentre Group Trust 3 unit	Nil
Interim dividend/distributions in respect of Scentre Group earnings paid on 30 August 2019 comprising: (iii)	**11.30**
- dividend in respect of a Scentre Group Limited share	Nil
- distribution in respect of a Scentre Group Trust 1 unit	5.70
- distribution in respect of a Scentre Group Trust 2 unit	5.60
- distribution in respect of a Scentre Group Trust 3 unit	Nil

(ii) The number of securities entitled to distributions on the record date, 14 February 2020 was 5,238,757,932.

(iii) The number of securities entitled to distributions on the record date, 15 August 2019 was 5,316,997,206.

The dividend/distributions per security have been determined by reference to the number of securities on issue at the record date. The record date for determining entitlements to the final distribution was 5pm, 14 February 2020 and the distribution will be paid on 28 February 2020. 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 2020.

Additional information

Commentary on the results is contained in the announcement and results presentation released to the Australian Securities Exchange. The additional information requiring disclosure to comply with listing rule 4.3A is contained in the attached Annual Financial Report which includes the audited consolidated financial report. The annual general meeting will be held on 8 April 2020.

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

SCENTRE GROUP

2019 Annual Financial Report

Creating extraordinary places, connecting and enriching communities

31 December 2019

Scentre Group Limited ABN 66 001 671 496

SCENTRE GROUP
For the Financial Year ended 31 December 2019

Contents

2019 Results Overview

		FY19	FY18	FY17	FY16	FY15
Funds from Operations (FFO)	A$m	**1,344.6**	1,339.5	1,290.2	1,237.6	1,199.2
FFO per security	cents	**25.42**	25.24	24.29	23.30	22.58
Distribution per security	cents	**22.60**	22.16	21.73	21.30	20.90
Security price (at 31 December)	A$	**3.83**	3.90	4.19	4.64	4.19
Assets under management (AUM)	A$b	**56.0**	54.2	51.0	45.7	42.1
Group's share of AUM	A$b	**38.2**	39.1	36.2	32.3	30.1

Scentre Group overview

> Scentre Group owns and operates an extraordinary platform of 42 Westfield Living Centres across Australia and New Zealand, regarded as the first choice platform for retail and brand partners to connect and interact with customers.

> Our business is a vertically integrated operating platform with industry leading capability in management, leasing, development, design and construction. We are focussed on listening and responding to what our customers want.

> During 2019, Scentre Group's annual customer visits across its platform grew to more than 548 million.

> Our centres are considered to be essential social infrastructure in our communities. More than 65% of the Australian and New Zealand population live within a 30-minute drive of a Westfield Living Centre.

> $25 billion of annual retail in-store sales take place across Australia and New Zealand. More than 7.5% of all retail sales in Australia occur in a Westfield Living Centre.

> Scentre Group owns 7 of the top 10 centres in Australia and 4 of the top 5 centres in New Zealand.

> Our future retail development activity exceeds $3 billion.

> Our balance sheet is strong with "A" grade credit ratings by S&P, Fitch and Moody's.

Our Purpose

Creating extraordinary places, connecting and enriching communities

Our Plan

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

Our Strategy

Customers	Retail & Brand Partners	People	Investors
We will be customer obsessed, delivering extraordinary experiences, every day	We will be true business partners for our retailers and brands to maximise their opportunity to interact with customers	We will be the place for talent to thrive	We will deliver long term sustainable returns through economic cycles

We are a responsible sustainable business

Community	Environment	People	Economic Performance
Designing and operating Westfield Living Centres that are considered valued social infrastructure and an integral part of our customers' lives	Net Zero Emissions by 2030	Creating a safe, healthy, diverse and inclusive workplace where talent thrives	Reducing our risk and creating sustainable long-term value

Dear Securityholder

JOINT CHAIRMAN AND CHIEF EXECUTIVE OFFICER LETTER TO SECURITYHOLDERS

We are pleased to report our financial performance for the year was strong with Funds from Operations (FFO) growing by 3.2% on a pro forma basis[(i)] and distributions growing by 2.0%, both in line with forecast.

We have delivered what we said we would because we have remained focused on our customers and curated our offer to keep pace with their changing expectations.

Operating Earnings – the Group's FFO excluding Project Income – was $1.287 billion for the 12-month period, up 1.0% per security or 3.6% on a pro forma basis.

The strength of our portfolio and source of competitive advantage for our leading operating platform of 42 Westfield Living Centres is executing a customer focussed strategy and consistently delivering results.

Our plan and strategic objective is to create the places more people choose to come, more often, for longer.

Annual customer visits increased by more than 12 million during 2019 to over 548 million and our occupancy remains high at 99.3%. We are the leading platform in Australia and New Zealand for retailers and brands to interact with consumers.

Retail partner in-store sales within our portfolio grew by $1 billion during the year to $25 billion. This represents more than 7.5% of total retail sales in Australia. We have 3,600 brands represented in more than 12,000 outlets across our portfolio. The average annual specialty in-store sales within our portfolio is $1.525 million per store.

By listening and acting on what our customers want we have actively curated the mix within our portfolio. During the year we introduced 344 new brands to our portfolio and 279 existing brands grew their store network with us.

In recent years we have seen consumers shift their preferences towards experiential retail and consume on-site. Today, 43% of the stores in our portfolio are experienced based. Customers want a seamless shopping experience. We continue to see increased investment in click and collect as retailers seek to optimise their store networks and close proximity to customers.

We view this as an opportunity and believe that physical retail is, and will remain, a central part of the retail ecosystem – key to retailers' sales and distribution strategy. This is based on the fact that well-located high-quality physical retail, like our portfolio, is the most cost-efficient means for a brand to engage with the customer. It is also difficult to replicate.

We continue to innovate in how we engage with our customer to leverage these opportunities. New technologies are providing more opportunities to enhance our direct engagement with the consumer. For example, as part of the launch of Westfield Newmarket, we developed and launched Westfield Plus, a mobile-app based membership program. More than 200,000 customers in New Zealand have downloaded the app.

The Group's completion of the NZD790 million Westfield Newmarket development on time was a highlight of the year, creating the leading lifestyle and fashion destination in New Zealand.

We continue to reinvest in the portfolio and have commenced a number of projects that will improve the offer and experience for our customers. This includes commencing the $50 million project at Westfield Carindale which includes a new David Jones and introduction of Kmart; the $55 million dining and entertainment precinct at Westfield Mt Druitt adding 12 new rooftop restaurants as well as $89 million of special projects including the opening of Bradley Street dining precinct at Westfield Woden and the expansion and refurbishment of the dining precinct at Westfield Doncaster.

Capital management continues to be a priority for the Group.

In 2019 we released $2.1 billion of capital through the divestment of the Sydney Office Towers for $1.52 billion and the joint venturing of Westfield Burwood for $575 million. The capital released from these transactions is being redeployed into our business.

During the year we acquired a 50% interest in Westfield Booragoon in Perth for $570 million, becoming the long-term manager and developer for that centre. Westfield Booragoon's strategic location and high quality make this acquisition consistent with our strategy. We also commenced our security buy-back program of up to $800 million and to date have purchased $304 million securities.

The Group's financial position remains strong with FFO to Debt of 10.3% and interest cover of 3.6 times. Our balance sheet gearing is 33% at 31 December 2019. Our balance sheet does not ascribe any value to the Group's unique operating platform, which generates more than $215 million equivalent to 16% of our FFO. The Group has A grade credit ratings from S&P, Fitch and Moody's. We continue to maintain high levels of liquidity with undrawn committed facilities and cash totalling $1.8 billion.

(i) Pro forma FFO adjusts for the transactions completed during the year, including the sale of the Sydney Office towers for $1.52 billion in June 2019, the 50% joint venture of Westfield Burwood for $575 million also in June, the acquisition of 50% of Westfield Booragoon for $570 million in December and the $304 million of securities bought back under the 2019 buy-back program as at 31 December 2019.

Our long-term objective to create sustainable returns for our securityholders is consistent with our approach to be a responsible, sustainable business.

Our Sustainable Business Framework is built on four pillars – our communities, our people, our environmental impact and our economic performance.

Our Westfield Living Centres are regarded as valued social infrastructure and at times of emergencies, are regarded by local authorities as places of refuge and shelter. Whilst our assets were not directly impacted by Australia's recent bushfire emergencies, we believe we have a role to play in the nation's recovery process. We partnered with the Salvation Army as part of our response to the bushfires by way of a cash donation of $500,000 and will provide significant in-kind support through our digital screen and media networks across our platform to expand the reach of their message and facilitate further fundraising.

Creating a safe, healthy, diverse and inclusive workplace where talent thrives is the focus of our people strategy. We were pleased to have sustained a high employee engagement rate of 84% in our most recent engagement survey, which places us in the top 2% of companies globally. We have recently been included in the 2020 Bloomberg Gender-Equality Index acknowledging our focus on talent, diversity and inclusion in a global peer group.

We are committed to operating an efficient and resilient business for the long-term.

We have existing environmental targets for emissions intensity, waste and recycling that our teams are making progress on. In addition to this, the Group today announced it will target net zero emissions across our wholly-owned portfolio by 2030. Work will continue in FY20 to align initiatives to our primary environmental target.

Full highlights and performance data across our four pillars will be disclosed in our standalone Responsible Business Report at the end of the first quarter in 2020.

As we look to the year ahead, the Group forecasts Operating Earnings for the 12 months ending 31 December 2020 to be between 24.75 and 24.80 cents per security. This would represent growth, on a pro forma basis, of approximately 3.1%.

The Group forecasts to achieve Project Income (after tax) of approximately $28 million. This is a function of the amount of project work currently underway on behalf of external parties. The Group forecasts FFO for the 12 months ending 31 December 2020 of approximately 25.30 cents per security. This would represent growth, on a pro forma basis, of approximately 0.7%. These forecasts do not take into account the expected positive impact of completing the remainder of the up to $800 million security buy-back program. The distribution for 2020 is forecast to be 23.28 cents per security, an increase of 3%. In future years distributions are expected to grow in line with growth in Operating Earnings.

We would like to thank our people for their commitment to our customers during 2019 and for their contribution to this year's results.

The Board, management and our people are excited about the future of our business and our ability to listen and respond to rapidly changing customer expectations.

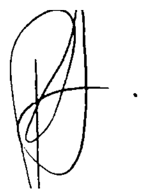
To be successful in today's market, you need to have your eye firmly on your customer and stay close to their changing needs and preferences.

Our ability to understand what customers want has secured a strong position for our business.

Our proposition is to deliver long-term sustainable returns through economic cycles.

We will continue to adapt, grow earnings and distribution and deliver on Our Purpose: *creating extraordinary places, connecting and enriching communities*.

Thank you for your continued support of Scentre Group.



Brian Schwartz AM
Chairman

Peter Allen
Chief Executive Officer

Directors’ Report

This Directors’ Report provides information on the structure of our business, our financial performance for the period 1 January 2019 to 31 December 2019 (Financial Year), our strategies and prospects and the key risks that face Scentre Group (Group or SCG)[(1)].

1. OUR PURPOSE AND DNA

Creating extraordinary places, connecting and enriching communities

Scentre Group’s Purpose has been constant since the Group was established.

We aspire for our Westfield Living Centres to be regarded as an integral part of our customers’ and communities’ lives – a place where they feel welcomed, inspired and compelled to visit frequently because of our products, services and experiences on offer. This drives demand and high visitation, and opportunities for our retail partners to engage with customers.

In striving to achieve Our Purpose we are guided by our values – our DNA – which underpin the standards we expect of ourselves and of others.

Our DNA is a central part of our approach to business integrity and our Code of Conduct.

Our DNA is expressed as:

We put the customer first

We act with integrity

We strive for excellence

We succeed together

We are constantly curious

We create a positive legacy

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

2. OUR PLAN

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

During the year, we updated the way we describe our strategic objective which we refer to as Our Plan. It summarises what we do that makes us different and how we create value for our securityholders.

Our strategy is based on the fundamental principle that we compete for the time and attention of our customers.

Our strategy reinforces the competitive advantage we have in the location of our Westfield Living Centres – in densely populated urban areas, close to where people live and work and embedded in the heart of communities.

It is simple and it is clear: we will create the places more people choose to come, more often, for longer.

Our Plan focuses on four key stakeholders.

Customers
We will be customer obsessed, delivering extraordinary experiences, every day

Retail and Brand Partners
We will be true business partners for our retailers and brands to maximise their opportunity to interact with customers

People
We will be the place for talent to thrive

Investors
We will deliver long term sustainable returns through economic cycles

3. OPERATING AND FINANCIAL REVIEW

Scentre Group owns and operates an extraordinary platform of 42 Westfield Living Centres with 37 assets located in Australia and five in New Zealand. Total assets under management are valued at $56 billion and generates $25 billion of annual retail in-store sales.

Westfield Living Centres are regarded as the first choice platform for retail and brand partners to connect and interact with customers. A comprehensive overview of our assets is accessible in our 2019 Property Compendium, which is available on the investor section of our website: scentregroup.com/investors/financial-results-and-presentations

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. During 2019, we continued to innovate in our engagement with our retail and brand partners, customers and broader community.

3.1 Customers

Our customers are the heart of our business and our Customer Experience (CX) team exists to generate customer engagement and advocacy through the delivery of extraordinary experiences, every day.

Our customer advocacy continues to improve. Our net promoter score (derived from all customer feedback) was 35, up 7 points and our reputation score increased by 5.3% (above target of 2.0%).

We continued to focus on providing extraordinary experiences and 43% of stores across our platform are experienced based offerings which can only be consumed on-site, including dining, entertainment, health, fitness, financial, education and beauty services.

During the year we held more than 12,000 events and activations across our Westfield Living Centres driving strong visits and engagement.

We also launched Westfield Plus, a mobile-app based membership program at Westfield Newmarket, which has had over 200,000 downloads since August 2019.

Our customers include the communities in which we operate. Our communities are at the heart of Our Purpose and community engagement is also fundamental to our success as a responsible and sustainable business.

Our community engagement strategy provides the framework, tools and programs for our teams to work with their communities. Each of our Westfield Living Centres has a Community Plan for how they will engage and partner with their communities to discover, celebrate and contribute to those matters that are most relevant and valued in their local areas. Our centres also stimulate significant local activity, improving the quality of local infrastructure and social amenities.

During the year, we launched the second year of our 'Westfield Local Heroes' community and grants recognition program. The program attracted more than 1,000 nominations and 107,000 public votes from across Australia and New Zealand. In October 2019, 120 community grants were awarded, valued at $1.2 million.

We also launched our second Reconciliation Action Plan, which sets out our updated commitments, targets and the program of initiatives the Group will undertake over the next two years, with the endorsement of Reconciliation Australia.

Key areas of focus include:

> Expanding our support of Aboriginal and Torres Strait Islander-owned businesses through formalising partnerships and increasing awareness and use of our corporate membership with Supply Nation.
> Investigating opportunities to engage with Local Area Land Councils to build mutually beneficial relationships.
> Embedding employment pathway opportunities throughout our business through recruitment, retention, internships and professional development.
> Increasing Aboriginal and Torres Strait Islander representation within our teams.
> Establishing an internal Aboriginal and Torres Strait Islander peoples network within Scentre Group.

Engagement with First Nations peoples is built into our community engagement approach. During the launch plans for Westfield Newmarket in Auckland, our team engaged regularly with the local iwi (tribe), Ngāti Whātua Ōrākei to host cultural openings and blessings for the new centre. This included a blessing (powhiri), a Māori welcoming ceremony involving speeches, celebrations preceded by a blessing procession.

In response to the Australian bushfire emergency, in early 2020 we partnered with the Salvation Army by donating $500,000 to their Bushfire Appeal and providing in-kind support in our centres via digital screens, media network and community desks to facilitate their fundraising campaigns.

3.2 Retail and Brand Partners

Our long-term view of our business is positive given our leadership position in the sector, the pre-eminent quality of our Westfield Living Centres and our focus on adapting to the constantly evolving retail landscape and delivering a superior customer experience which drives strong visitation.

Our Westfield Living Centres are valued social infrastructure, with more than 65% of the population living within a 30 minute drive of one of our centres. During the year, annual customer visits increased by more than 12 million to over 548 million.

We have 3,600 brands and more than 12,000 outlets across our portfolio. In 2019 we welcomed 344 new brands to the portfolio, while 279 existing brands grew their store network with us.

Our operating performance remained strong during the year.

Customer Visits Per Annum	>548 million, an increase of >12 million
Comparable Net Operating Income (NOI) Growth[i]	+2.0%
Portfolio Leased	99.3%
Total Annual Retail Sales	$25.0 billion, increase of $1.0 billion
Average Annual Speciality In-Store Sales	$1.525 million per store
Total Retail Brands	3,600
New Retail Brands Introduced	344
Total Outlets	>12,000

3.3 People

Our aspiration is to create a workforce reflective of the communities in which we operate. 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. Our commitment is to a workplace where everyone is comfortable to "bring their whole self to work".

Diversity and inclusion

Our approach to diversity and inclusion includes our Board-endorsed Diversity and Inclusion Policy, an executive team endorsed Diversity and Inclusion strategy and an active Diversity and Inclusion Council driven by employee led working groups to assist in making recommendations, developing and implementing diversity and inclusion initiatives within the areas of their particular focus.

In 2019 we continued to further embed our diversity and inclusion initiatives so they are part of how we do business.

[i] Excludes lease surrender payments and centres impacted by active projects, special projects and major predevelopment works (the centres that have been excluded are: Newmarket, Carindale, Mt Druitt, Woden, Belconnen, Doncaster, Innaloo and Knox).

During the year:

- Our employee engagement was at 84% placing us in the top 2% of companies globally.
- We formalised our pay equity reviews to twice per year to ensure equitable pay for like roles by gender.
- We continued our advocacy for parental leave equality. Our revised Parental Leave Policy now provides more options for our employees to “share the care” including reducing the qualifying service period from 12 to 6 months and doubling the length of paid leave available to secondary carers from two to four weeks.
- We continued to increase the proportion of women at all levels of management. As at 31 December 2019, women represented 44% of all people managers (2018: 41%) and 28% at senior executive level (General Manager and above) (2018: 26.5%).
- We maintained recognition as an Employer of Choice for Gender Equality by the Workplace Gender Equality Agency.
- 52% of new hires were women and 57% of promotions were women.

In January 2020, the Group was for the first time included as one of the 325 companies globally, and one of nine in Australia, in the 2020 Bloomberg Gender-Equality Index (GEI).

The GEI showcases leadership on gender equality across multiple dimensions and tracks financial performance of public companies committed to supporting gender equality through policy development, representation, and transparency. The index measures gender equality across five pillars: female leadership and talent pipeline, equal pay and gender pay parity, inclusive culture sexual harassment policies and pro-women brand.

This demonstrates the Group’s multi-disciplined approach to addressing gender equity, encompassing pay equity, recruitment practices and culture, which aims to drive strong employee engagement and retention, and through this improve our productivity and business performance.

Health and Safety

The safety and wellbeing of our people is of paramount importance to us. Our approach to safety is underpinned by our People Protecting People culture, a people first mindset now recognised as a way of working. During the year we also partnered with Mates in Construction, a charitable organisation focused on suicide prevention in the construction industry, to launch the charity in New Zealand.

Our Mental Health and Well-Being working group ‘Scentred’ developed a holistic plan of awareness to improve work practices and employee support mechanisms. ‘RUOK Day’ has been formalised as the prime day of significance with activations across all work locations promoting ways to support colleagues.

3.4 Investors

Financial performance

Our approach to financial 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.

Our primary reporting measure is Funds from Operations (FFO) which is a widely recognised measure of performance of real estate investment trusts.

FFO was $1,344.6 million or 25.42 cents per security, up 0.7% or 3.2% on a pro forma basis.

In 2019, pro forma is FFO adjusted for the transactions completed during the year, including the sale of the Sydney Office Towers, the 50% joint venture of Westfield Burwood, the 50% acquisition of Westfield Booragoon and the $304 million of securites bought back as at 31 December 2019 under our 2019 buy-back program.

Distributions per security for the 12 months ended 31 December 2019 were 22.60 cents, representing 2.0% growth on the prior year (FY18: 22.16 cents) with a pay-out ratio of 88.9% of FFO. The distribution for the 6 months ended 31 December 2019 will be paid to securityholders on 28 February 2020.

Return on contributed equity (ROCE) was 12.67%. Statutory profit after tax was $1,179.5 million for the year ended 31 December 2019.

FFO and distribution for the period [(i)] [(ii)]

	FY19 $million	FY18 $million
Net operating income [(iii)]	**1,925.5**	1,900.8
Management income [(iv)]	**48.7**	46.1
Income	**1,974.2**	1,946.9
Overheads	**(88.1)**	(85.9)
EBIT	**1,886.1**	1,861.0
Net interest [(v)]	**(510.0)**	(499.4)
Earnings before tax	**1,376.1**	1,361.6
Tax	**(44.2)**	(35.0)
Minority interest [(vi)]	**(44.5)**	(46.8)
Operating Earnings	**1,287.4**	1,279.8
Project income [(vii)]	**80.9**	85.3
Tax on project income	**(23.7)**	(25.6)
Project income after tax	**57.2**	59.7
FFO	**1,344.6**	1,339.5
Retained earnings	**(154.2)**	(164.1)
Distribution	**1,190.4**	1,175.4

(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.

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

	Note in Financial Statements	FY19 $million	FY18 $million
Profit after tax attributable to members of Scentre Group		**1,179.5**	2,287.2
Adjusted for:			
– Property revaluations	2(v)	**151.9**	(1,147.7)
– Amortisation of tenant allowances	2(iii)	**77.1**	67.8
– Net fair value loss/(gain) and associated credit risk on currency derivatives that do not qualify for hedge accounting	11	**(15.4)**	30.4
– Exchange differences (including amounts transferred from foreign currency translation reserve) on realisation of net investment in foreign operations	11	**–**	(0.7)
– Net fair value loss on interest rate hedges that do not qualify for hedge accounting	12	**84.3**	133.6
– Net modification gain on refinanced borrowing facilities	12	**(2.8)**	(9.9)
– Net fair value loss/(gain) on other financial liabilities	12	**(7.9)**	23.2
– Gain in respect of capital transactions	2(v)	**(120.6)**	(40.1)
– Deferred tax expense/(benefit)	2(v)	**0.4**	(1.8)
– FFO adjustments attributable to external non controlling interests		**(1.9)**	(2.5)
FFO		**1,344.6**	1,339.5

(iii) Net property income of $1,848.4 million (Note 2(iii)) plus amortisation of tenant allowances of $77.1 million (Note 2(iii)).

(iv) Property management income of $58.7 million (Note 2(v)) less property management costs of $10.0 million (Note 2(v)).

(v) Financing costs of $622.9 million (Note 2(v)) less interest income of $4.8 million (Note 2(v)), interest expense on other financial liabilities of $34.5 million (Note 12), net fair value gain on other financial liabilities of $7.9 million (Note 12), net fair value loss on interest rate hedges that do not qualify for hedge accounting of $84.3 million (Note 12) and net modification gain on refinanced borrowing facilities of $2.8 million (Note 12).

(vi) Profit after tax attributable to external non controlling interest of $8.1 million (Note 2(v)) plus non-FFO adjustments of $1.9 million and interest expense on other financial liabilities of $34.5 million (Note 12).

(vii) Property development and construction revenue of $396.8 million (Note 2(v)) less property development and construction costs of $315.9 million (Note 2(v)).

Capital management activity

We continue to maintain a strong focus on capital management, including proactively managing our debt portfolio.

During the year we:

> Divested the Sydney Office Towers for $1.52 billion. The office development and investment has delivered an unlevered internal rate of return of more than 16% per annum

> Joint ventured a 50% share in Westfield Burwood for $575 million, including property and management rights

> Acquired a 50% interest in Westfield Booragoon for $570 million

> Issued €500 million ($800 million) of long term bonds

> Assigned 'A Stable' credit rating by Fitch

> Commenced a security buy-back program of up to $800 million. $304 million of securities purchased in 2019

Debt metrics	**31 Dec 2019**
Net Debt [i]	$12.9 billion
FFO to Debt	10.3%
Interest Cover	3.6x
Interest rate exposure hedged percentage	85%
Weighted average interest rate	4.2%
Weighted average debt maturity	4.2 years
Liquidity	$1.8 billion
Gearing (look through basis)	33.0%
Investment grade credit ratings	
Standard & Poor's	A (stable)
Fitch	A (stable)
Moody's	A2 (stable)

[i] Interest bearing liabilities adjusted for cash and net currency derivatives.

Development activity

One of our competitive advantages is our integrated development, design and construction platform. Our objective is to generate incremental property income and to create value though our development pipeline.

In 2019 the NZ$790 million (SCG share: NZ$400 million) redevelopment of Westfield Newmarket, Auckland was completed, creating the leading lifestyle and fashion destination in New Zealand.

During the year, we also:

> Commenced the $50 million (SCG share: $16 million) project at Westfield Carindale including a new format David Jones store and the introduction of Kmart

> Commenced the $55 million (SCG share: $27.5 million) dining and entertainment precinct at Westfield Mt Druitt, adding 12 new rooftop restaurants and entertainment usages

> Commenced $89 million (SCG share: $64 million) of special projects, including:

> > the Bradley Street dining precinct at Westfield Woden, introducing six new restaurants

> > the expansion and refurbishment of the dining precinct at Westfield Doncaster, introducing 12 new restaurants

> > the creation of a new format Myer and new specialties at Westfield Belconnen

Predevelopment work on future developments continues to progress well.

While we maintain a strong development pipeline, the proposed redevelopment of Westfield Innaloo was deferred in light of the acquisition of a 50% interest in Westfield Booragoon, its future development potential and realignment of the Group's Perth portfolio.

Strategic developments will continue to be a significant driver of growth for the Group and in 2020 there is the planned commencement of the redevelopment of Westfield Knox in Melbourne and the development at Market Street, Sydney which will expand Westfield Sydney as a world class retail destination and the city's home of luxury.

FY20 guidance and outlook

The Group forecasts Operating Earnings for the 12 months ending 31 December 2020 to be between 24.75 and 24.80 cents per security. This would represent growth, on a pro forma basis, of approximately 3.1%.

The Group forecasts to achieve Project Income (after tax) of approximately $28 million (2019: $57 million). This is a function of the amount of project work currently underway on joint ventured assets.

The Group forecasts FFO for the 12 months ending 31 December 2020 of approximately 25.30 cents per security. This would represent growth, on a pro forma basis, of approximately 0.7%.

The above forecasts do not take into account the expected positive impact of completing the remainder of the up to $800 million security buy-back program.

The distribution for 2020 is forecast to be 23.28 cents per security, an increase of 3%. In future years distributions are expected to grow in line with growth in Operating Earnings.

Our ability to keep adapting to the ever-changing customer provides a solid foundation to continue to grow earnings and distributions for our securityholders.

3.5 Matters subsequent to the end of the year

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

On 17 February 2020 the Group announced that Ms Aliza Knox would retire from the Board at the conclusion of the AGM on 8 April 2020.

4. A RESPONSIBLE, SUSTAINABLE BUSINESS

Leading our business with a responsible business mindset supports our long-term objective to create sustainable returns for our securityholders.

Our Sustainable Business Framework is built into the way we do business and has four pillars: our communities, our people, our environmental impact and our economic performance. Each of these four pillars complements and supports Our Plan and our interaction with our four key stakeholders.

We will release our 2019 Responsible Business Report and Performance Data Pack at the end of March 2020.

Previous Sustainability Reports, recent case studies and stories from across our business relating to our responsible business initiatives are available on our website www.scentregroup.com/about-us/sustainability.

4.1 Our Environmental Impact

As a responsible, sustainable business we are committed to ensuring that we have an efficient and resilient long-term business. As part of this commitment we are targeting net zero emissions across our wholly-owned portfolio by 2030. Work will continue in 2020 to align our various initiatives to this target.

Highlights during 2019 are:

- Improved GRESB score to 81 out of 100
- Increased average portfolio NABERS rating to 4.1
- Large scale solar electricity generation
  - 6 MW capacity generating ~9,000 MWh per annum
  - Future potential pipeline of >30 MW capacity generating >45,000 MWh per annum
- Reduced carbon emissions intensity by 29% since 2009 with a 2025 target to reduce by 35%
  - Ongoing energy efficiency initiatives, including LED, building management and energy analytic controls and systems
- New waste and recycling technology to reduce landfill and improve recycling

4.2 Environmental regulations

Environmental laws and regulations in force in the various jurisdictions in which we operate are applicable to areas of our operations and in particular to our development, construction and shopping centre management activities. We have in place procedures to identify and comply with such requirements including complying with the conditions of relevant authority consents and approvals and obtaining any necessary licences.

Our compliance procedures are regularly reviewed and audited and their application closely monitored and our approach to sustainability risks is outlined in section 6.1 below.

5. CORPORATE GOVERNANCE STATEMENT

Scentre Group is committed to ensuring that its policies and practices reflect a high standard of corporate governance. Ethical business practices and high standards of personal conduct are fundamental to the way we work as a responsible, sustainable business.

Scentre Group's 2019 Corporate Governance Statement is available in the corporate governance section on our website www.scentregroup.com/about-us/corporate-governance.

During 2019, the Group's corporate governance framework remained consistent with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (published in 2014) (3rd edition Principles and Recommendations). While this statement reports against the 3rd edition Principles and Recommendations, the Group's practices are consistent with the 4th edition Principles and Recommendations published in February 2019.

6. RISK

6.1 Risk Management Framework

Scentre Group's risk management framework is based around 3 lines of defence and clear ownership of risk at an operational level where front line business managers are responsible for the identification, measurement, control and mitigation of all material risks (both financial and non-financial). At the core of our approach to risk management is the establishment of a strong risk culture, where behavioural expectations are set by the Board and Executive Committee and actively promoted and cascaded through the organisation. Our approach to risk management is aimed at embedding risk awareness in all decision making and in the management of risks and opportunities. Risk, compliance and audit teams are responsible for assessing, monitoring and reporting on operational and strategic risks. Oversight of material risks by the Executive Risk Management Committee and the Audit & Risk Committee ensures the business operates within the risk appetite and strategy of Scentre Group.

We are exposed to a range of financial and non-financial risks arising from our operations. As part of our corporate strategy we look at risk from several perspectives: (i) analysing how global risk trends may impact our business, (ii) ensuring we operate as a responsible, sustainable business and (iii) addressing retail property specific risks. These risks are subject to continuous assessment and review.

As a property group involved in the design, development, management and operation of retail shopping centres, we face operational risks which have the potential to affect the achievement of our targeted financial outcomes.

We follow an Enterprise Risk Management Policy and Framework (ERM Policy and Framework) to ensure that financial and non-financial risks are identified, evaluated, monitored and managed. Our ERM Policy and Framework is integrated with our day to day business processes and risk management accountability is a key requirement for our business managers and leaders.

The ERM Policy and Framework defines risk oversight responsibilities of the Board and management. The Board sets the overall risk appetite for the Group and has approved strategies, policies and procedures to ensure that key risks are identified and managed. The Board is assisted in its oversight of risk by the Audit and Risk Committee, which in turn is supported by the Executive Risk Management Committee and more broadly, the Executive Committee. We have a dedicated Risk function that supports the understanding and management of risk at all levels of our business.

A number of important strategic and operational risks and how we manage and monitor such risks are outlined below. There may be other risks and uncertainties which we do not currently consider material, or of which the Group is currently unaware, which may also affect the Group. The nature and potential impact of these risks may change over time.

Risk	
External Risks	
Our financial results may be affected by an economic downturn that creates challenging operating conditions	We focus on the geographic diversity of our Westfield Living Centres, creating high quality assets and actively managing those assets to maximise long term revenue, delivering a strong balance sheet with gearing within our stated target and ensuring access to capital/debt funding sources. We ensure that our assets are located in major cities or urban areas supported by population growth.
Regulatory changes may impact our business model which is based on the long-term ownership of assets	Whilst Australia and New Zealand provide politically stable environments, our operations are impacted by evolving government regulations and international standards. To mitigate this risk, we engage with industry and government on policy areas and reform.
Business Risks	
Property Ownership Risks	As a long-term owner of property, with a significant portion of our earnings derived from retail rental income, we are exposed to changes in consumer sentiment or shopping preferences. In addition, anchor tenants occupy a significant portion of the total GLA of our centres. Our strategy is to focus on creating and owning leading retail destinations across Australia and New Zealand, investing to improve the quality of the portfolio and adapting to the next generation of retail. The intensive management of our portfolio is aimed at driving the sales productivity of retailers and to provide superior experiences to consumers. We explore new income and investment opportunities including expanding media and advertising revenues, digital, car parking and infrastructure services. We view the emergence of digital technology as an important element in better connecting the retailer and our centres with the consumer.
Property Management and Development Risks	As we derive a significant portion of our income from property management activities, our financial performance will depend in part on the continued redevelopment and growth of our centres. To mitigate this risk, we have disciplined decision-making processes to take advantage of opportunities to deliver appropriate risk related returns. With development capabilities that include all elements of development, design, construction and project leasing, we have a pipeline of redevelopment and expansion opportunities within our existing portfolio and we remain focused on creating the right product in the right location.
Financial Risks	
Financing Risks	As the real estate investment and development industry is highly capital intensive, our ability to access debt funding at an appropriate price, and to repay principal and interest on our debt, is a key risk. We manage our exposure through: established treasury risk management policies; diverse funding sources with staggered debt maturities and appropriate levels of interest rate hedging. Further information relating to financial risk management is detailed in Note 22 to the Financial Statements.
Operational Risks	
Workplace Health and Safety (WH&S) Risks	A WH&S incident may have a long-term impact on our employees, contractors or broader community. To mitigate this risk, we have a strong workplace health and safety culture, with comprehensive workplace health and safety programs overseen by dedicated risk and security personnel.
Security and Emergency Management Risks	Unexpected catastrophes could occur that place customers, employees and contractors in physical danger. In seeking to exceed the community's expectations we engage with government agencies and specialists to address known security and operational concerns; we have dedicated risk and security personnel; we have embedded safety by design programs; and we have rehearsed security response plans for each of our centres.
IT Systems, Data, Cyber and Business Continuity	There is a risk that we are subject to a cyber-attack or privacy breach, fail to comply with regulatory obligations or suffer a failure or outage of a critical business system. To mitigate this risk we have standards, policies and systems to address cyber and privacy associated risks; invested in appropriate cyber security and disaster recovery systems and personnel and maintain an effective compliance program. Additionally, we have disaster recovery and business continuity plans that are reviewed and tested annually.

Risk	
Sustainability Risks	
Environment	As a long-term owner of real estate, we regularly review the potential for impact on our portfolio from climate change. The risk is that our portfolio is exposed to extreme weather conditions, changing price and/or availability of utility services and that our portfolio may need to adapt to changing regulatory requirements associated with climate change. In managing this risk we are focused on: reducing the cost volatility of utility services through investing in programs to reduce energy, water and waste; expanding our use of alternate energy sources; reducing carbon emissions intensity; enhancing the resilience of our assets to potential business interruptions associated with climate change; and partnering with key stakeholders to understand future financial impacts associated with climate change.
People and Culture	There is a risk that we are unable to attract and retain the talent required to execute our strategies. We recognise the following principles as key contributors to attracting and retaining talent: creating a workforce that is reflective of the communities in which we operate; recognising that diversity in the workforce is a key contributor to the success of our business; creating an inclusive culture that supports employees at all stages of their career and encourages employees to succeed to the best of their ability. We have a number of workplace initiatives to support these principles.
Community	We are exposed to changes in consumer sentiment or shopping preferences. Our communities are at the heart of Our Purpose and community engagement is also fundamental to our success as a responsible and sustainable business. Our community engagement strategy provides the framework, tools and programs for our teams to work with their communities. This strategy is underpinned by our commitment to create places that are inclusive and welcoming, and which our communities are proud to call their own. Each of our centres has a Community Plan for how they will engage and partner with their communities to discover, celebrate and contribute to those matters that are most relevant and valued in their local areas.

As part of being a responsible, sustainable business we have been working on the first stage of a modern slavery risk assessment to identify potential risks in our supply chain and will be conducting a survey of all our Tier 1 suppliers. The risk assessment will also include a review of our controls to identify and mitigate the exposure to the potential risk of modern slavery in our supply chain.

7. DIVIDENDS / DISTRIBUTIONS

A distribution of 11.30 cents per Scentre Group security was paid on 30 August 2019. This distribution was an aggregate distribution from Scentre Group Trust 1 and Scentre Group Trust 2.

A distribution of 11.30 cents per Scentre Group security will be paid on 28 February 2020. This distribution is an aggregate distribution from Scentre Group Trust 1 and Scentre Group Trust 2.

The breakdown of the component parts of the distribution are set out in Note 8 of the Financial Statements and in summary form on page 82 of this Annual Financial Report.

8. DIRECTORS AND SECRETARIES

8.1 Board Membership and Qualifications

The members of the Scentre Group Board at the date of this report and their qualifications, experience and responsibilities are set out below.

Brian Schwartz AM
Independent Non-Executive Chairman
Chair of the Nomination Committee
Age 67

Brian Schwartz is the non-executive Chairman of Scentre Group. He is also Chairman of the Group's Nomination Committee. In a career with Ernst & Young Australia spanning more than 25 years, he rose to the positions of Chairman (1996 – 1998) and then CEO of the firm from 1998 to 2004. From 2005 to 2009, Brian was the CEO of Investec Bank (Australia) Limited. Brian is a director on the board of a Guardian Early Learning Group company, part of Partners Group, a global private markets investment manager, and is the Chair of the Centennial Park and Moore Park Trust. He is a fellow of the Australian Institute of Company Directors and the Institute of Chartered Accountants. Brian was previously Chairman of Insurance Australia Group Limited, Deputy Chairman of Westfield Corporation, Deputy Chairman of Football Federation Australia Limited and a Director of Brambles Limited.

Peter Allen
Executive Director/ Chief Executive Officer
Age 58

Peter Allen is an executive Director and Chief Executive Officer of Scentre Group. Prior to the establishment of Scentre Group in 2014, Peter was an executive Director and Chief Financial Officer of Westfield Group. Peter joined Westfield in 1996 and between 1998 and 2004 was Westfield's CEO of the United Kingdom / Europe and responsible for establishing Westfield's presence in the United Kingdom. Peter is Chairman of the Shopping Centre Council of Australia and a Director of the Victor Chang Cardiac Research Institute and Essendon Football Club. He is a member of the President's Council of the Art Gallery of NSW and is a member of the Property Council of Australia including his role as a Property Male Champion of Change.

Andrew Harmos
Independent Non-Executive Director
Chair of the Human Resources Committee
Member of the Nomination Committee
Age 60

Andrew Harmos is a non-executive Director of Scentre Group. He is also the Chairman of the Group's Human Resources Committee and a member of the Nomination Committee. Andrew is one of the founding directors of Harmos Horton Lusk Limited, an Auckland based specialist corporate legal advisory firm, where he specialises in takeover advice and structuring, securities offerings, company acquisitions and disposals and strategic Board and transaction advice. Andrew holds a Bachelor of Commerce and a Bachelor of Laws (Honours) from The University of Auckland. He is a Director of AMP Limited, AMP Life Limited and The National Mutual Life Association of Australasia Limited. He chairs the Risk Committee of AMP Limited and the Risk and Audit Committees of AMP Life Limited and The National Mutual Life Association of Australasia Limited. Andrew was formerly Chairman of the New Zealand Stock Exchange and a Trustee of the Arts Foundation of New Zealand.

Michael Ihlein
Independent Non-Executive Director
Chair of the Audit and Risk Committee
Member of the Nomination Committee
Age 64

Michael Ihlein is a non-executive Director of Scentre Group. He is also Chairman of the Group's Audit and Risk Committee and a member of the Nomination

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

Carolyn Kay
Independent Non-Executive Director
Member of the Audit and Risk Committee
Age 58

Carolyn Kay is a non-executive Director of Scentre Group. She is also a member of Scentre Group's Audit and Risk Committee. Carolyn has had more than 30 years of experience in the finance sector as an executive and non-executive director. In addition, Carolyn has been and remains a non-executive director of enterprises across a broad range of industries. She is currently a Guardian of the Future Fund, a non-executive director of Myer Family Investments and a member of the Federal Government's Retirement Income Review Panel. In the not for profit sector, Carolyn is also a non-executive director of the General Sir John Monash Foundation. As an executive Carolyn worked as a banker and lawyer at Morgan Stanley, JP Morgan and Linklaters & Paines in London, New York and Australia. Carolyn holds Bachelor Degrees in Law and Arts (University of Melbourne), a Graduate Diploma in Management (AGSM) and is a Fellow of the Australian Institute of Company Directors. She was awarded a Centenary Medal for services to Australian society in business leadership.

Aliza Knox
Independent Non-Executive Director
Member of the Human Resources Committee
Age 59

Aliza Knox is a non-executive Director of Scentre Group. She is also a member of the Group's Human Resources Committee. Aliza has more than three decades of broad international marketing and management experience. She holds an MBA in Marketing (Honors) from New York University-Leonard N. Stern, School of Business, and a B.A., Applied Mathematics and Economics (Magna Cum Laude) from Brown University. Aliza is currently the Head of Asia for Cloudflare Inc and a non-executive director of Grant Thornton International Limited. Her previous roles include Chief Operating Officer at Unlockd, Vice President, Asia Pacific at Twitter from 2012 to 2017, Managing Director of Commerce and Online Sales & Operations for Asia Pacific at Google Asia Pacific Pte. Ltd. from 2007 to 2012, Senior Vice President, Commercial Solutions and Global Product Platforms at Visa International (from 2002 to 2007) and Senior Vice President, International Wireless and Global Expansion Asian Focus at Charles Schwab Corporation (from 1999 to 2001). Aliza was also a non-executive Director of InvoCare from 2011 to 2015, a member of the supervisory board of GfK from 2014 to 2017, a member of ANZ's International Technology and Digital Business Advisory Panel from 2015 to 2017 and a non-executive Director of Singapore Post Limited from August 2013 to July 2018.

Steven Leigh
Independent Non-Executive Director
Member of the Human Resources Committee (from 1 January 2020)
Age 57

Steven Leigh's career in the real estate investment management and development industry spans more than three decades. He has in depth knowledge of real estate economics and experience in retail assets. During a 25 year career at QIC, Steven held a number of senior positions including most recently Managing Director – Global Real Estate with QIC. Steven's prior roles also include Managing Director of Trinity Limited and subsequently the Chief Executive Officer of the wholesale unlisted funds management business. Following LaSalle Investment Management's acquisition of Trinity Funds Management, Steven held the position of Head of Australia for LaSalle Investment Management. He is a non-executive Director of the ASX listed stapled entity, National Storage REIT. Steven is also one of the founding members of Male Champions of Change established by the Property Council of Australia. He is a registered valuer, having started his career as a valuer with National Mutual Life. Steven is a graduate of Gatton College (now part of the University of Queensland) and the Queensland University of Technology in the disciplines of real estate valuation and project management.

Steven was appointed as a non-executive Director at the Group's AGM on 4 April 2019.

Margaret Seale
Independent Non-Executive Director
Member of the Audit and Risk Committee
Member of the Human Resources Committee
Age 59

Margie Seale is a non-executive Director of Scentre Group. She is also a member of the Group's Audit and Risk Committee and the Human Resources Committee. Margie has more than 25 years' experience in senior executive roles in Australia and overseas, including in the consumer goods, health and global publishing sectors, in sales and marketing, and in the successful transition of traditional business models to digital environments. Immediately prior to her non-executive career, Margie was Managing Director of Random House Australia and New Zealand and President, Asia Development for Random House globally. She is currently a non-executive director of Telstra Corporation Limited and Westpac Banking Corporation. Margie has previously served on the boards of Australian Pacific (Holdings) Pty Limited, Penguin Random House Australia Pty Ltd (as a non-executive director and then Chair), the Australian Publishers' Association, Bank of Queensland Limited, Ramsay Health Care Limited, Chief Executive Women (chairing its Scholarship Committee), the Powerhouse Museum and the Sydney Writers' Festival. In 2015, Margie founded philanthropic literary travel company Ponder & See, which funds writers' festivals and writers through creating literary trips or experiences for interested readers.

8.2 Directors' Relevant Interests

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

Director	Number of Stapled Securities
Brian Schwartz	165,861
Peter Allen	5,510,627
Andrew Harmos	80,795
Michael Ihlein	48,048
Carolyn Kay	57,000
Aliza Knox	60,400
Steven Leigh	50,000
Margaret Seale	56,750

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

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

Steven Lowy retired on 4 April 2019. His relevant interests were disclosed on that date.

Details of the performance rights held by the CEO are set out in the Remuneration Report.

8.3 Directors' attendance at meetings

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

	Board		Audit and Risk Committee(ii),(iii)		Human Resources Committee(iii)		Nomination Committee(iii)	
Director	Held(i)	Attended	Held	Attended	Held	Attended	Held	Attended
Brian Schwartz	10	10	–	–	–	–	4	4
Peter Allen	10	10	–	–	–	–	–	–
Andrew Harmos(iv)	10	9	–	–	6	6	4	4
Michael Ihlein	10	10	5	5	–	–	4	4
Carolyn Kay	10	10	5	5	–	–	–	–
Aliza Knox	10	9	–	–	6	6	–	–
Steven Lowy (retired 4 April 2019)	2	2	–	–	–	–	–	–
Steven Leigh (appointed 4 April 2019)	8	8	–	–	–	–	–	–
Margaret Seale	10	10	5	5	6	6	–	–

(i) Meetings held during period of appointment.

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

(iii) The Committees are comprised of the following non-executive Directors: Nomination Committee: Brian Schwartz (Chair), Andrew Harmos and Michael Ihlein; Audit and Risk Committee: Michael Ihlein (Chair), Carolyn Kay and Margaret Seale; and Human Resources Committee: Andrew Harmos (Chair), Aliza Knox, Margaret Seale and (effective 1 January 2020) Steven Leigh.

(iv) Mr Harmos did not attend one meeting of the Board as he had a declared conflict of interest in relation to the matter under consideration at the meeting.

8.4 Directors' directorships of other listed companies

Details of all directorships of other listed entities held by each Director# in the 3 years immediately before 31 December 2019 are as follows:

Director	Company	Date appointed	Date resigned
Brian Schwartz	Scentre Management Limited*	6 May 2009	Continuing
	RE1 Limited*	30 June 2014	Continuing
	RE2 Limited*	30 June 2014	Continuing
	Westfield America Management Limited^	6 May 2009	7 June 2018
	Westfield Corporation Limited^	8 April 2014	7 June 2018
Peter Allen	Scentre Management Limited*	25 May 2011	Continuing
	RE1 Limited*	12 August 2010	Continuing
	RE2 Limited*	12 August 2010	Continuing
Andrew Harmos	Scentre Management Limited*	30 June 2014	Continuing
	RE1 Limited*	21 December 2010	Continuing
	RE2 Limited*	21 December 2010	Continuing
	AMP Limited	1 June 2017	Continuing
Michael Ihlein	Scentre Management Limited*	30 June 2014	Continuing
	RE1 Limited*	21 December 2010	Continuing
	RE2 Limited*	21 December 2010	Continuing
	CSR Limited	7 July 2011	Continuing
	MG Unit Trust	3 July 2015	27 October 2017
Carolyn Kay	Scentre Management Limited*	24 February 2016	Continuing
	RE1 Limited*	24 February 2016	Continuing
	RE2 Limited*	24 February 2016	Continuing
	Brambles Limited	21 August 2006	23 October 2018
Aliza Knox	Scentre Management Limited*	7 May 2015	Continuing
	RE1 Limited*	7 May 2015	Continuing
	RE2 Limited*	7 May 2015	Continuing
Steven Leigh	Scentre Management Limited*	4 April 2019	Continuing
	RE1 Limited*	4 April 2019	Continuing
	RE2 Limited*	4 April 2019	Continuing
	National Storage Holdings Limited	21 November 2014	Continuing
Margaret Seale	Scentre Management Limited*	24 February 2016	Continuing
	RE1 Limited*	24 February 2016	Continuing
	RE2 Limited*	24 February 2016	Continuing
	Telstra Corporation Limited	7 May 2012	Continuing
	Westpac Banking Corporation	1 March 2019	Continuing
	Bank of Queensland Limited	21 January 2014	28 June 2018
	Ramsay Health Care Limited	28 April 2015	31 October 2018

Notes:

* Scentre Group comprises the Company, Scentre Group Trust 1 (SGT1), Scentre Group Trust 2 (SGT2) and Scentre Group Trust 3 (SGT3). The responsible entity of SGT1 is Scentre Management Limited. The responsible entity of SGT2 is RE1 Limited and the responsible entity of SGT3 is RE2 Limited. Scentre Management Limited is also the responsible entity of Carindale Property Trust, a listed managed investment scheme (ASX:CDP).

^ Westfield Corporation comprised Westfield Corporation Limited, Westfield America Trust and WFD Trust (ASX:WFD). The responsible entity of each scheme was Westfield America Management Limited.

Former Director Steven Lowy retired on 4 April 2019. He was a director of Scentre Management Limited from 28 June 1989 to 4 April 2019; RE1 Limited from 12 August 2010 to 4 April 2019; RE2 Limited from 12 August 2010 to 4 April 2019; Westfield America Management Limited from 20 February 1996 to 7 June 2018; Westfield Corporation Limited from 28 November 2013 to 7 June 2018 and OneMarket Limited, which was removed from the official list of ASX on 12 December 2019, from 12 December 2017.

8.5 Secretaries

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

Ms Maureen McGrath

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

Mr Paul Giugni

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

9. INDEMNITIES AND INSURANCE PREMIUMS

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

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

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

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

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

10. AUDIT

10.1 Audit and Risk Committee

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

10.2 Non-Audit Services and Audit Independence

During the year EY, the Group's auditor, has provided certain non-audit services to the Group.

Details of the amount paid to the auditor, which includes amounts paid for non-audit services, are set out in Note 38 to the Financial Statements. The Board is satisfied that the provision of non-audit services by the auditor during the Financial Year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. Furthermore, the provision of non-audit services by the auditor during the Financial Year did not compromise the independence requirements under the Corporations Act 2001 because:

– the Group's Charter of Non-Audit Services sets out the categories of non-audit services that the auditor may or may not undertake. Those categories of permitted services remain subject to the overriding principle that a non-audit service may not be provided in circumstances where it would be detrimental to the actual or perceived independence of the statutory auditor;

– the Charter of Non-Audit Services provides a mechanism by which approval for non-audit services proposed to be performed by the auditor is required to be given prior to the provision of such non-audit services, providing an appropriate review point for independence issues prior to engagement;

– under the Charter of Non-Audit Services, the auditor is required to report as to its compliance with the terms of the Charter and, in all instances, confirm the position that the independence of EY as statutory auditor has been maintained; and

– the auditor has provided an Auditor's Independence Declaration to the Board declaring that there has been no contravention of the auditor independence requirements of the Corporations Act 2001 or of any applicable code of professional conduct.

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

EY

Building a better working world

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

As lead auditor for the audit of Scentre Group Limited for the financial year ended 31 December 2019, I declare to the best of my knowledge and belief, there have been:

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

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

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

Ernst & Young   Megan Wilson

Ernst & Young

Megan Wilson
Partner

Sydney, 18 February 2020

Liability limited by a scheme approved under Professional Standards Legislation.

11. REMUNERATION REPORT

Message from the Chairman of the Human Resources Committee

Dear Securityholder

On behalf of the Board, I am pleased to introduce the Group's 2019 Remuneration Report.

The report describes our approach to remuneration, the links between our strategy, the Group's performance and remuneration outcomes for our key management personnel (KMP), and our framework for effective governance of remuneration matters. We will seek your support for this report at our 2020 Annual General Meeting (AGM) to be held on 8 April 2020.

Our approach

Underpinning our remuneration framework are our culture and values – our DNA – and our Purpose – *creating extraordinary places, connecting and enriching communities*.

Our executive KMP and senior leadership team are held to high standards of both business performance and personal behaviour and are expected to live by and actively promote our culture and values. These are fundamental to how we operate as a responsible sustainable business.

Our approach to remuneration is to reward our executives fairly and responsibly with outcomes clearly linked to delivery of our strategy and to Group and individual performance. This approach encourages our executives to prioritise the Group's interests over team and team over individual interests. Performance assessments consider both business results as well as an executive's alignment with and demonstration of our DNA in contributing to the success of the Group.

The Board and management's philosophy 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.

Our philosophy informed the decisions made with regard to our short-term (STAR) and long-term (LTAR) at-risk remuneration, as outlined below.

Remuneration outcomes

FY19 STAR

Our major achievements in 2019 are discussed in the Directors' Report and highlighted in the summary on page 23.

The 2019 STAR outcome was at 78.2% of maximum for our CEO (2018: 80.8%) and 60% of maximum for our CFO (appointed to the role on 4 April 2019). In determining STAR remuneration outcomes, the Board assessed several factors including achievement against financial measures and qualitative outcomes including risk management, people and capability, retailer partnerships and customer experience. 2019 was the first year for which the STAR included a 10% Board-assessed discretionary component in recognition that the emphasis on business priorities may shift during the year.

FY17 LTAR vesting

The hurdles under the 2017 LTAR were tested in December 2019. Consistent with prior years, these were return on contributed equity (ROCE), with a 75% weighting and a development return hurdle, with a 25% weighting.

During the period following the setting of the 2017 LTAR hurdles and grant of those LTARs, the Group disposed of its interest in the Sydney CBD office towers (June 2019) and joint ventured 50% of the Group's interest in Westfield Burwood (May 2019). These transactions had a dilutionary impact on both FFO and ROCE for 2019. The Group also acquired 50% of Westfield Eastgardens in 2018. The Group has yet to fully redeploy the funds raised from the sale transactions which we expect to do progressively, and in a manner that offsets the dilutionary impact on FFO and ROCE.

Having regard to these matters, the Board determined to adjust the 2017 LTAR ROCE hurdle (measured in 2019) in accordance with its discretion to do so, to reflect the impact of capital transactions that occurred during the performance measurement period (refer section 11.4(h) of this report). In considering whether to make an adjustment, the Board reviewed the benefits to the Group and so to securityholders of implementing the transactions, the reduction in risk on the portfolio through strategic sales and resulting availability of funds to pursue strategic acquisition opportunities such as Westfield Booragoon and the security buy-back. The Board also considered the importance of encouraging management to pursue initiatives and transactions aligned with our strategic focus and which are expected to yield long-term benefits, despite potential negative short-term financial consequences.

Target ROCE for 2019 under the 2017 LTAR was 13.40% which, adjusted for the transactions, was reset to 13.04%. ROCE achieved for the purposes of the hurdle (on an adjusted basis) was 12.84%, which resulted in 90% vesting of the ROCE hurdle (2018: 110%).

Vesting under the development return hurdle (which measures actual yields achieved on major developments against Board approved forecast yields) was also at 90% (2018: 110%).

Further details of the LTAR hurdles and vesting are set out in section 11.4 of this report.

FY19 LTAR hurdles

While 2019 continued to be a period of significant achievement for the Group and we maintain a strong development pipeline, the proposed redevelopment of Westfield Innaloo was deferred in light of the acquisition of a 50% interest in Westfield Booragoon, its future development potential and realignment of the Group's Perth portfolio. Consequently, no major developments for the purpose of the development return hurdle for the 2019 LTAR awards (to be measured in December 2021) commenced during the year.

In the absence of any major development, the Board reviewed the LTAR hurdles and determined that, in this instance, it was appropriate that ROCE should be the sole hurdle under the 2019 LTAR with 100% weighting. ROCE is an important multi-factor measure of how returns on securityholder equity are generated through a combination of improving earnings and capital management.

The Board again considered whether other measures, including a TSR measure favoured by a number of investors, is appropriate for the Group given the deferral of the Westfield Innaloo development in 2019, and more generally going forward. The Board will continue to consult with proxy advisors and investors on this topic, but at this time remains of the view that performance hurdles should focus on the fundamentals of the Group's business and linked to factors within the control of the Group and management to deliver. The value of the rights granted under the STAR and LTAR increase or decrease depending on the security price, providing alignment with securityholder returns as do the associated deferral requirements (being a minimum of 3 years) under the STAR and LTAR. Our executive KMP and Board are also required to maintain minimum securityholdings further aligning their interests to those of the securityholders.

The Board has determined to retain the two hurdles for 2020 LTAR awards (measured in December 2022) with the planned commencement of the redevelopment of Westfield Knox in Melbourne and the development at Market Street, Sydney which will expand Westfield Sydney as a world class retail destination and the city's home of luxury.

Strategic major developments will continue to be a significant driver of growth for the Group. Depending on the level of planned major developments in a year but having regard to the likelihood of fewer major developments in the future, and absent any alternative appropriate measure, the Board has determined that the LTAR hurdle will operate such that the respective weightings will be ROCE 75% – 100% and the development return hurdle 0% – 25%.

As the grant of our CEO's performance rights under the 2019 LTAR (based on the two hurdles) was approved by securityholders at our 2019 AGM, we will be requesting securityholder approval at our 2020 AGM that the 2019 LTAR hurdles be adjusted to be ROCE with 100% weighting. Further details will be set out in the notice of meeting for the 2020 AGM.

Executive team
During 2019, we announced several changes to our executive KMP. As a result of these changes, at this time our executive KMP are our CEO and CFO.

Our CEO and CFO are supported by a strong underlying executive team. Oversight by the Committee of succession planning, capability and talent development for the senior leadership team will remain a key focus in 2020.

The year ahead
While our CEO, Peter Allen, continued to perform strongly throughout a challenging year, the Board determined not to make any increase to any aspect of his remuneration arrangements for 2020. Peter's fixed remuneration has not increased since the Group was established in 2014. As Peter's remuneration package benchmarks appropriately to the median of our primary comparator group, (being ASX 30, excluding the "Big 4" banks, Rio Tinto and BHP) the Board believes it represents a competitive market position.

During the year, Elliott Rusanow joined us as the CFO. His remuneration package was set having regard to the depth of his experience in our industry both domestically and internationally. No changes have been made to his remuneration remuneration package, including the relative weight attributed to its component parts, for 2020.

As reported last year, from 1 January 2019 the fees paid to members of the Human Resources Committee (excluding the chairman) increased by $10,000 payable over a two-year period ($5,000 per year). The second tranche of the increase became effective 1 January 2020. No changes are proposed to non-executive Director fees for 2020.

The last year has seen continued change in the regulatory landscape and community expectations regarding executive remuneration and we continue to watch developments across the market.

The Board considers that our remuneration arrangements are strategically aligned and reinforce executive accountability and responsible business practices. We remain committed to regular and critical review of our remuneration framework and policies on an ongoing basis.

We are pleased to welcome our new director Steven Leigh to the Committee, effective 1 January 2020, and look forward to his contribution, experience and insights.

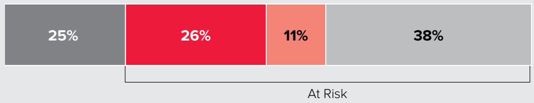
Andrew Harmos
Chairman, Human Resources Committee

SUMMARY: HOW PERFORMANCE IS LINKED TO REMUNERATION OUTCOMES

EXECUTIVE KMP: REMUNERATION MIX

The remuneration mix for our executive KMP is weighted towards at risk remuneration (expressed as a % of available maximum at grant)

Executive	At risk remuneration	% delivered as performance rights
CEO	75%	49%

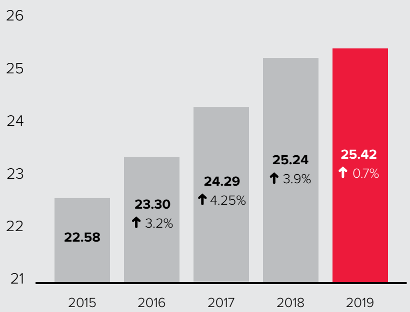


SHORT TERM AT RISK REMUNERATION (STAR) OUTCOMES

The KPIs for our executive KMP are aligned to the delivery of our purpose and strategic priorities

The FY19 STAR outcome (which assesses 2019 performance) for our executive KMP (% of maximum) was CEO: 78.2% and CFO: 60.0%

FFO % increase per security (cents per security)



FINANCIAL PERFORMANCE

FFO of 25.42 cents per security up 0.7% (or 3.2% excluding the impact of transactions)

Project profits of $57.2 million after tax

Capital management activity including:

- divestment of the **Sydney Office Towers for $1.52 billion**
- joint venture of 50% share in **Westfield Burwood for $575 million**
- acquiring a 50% interest in **Westfield Booragoon for $570 million**
- **'A Stable' credit rating** assigned by Fitch
- **Security buy-back program** of up to $800 million was commenced, $304 million of securities purchased in 2019

Development activity with the opening of the NZ$790 million (SCG share: NZ$400 million) redevelopment of Westfield Newmarket, Auckland

CUSTOMER AND RETAIL PARTNERSHIPS

Annual customer visits increased to over 548 million

Welcomed 344 new brands to the portfolio, while 279 existing brands grew their store network

Net Promoter Score of 35, up 7 points

Reputation Score increased by 5.3% (above target of 2.0%)

Westfield Plus, a mobile-app based membership program launched at Westfield Newmarket with over 200,000 downloads

LEADERSHIP AND PEOPLE

Employee engagement at 84% placing us in the top 2% of companies globally

WGEA Employer of Choice for Gender Equality. Women in management is currently at 44%

Culture of safety and wellbeing with a continued focus on our 'People Protecting People' initiative

Integrated Diversity and Inclusion program embedded across the organisation

LONG TERM AT RISK REMUNERATION (LTAR) OUTCOMES

Granted in 2017 and measured at the end of 2019

ROCE (75% weighting): Maximum vesting opportunity 150%. Vested at 90%

Development return hurdle (25% weighting): referable to Westfield Carousel and Westfield Coomera. Maximum vesting opportunity 125%. Vested at 90%

ROCE of 12.84% was achieved under the 2017 LTAR

Development return hurdle: The developments which commenced in 2017 were Westfield Carousel in Perth and Westfield Coomera in Queensland

- Minimum development return of 7.02%
- 97.5% of aggregate target return achieved

OTHER REMUNERATION OUTCOMES

There are no increases in the fixed remuneration, STAR or LTAR (at grant) opportunities for our executive KMP

11.1 Key Management Personnel

This report explains our approach to the remuneration of our Key Management Personnel (KMP). KMP are those individuals having the authority and responsibility for planning, directing and controlling the activities of Scentre Group, either directly or indirectly. They include non-executive Directors, the CEO and those senior executives considered executive KMP. For the year ended 31 December 2019, KMP were:

Name	Position
Executive Director	
Peter Allen	Chief Executive Officer
Senior Executives	
Elliott Rusanow	Chief Financial Officer (appointed 4 April 2019)
Non-Executive Directors	
Brian Schwartz	Chairman
Andrew Harmos	Director
Michael Ihlein	Director
Carolyn Kay	Director
Aliza Knox	Director
Steven Leigh	Director (appointed 4 April 2019)
Margaret Seale	Director
Former Non-Executive Directors	
Steven Lowy	Director (retired 4 April 2019)
Former Senior Executives	
Mark Bloom	Chief Financial Officer (until 4 April 2019)
Greg Miles	Chief Operating Officer (until 16 October 2019)
Cynthia Whelan	Chief Strategy and Business Development Officer (between 19 February 2019 – 14 October 2019)

11.2 Key Questions

Questions		Further information
Remuneration in 2019		
1. How is the Group's 2019 performance reflected in this year's remuneration outcomes?	2019 financial highlights and people and customer highlights appear in a number of sections.	The Directors' Report Summary on page 23 Section 11.4
2. What changes were made to the remuneration framework in 2019?	No changes were made to the framework.	
3. Are any changes planned for 2020?	There are no planned changes.	
Remuneration framework		
4. What is the remuneration framework?	Remuneration comprises fixed and at risk remuneration, with at risk remuneration including both short (STAR) and long term (LTAR) components.	Section 11.3
5. Who do we benchmark against?	As a reference point to compare remuneration levels for our executives our primary comparator group is the ASX 30, excluding the "Big 4" banks, Rio Tinto and BHP. We also benchmark against the A-REIT sector.	Section 11.3
6. What proportion of the remuneration is at risk?	The 2019 at risk (i.e. the short term at risk (STAR) and long term at risk (LTAR)) proportion of maximum remuneration measured at grant date was CEO: 75% and CFO: 71.5%.	Section 11.3
7. Are there any clawback or cancellation provisions for at risk remuneration?	Yes. The plans contain provisions for the lapsing of all unvested awards in a number of circumstances.	Section 11.7
8. Does the Group have a minimum securityholding requirement?	Yes. Executive KMP and non-executive Directors are required to maintain a minimum holding of securities.	Section 11.7
At risk remuneration		
9. Are any STAR payments deferred?	Yes. 30% of the actual STAR awarded is delivered as performance rights, which vest after 3 years.	Section 11.3 and Section 11.7
10. Are STAR payments capped?	Yes. The potential maximum STAR for executive KMP is capped at 150% of their fixed remuneration.	Section 11.3
11. What are the performance measures for the LTAR?	The 2019 LTAR hurdles were initially determined as: – A return on contributed equity (ROCE) hurdle with a 75% weighting (ROCE will be assessed by reference to ROCE in year 3, being 2021). – A development return hurdle with a 25% weighting (also measured at the end of year 3). However, as the proposed redevelopment of Westfield Innaloo was deferred, the Board determined that ROCE should be the sole hurdle under the 2019 LTAR with 100% weighting.	The Committee Chairman's letter Section 11.4 and Section 11.7
12. Did the Board consider any alternative hurdles?	Yes. In its review, the Board again considered whether there are other measures including TSR which are appropriate for the Group. The Board's view remains that performance hurdles should focus on the fundamentals of the Group's business and linked to factors within the control of the Group and management to deliver.	Section 11.7
13. Can the LTAR hurdles be adjusted?	Yes. The Board reserves the right to adjust performance hurdles under the LTAR plan to reflect the impact of any capital transaction occurring during the performance period.	Section 11.4 and Section 11.7
14. Does the LTAR have re-testing?	No. If full qualification for awards is not achieved, there is no provision for re-testing the hurdles.	Section 11.7
15. Is the size of LTAR grants increased in light of performance conditions?	The number of rights which vest is based on a graduated scale dependent on performance against metrics set at the time of grant. Actual performance can result in a decrease to zero or an increase in the number of securities that can be delivered on vesting, subject to a cap.	Section 11.4 and Section 11.7
16. Can participants hedge their unvested awards?	No. Participants are prohibited from hedging awards.	Section 11.7
17. Does Scentre Group buy securities or issue new securities to satisfy vesting?	Where rights are settled with securities, the Group settles the rights with securities that have been acquired on-market and transfers the securities to executives.	Section 11.7
18. Is the CEO grant of performance rights subject to securityholder approval?	Yes. The grant of 2019 performance rights to the CEO was approved at the 2019 AGM and approval for the grant of 2020 performance rights to the CEO will be sought at the AGM on 8 April 2020. As the grant of our CEO's 2019 performance rights under the FY19 LTAR (based on the two hurdles) was approved by securityholders at our 2019 AGM, we will be requesting securityholder approval at our 2020 AGM that the FY19 LTAR hurdles be adjusted to be ROCE (to be measured in 2021) with 100% weighting.	Section 11.7
19. Are distributions paid during the vesting period?	No. However, the number of rights allocated is determined using the face value of Scentre Group securities, adjusted for the estimated value (based on the Group's published 1-year forecast) of distributions that may be paid on stapled securities during the vesting period. No adjustments are made in relation to actual distributions paid.	Section 11 .7

11.3 Remuneration philosophy and link to business strategy

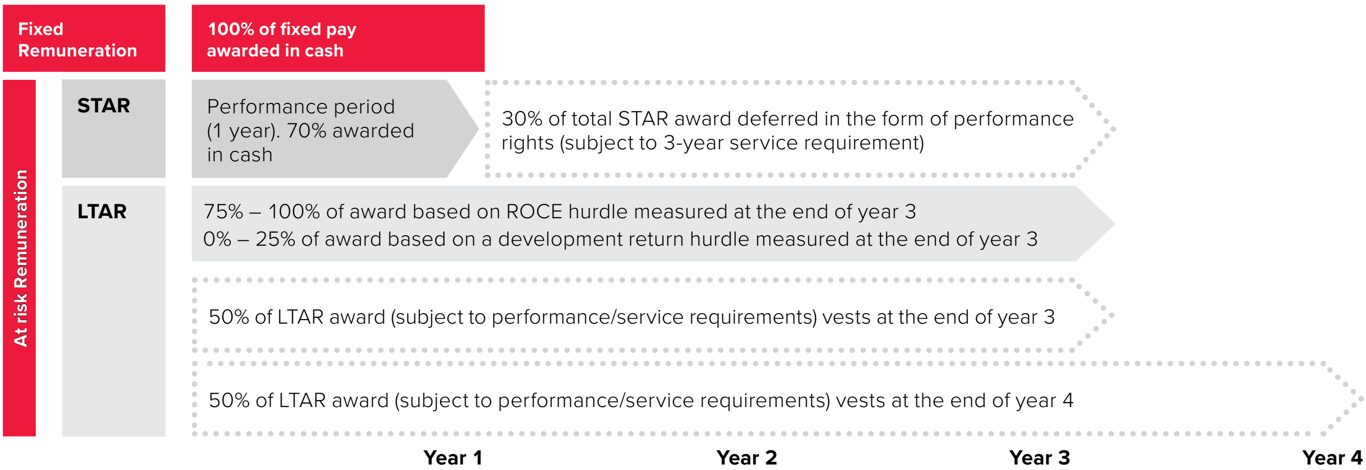
Objectives		
Attract and retain the best talent	**Fairly reward our people**	**Align the interests of our people with securityholders**

At risk remuneration

The value of rights granted under the STAR and LTAR increases or decreases depending on the security price

Remuneration element	Considerations/Performance conditions	Alignment with strategy and performance
Fixed remuneration Base salary (inclusive of superannuation). Fixed remuneration for our executive KMP and senior leadership team is targeted at the 75th percentile of our comparator group (ASX 30, excluding the "Big 4" banks, Rio Tinto and BHP).	Considerations in setting fixed remuneration include: the scope and complexity of the role, the individual's experience, knowledge and skills, individual performance and market benchmarking.	Fixed remuneration is set at market competitive levels to attract and retain key talent.
Short-term at-risk remuneration (STAR) Rewards current year performance. 70% of achieved STAR is paid in cash at the end of the year. 30% of achieved STAR is delivered as performance rights which vest after 3 years, creating a longer term and retention focus. Our STAR is structured as annual at-risk remuneration. Underperformance and failure to achieve KPIs results in a reduction of rewards under the STAR.	**Financial measures** CEO: 65% and CFO: 75% **Non-financial measures** CEO: 35% and CFO: 25% Details of the STAR performance measures are at section 11.4.	The STAR provides differentiation of pay for performance based on business and individual performance outcomes. Performance conditions are designed to support the financial and strategic direction of the Group, with KPIs that are measurable, while also providing for the exercise of Board judgement, and allowing for appropriate differentiation of reward for performance. From 2019 a 10% Board discretionary component forms part of the STAR performance assessment for executive KMP. This applies alongside the Board's exercise of judgement in applying various measures and setting the final performance outcomes.
Long-term at-risk remuneration (LTAR) Rewards long term performance. Delivered as performance rights which vest in two tranches at the end of year 3 and year 4 if the performance hurdles are achieved.	1. ROCE hurdle (75% – 100% weighting) 2. Development return hurdle (0% – 25% weighting) If there are no planned major developments in a year, absent any alternative appropriate long-term measure, the Board intends that ROCE (which is a two-factor measurement being FFO and contributed equity) be the sole hurdle under the LTAR with 100% weighting. Further details of the LTAR performance conditions are at sections 11.4 and 11.7.	The LTAR ensures a strong link to the long-term performance of the Group, the creation of securityholder value and acts as a retention tool. ROCE is an important long-term measure of how the senior management team generates returns on securityholder equity through a combination of improving earnings and capital management. Strategic major developments will continue to be a significant driver of growth for the Group through adding to the scale and enhancing the quality of our portfolio. The development return hurdle is linked to long term securityholder value as it is assessed against actual incremental income yields generated through the completion of major developments (over $50 million).

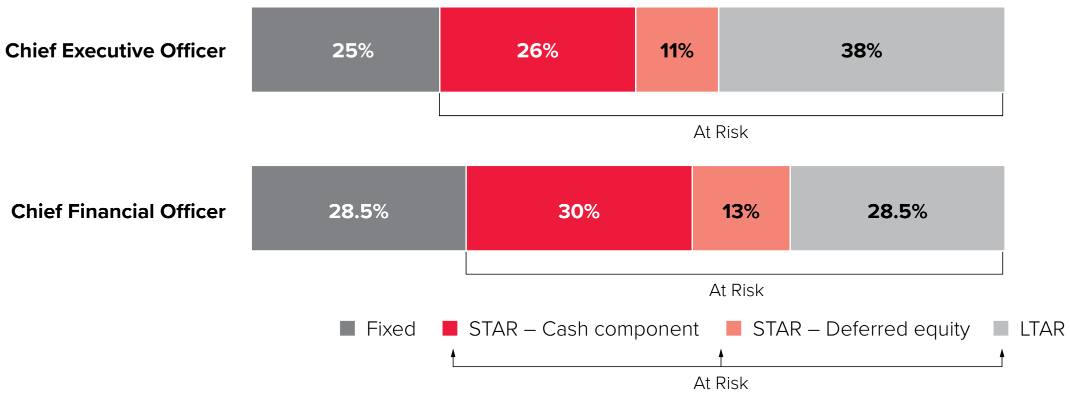
When is remuneration earned and received?



Executive KMP remuneration

The remuneration mix for our executive KMP is weighted towards at risk remuneration. The potential maximum STAR (as a percentage of fixed remuneration) for each of our executive KMP is 150%. The LTAR (at grant, as a percentage of fixed remuneration) for our executive KMP is CEO: 155% and CFO: 100%.

The tables below show each of the components as a percentage of maximum remuneration at grant for our executive KMP for 2019. The actual amount delivered under the STAR and LTAR depends on the level of achievement of the performance measures.



As a reference point to compare remuneration levels for our executives our primary comparator group is the ASX 30, excluding the "Big 4" banks, Rio Tinto and BHP. We believe that this continues to reflect the changing nature of our business, our size and strategic agenda including our desire to attract and be competitive in the market for talent from the broader ASX30. We also benchmark against the A-REIT sector.

11.4 Remuneration outcomes and the link between performance and reward

Our major achievements in 2019 are highlighted in the Directors' Report and highlighted in the summary on page 23.

(a) Business performance and security price

The following table represents business performance outcomes and security price over the last 5 years.

		FY19	FY18	FY17	FY16	FY15
Funds from Operations (FFO)	A$m	**1,344.6**	1,339.5	1,290.2	1,237.6	1,199.2
FFO per security	cents	**25.42**	25.24	24.29	23.30	22.58
Distribution per security	cents	**22.60**	22.16	21.73	21.30	20.90
Security price (at 31 December)	A$	**3.83**	3.90	4.19	4.64	4.19
Distribution pay-out ratio	%	**88.9**	87.8	89.5	91.4	92.6
Return on contributed equity (ROCE)	%	**N/A**(i)	12.72	12.28	11.80	11.40
Return on contributed equity (ROCE) (2019 adjusted basis)(i)	%	**12.67**	12.60	12.15	–	–
Comparable net operating income (NOI) growth	%	**2.0**	2.5	2.75	2.9	2.6
Incremental GLA	sqm	**52,000**	106,550	38,000	50,700	42,386
Group's share of incremental GLA	sqm	**26,500**	70,150	35,500	36,450	25,949
Assets under management (AUM)	A$b	**56.0**	54.2	51.0	45.7	42.1
Group's share of AUM	A$b	**38.2**	39.1	36.2	32.3	30.1
Profit	A$m	**1,179.5**	2,287.2	4,217.9	2,990.5	2,707.8
Gearing	%	**33.0**	33.9	32.1	33.3	33.3

(i) The methodology by which contributed equity is adjusted for retained earnings was updated in 2019 to take into account the full amount of retained earnings (the "2019 methodology") . This is explained in more detail in section 11.4(b). In previous periods (2018 and 2017), contributed equity was adjusted for retained earnings after operating and leasing capital expenditure. For comparison purposes, 2018 and 2017 ROCE have been presented on this updated basis (that is contributed equity has been adjusted to take in to account the full amount of retained earnings). 2019 ROCE of 12.67% also reflects the 2019 methodology and is not adjusted for the capital transactions completed during 2019.

(b) STAR and LTAR: Alignment of financial measures

Key financial metrics which are aligned to the STAR and LTAR outcomes for our executive KMP are FFO and ROCE. FFO, and FFO growth per security in particular, is a key financial measure of returns to securityholders.

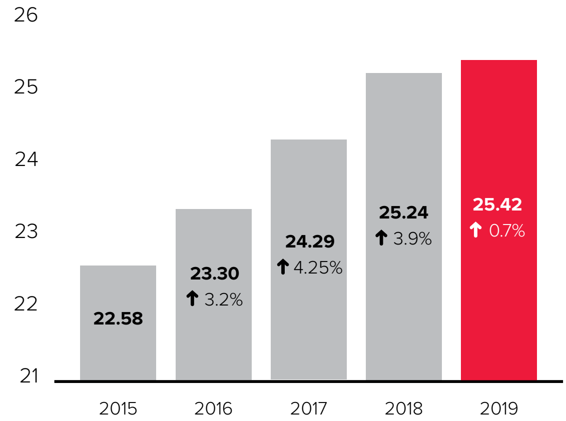
The Group's ROCE is a two-factor measurement and is calculated by applying FFO for the relevant financial year as a percentage of the Group's weighted average contributed equity during the year of calculation. By combining two different performance measures, the ROCE measure is aligned to the level of returns generated on securityholder equity through a combination of improving earnings and capital management. The ROCE hurdle is set based on assumptions for ongoing FFO growth. This results in target ROCE being set higher, year on year.

In August 2017, the Group announced a change to its distribution pay-out ratio to grow distributions at a lower rate than earnings growth. This enabled the Group to invest the additional retained earnings into the business. As a result, from August 2017 ROCE was adjusted for additional retained earnings (by increasing the amount of contributed equity for this purpose).

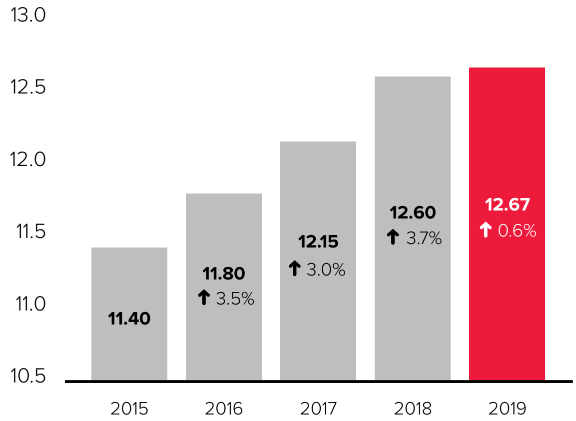
Since announcing the change to the distribution pay-out ratio, the Group has further enhanced the methodology by which contributed equity is adjusted for retained earnings. During the year, the methodology was updated to take into account the full amount of retained earnings. In previous periods (2018 and 2017), contributed equity was adjusted for retained earnings after allowing for operating and leasing capital expenditure.

The charts below show growth in FFO and ROCE for the last 5 years.

Funds From Operations (FFO) % increase per security (cents per security)



Return on Contributed Equity (ROCE) %[i]

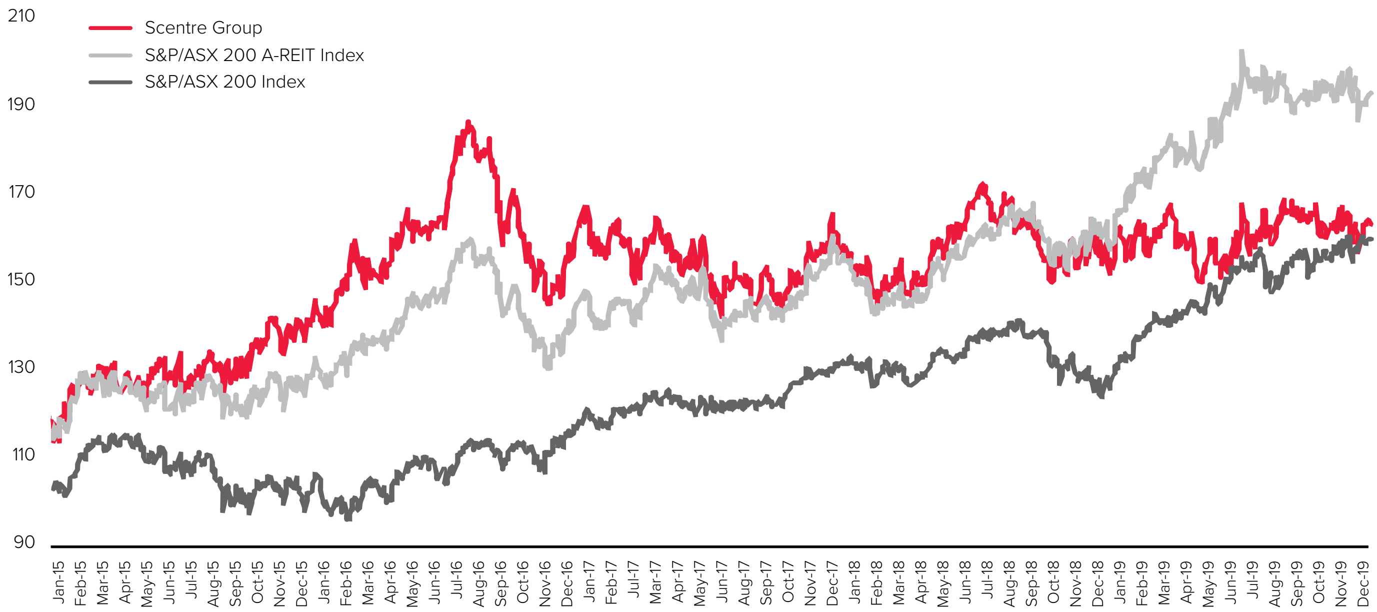


(i) The methodology by which contributed equity is adjusted for retained earnings was updated in 2019 to take into account the full amount of retained earnings (the "2019 methodology") . This is explained in more detail in section 11.4(b). In previous periods (2018 and 2017), contributed equity was adjusted for retained earnings after operating and leasing capital expenditure. For comparison purposes, 2018 and 2017 ROCE have been presented on this updated basis (that is contributed equity has been adjusted to take in to account the full amount of retained earnings). 2019 ROCE of 12.67% also reflects the 2019 methodology and is not adjusted for the capital transactions completed during 2019.

(c) Total returns

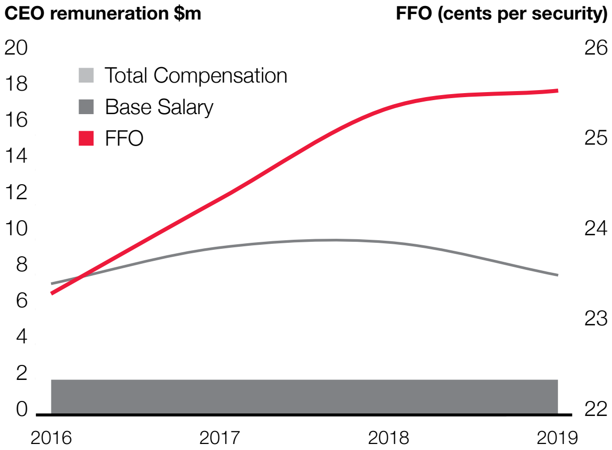
The Group is included in the S&P/ASX A-REIT Index and the S&P/ASX 200 Index.

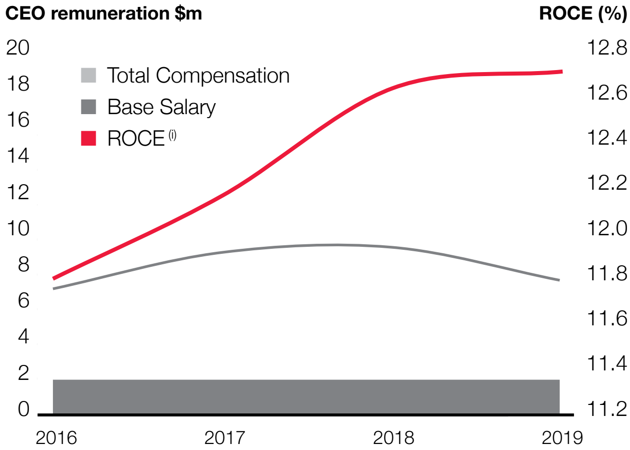
The chart below shows the Group's relative performance (on a daily basis) against those indices for the last five years. During 2019, the Group's relative performance compared to the S&P/ASX A-REIT Index was impacted by the relative out performance of groups focussed on Industrial and Office asset classes as well as Funds Management focussed members of that Index.



(d) CEO remuneration comparatives

The charts below show our CEO's actual remuneration (non statutory) as compared to FFO (cents per security) and ROCE (%) for the last four years.





(i) The methodology by which contributed equity is adjusted for retained earnings was updated in 2019 to take into account the full amount of retained earnings (the "2019 methodology") . This is explained in more detail in section 11.4(b). In previous periods (2018 and 2017), contributed equity was adjusted for retained earnings after operating and leasing capital expenditure. For comparison purposes, 2018 and 2017 ROCE have been presented on this updated basis (that is contributed equity has been adjusted to take in to account the full amount of retained earnings). 2019 ROCE of 12.67% also reflects the 2019 methodology and is not adjusted for the capital transactions completed during 2019.

(e) CEO: 2019 performance objectives

Details of our CEO's performance measures, assessment and resulting STAR outcomes are set out in the following table. Notwithstanding the overall performance of our CEO, the Board exercised its discretion to moderate further the overall achievement to a level below actual achievement and below 2018.

Measures	Outcomes
Financial performance (i) FFO Project profits Developments Capital management	– Achieved FFO of 25.42 cents per security up 0.7% (or 3.2% excluding the impact of transactions) – Project profits of $57.2 million (after tax) – Divested the Sydney Office Towers for $1.52 billion – Joint ventured a 50% share in Westfield Burwood for $575 million – Acquired a 50% interest in Westfield Booragoon for $570 million – Issued €500 million ($800 million) of long term bonds – Assigned 'A Stable' credit rating by Fitch – Commenced a security buy-back program of up to $800 million, $304 million of securities purchased in 2019 – Opened the NZ$790 million (SCG share: NZ$400 million) redevelopment of Westfield Newmarket, Auckland
Assessment	Majority of objectives achieved

Customer & Retail Partnerships
Advocacy
Innovation
Strategy
	– Increased annual customer visits to over 548 million, an increase of more than 12 million
	– Customer advocacy continues to improve
	  – Net promoter score (derived from all customer feedback) of 35, up 7 points
	  – Reputation score increased by 5.3% (above target of 2.0%)
	– Continued development of the Group's retail partnership strategy
	– Welcomed 344 new brands to the portfolio, while 279 existing brands grew their store network
	– 43% of the portfolio is experience-based offerings
	– More than 12,000 events and activations driving strong visits and engagement
	– Westfield Plus, a mobile-app based membership program launched at Westfield Newmarket with over 200,000 downloads

Assessment	Majority of objectives achieved
Leadership and people Culture and values Diversity Succession planning Risk	– 2019 Employee Engagement at 84% placing us in the top 2% of companies globally – Embedded a fully integrated Diversity & Inclusion program across the organisation – WGEA Employer of Choice for Gender Equality. Women in management is currently at 44% – Included in the Bloomberg Gender-Equality Index, one of only nine companies in Australia – Enhanced our parental leave policy building on our strong focus on 'sharing the caring' – All employees are paid fairly and equitably, without any gender pay gaps for like roles – Focus on a culture of safety and wellbeing with our 'People Protecting People' initiative – Succession planning for key executives
Assessment	Full achievement
Overall achievement	78.2% of maximum (2018: 80.8%). Maximum is 150% of fixed remuneration

(i) Financial performance is assessed as one measure at (65%). Weightings are not given to individual metrics.

(ii) The Net Promoter Score (NPS) is calculated as the difference between the percentage of Promoters and Detractors. The NPS varies between -100% and +100%.

(f) CFO performance objectives

The CFO achieved expectations for all measures including financial measures in relation to FFO and treasury and financial management as well as people and capability, and governance and risk controls. Notwithstanding the overall performance of our CFO, the Board exercised its discretion to moderate further the overall achievement to a level below actual achievement.

(g) 2019 STAR outcomes

The achieved 2019 STAR outcome for the CEO and CFO are as follows.

Executive	Year	STAR maximum $	Achieved STAR $	$ Cash component	Deferred equity $	Achieved STAR (as a % of maximum)	STAR not achieved (as a % of maximum)
Peter Allen	**2019**	**3,000,000**	**2,346,000**	**1,642,000 (70%)**	**704,000 (30%)**	**78.2**	**21.8**
	2018	3,000,000	2,422,500	1,695,750 (70%)	726,750 (30%)	80.8	19.2
Elliott Rusanow [(i)]	**2019**	**1,368,292**	**820,975**	**574,683 (70%)**	**246,292 (30%)**	**60**	**40**

(i) Appointed CFO on 4 April 2019. Remuneration reflects Mr Rusanow's period of service as executive KMP.

(h) 2017 LTAR outcomes

Performance rights were granted to executives in 2017 under the Group's 2017 LTAR plan. The first tranche vested in December 2019. The second tranche will vest in December 2020. The 2017 LTAR had two hurdles: ROCE and a development return hurdle both measured at the end of year 3 (2019). The mechanics of the LTAR plan are described in section 11.7.

The grants under the 2017 LTAR were made effective in January 2017, prior to the change in the distribution pay-out ratio described in section 11.4(b). Accordingly the ROCE hurdle for the purposes of the 2017 LTAR was calculated and set without any adjustment to contributed equity for additional retained earnings (which applies to awards from 2018 onwards).

Consequently, the 2017 ROCE target (as measured in 2019 and which is discussed below) for LTAR purposes is calculated on a different basis as to how ROCE is calculated for the 2019 year. As noted in section 11.4(b), in 2019 contributed equity was adjusted to take in to account the full amount of retained earnings. 2019 ROCE of 12.67% is calculated on this updated basis and is not adjusted for the capital transactions completed during 2019.

Adjustment for capital transactions

The LTAR Plan provides the Board with discretion to adjust performance hurdles to reflect the impact of any capital transaction that occurs during the performance measurement period. The Board retains this discretion as, at the time of setting the hurdles, it is not possible to foresee all future transactions that may materially impact the hurdles, either positively or negatively.

During the period following the grant of the 2017 LTARs, the Group divested its interest in the Sydney CBD office towers for $1.52 billion and joint ventured 50% of the Group's interest in Westfield Burwood for $575 million. These transactions had a dilutionary impact on both FFO and ROCE for 2019. The Group also acquired 50% of Westfield Eastgardens in 2018. The Group has yet to fully redeploy the funds raised from the sale transactions which we expect to do progressively, and in a manner that offsets the dilutionary impact on FFO and ROCE.

Having regard to the above matters, the Board determined to adjust the 2017 LTAR ROCE hurdle (measured in 2019). In considering whether to make an adjustment for the transactions, the Board reviewed the benefits to the Group and so to securityholders of implementing the transactions, the reduction in risk on the portfolio through strategic sales and resulting availability of funds to pursue strategic acquisition opportunities such as the acquisition of a 50% interest in Westfield Booragoon and the security buy-back. The Board also considered the importance of encouraging management to pursue initiatives and transactions aligned with our strategic focus and which are expected to yield long-term benefits, despite potential negative short-term financial consequences. As the Westfield Booragoon acquisition occurred in December 2019, it had minimal impact on the ROCE hurdle and its achievement. Accordingly, no adjustment was made in relation to this transaction. The Board obtained external confirmation of management's calculations of the adjustments.

Target ROCE for 2019 under the 2017 LTAR was 13.40% (calculated on the basis applicable to the 2017 LTAR) which, adjusted for the transactions, was reset to 13.04%. ROCE achieved for the purposes of the hurdle (as adjusted for the transactions described above) was 12.84%, which resulted in 90% vesting of the ROCE hurdle (2018: 110%).

Development return hurdle (25% weighting)
The development return hurdle is designed to measure the actual incremental yield that has been generated through the completion of major developments (over $50 million) compared to Board approved feasibilities. The major developments which commenced in 2017 were Westfield Carousel in Perth and Westfield Coomera in Queensland.

The outcome of the 2017 LTAR (measured at the end of 2019) is as follows.

ROCE	Target (100% vesting)	What was achieved	% Vested	% Weighting
	13.04 – 13.13 %	12.84	90	75

Development return hurdle (yield)	Target	What was achieved	% Vested	% Weighting
	Aggregated target yield of 7.02%	97.5% of aggregated target yield (6.84%)	90	25

Each of the ROCE and development return hurdle operate on a target and graduated scale of vesting, allowing for increases and decreases, depending on actual performance achieved.

The ROCE hurdle had a cap of 150% vesting (at 13.74% or above). From and including 2019 this cap has been reduced to 125%.

Under the ROCE hurdle, a 0.21% reduction below target ROCE (ROCE of 12.83% – 12.74%) would have resulted in 50% vesting. Any reduction over 0.3% (ROCE of 12.73% or below) would have resulted in zero vesting.

The development return hurdle had a cap of 125% vesting. Vesting increased by 5% for every incremental 0.2% above target yield, with a cap of 125% vesting. Achievement below forecast yield resulted in a reduction of the percentage of vesting with vesting being reduced by 10% for each incremental 0.2% lower than target yield until 85% of the target yield. If the development return had been below 85% of target yield, the level of vesting would have been zero.

(i) 2020 LTAR hurdles
For 2020, the performance hurdles are ROCE (85% weighting) and a development return hurdle (15% weighting).

11.5 Executive KMP 2019 actual remuneration (non-statutory)
The table below sets out the remuneration actually paid to, or vested for, our executive KMP in respect of 2019. It does not include remuneration attributable to 2019 performance which has not vested. Accordingly, the numbers in this table differ from those shown in section 11.6 (executive KMP statutory remuneration) primarily due to differences in the accounting treatment of share-based payments. The table in section 11.6 includes an apportioned accounting value for all unvested at-risk STAR and LTAR rights on issue during the year (some of which remain subject to satisfaction of performance hurdles and service conditions and may not ultimately vest). Further details of the accounting treatment of awards are set out in Note 30 to the financial statements.

While the cash amount received by an executive in any one year may vary above or below statutory remuneration, this does not impact the financial position of the Group as all performance rights are amortised over their life.

The table below shows the market value of the performance rights under the STAR and LTAR plans for rights that vested for the benefit of our executive KMP in 2019, including where awarded in prior periods. The value of the rights increases or decreases depending on movement in the ASX listed security price. Also included is the movement in the market value of these rights since the date of grant.

The table below presents:

– Fixed remuneration.
– Cash STAR: the cash bonus earned and paid in respect of 2019 under the STAR.
– Deferred STAR: the value of the deferred STAR from prior years that vested in 2019 and were satisfied by the delivery of Group securities.
– LTAR: the value of LTARs from prior years that vested in 2019 and satisfied by the delivery of Group securities. For Peter Allen this includes for 2019 the vesting of rights that were granted in 2016 and 2017. As Elliott Rusanow was appointed on 4 April 2019 his first grant of LTARs for 2019 will not vest until 2021.

		Short term benefits			Deferred STAR	LTAR			
	Year	Fixed remuneration (i) $	Cash STAR $	Other short term benefits (ii) $	Market value at grant $	Market value at grant $	Cash value before movement in market value	Movement In market value $	Total cash value $
Executive KMP									
Peter Allen	**2019**	**2,000,000**	**1,642,200**	**25,769**	**881,248**	**3,296,896**	**7,846,113**	**(358,603)**	**7,487,510**
	2018	2,000,000	1,695,750	102,692	795,806	4,138,571 (iii)	8,732,819	438,969	9,171,788
Elliott Rusanow (iv)	**2019**	**912,195**	**574,683**	**7,894**	**–**	**–**	**–**	**–**	**1,494,772**

(i) Base salary is inclusive of statutory superannuation benefits.
(ii) Comprising annual leave and long service leave entitlements.
(iii) Includes, for 2018, the vesting of rights that were granted in 2014, 2015 and 2016.
(iv) Appointed CFO on 4 April 2019. Remuneration reflects Mr Rusanow's period of service as executive KMP.

11.6 Executive KMP statutory remuneration

11.6.1 Executive KMP

The table below sets out the 2019 statutory remuneration for our executive KMP. As noted above, this table includes (under share based payments) an apportioned accounting value for all unvested performance rights granted under the STAR and LTAR prior to or in 2019 (some of which remain subject to satisfaction of performance hurdles and service conditions and may not ultimately vest). The apportionment represents the proportion of grants that are attributable to the 2019 financial year. Further details of the accounting treatment of awards are set out in Note 30 to the financial statements.

		Short term benefits			Share based payments(iii)				
	Year	Fixed remuneration(i) $	Cash STAR $	Other short term benefits(ii) $	Cash $	Equity $	Other long term benefits $	Termination Benefits $	Total remuneration $
Executive KMP									
Peter Allen	**2019**	**2,000,000**	**1,642,200**	**25,769**	**–**	**3,489,812**(v)	**–**	**–**	**7,157,781**
	2018	2,000,000	1,695,750	102,692	–	3,937,901	–	–	7,736,343
Elliott Rusanow(iv)	**2019**	**912,195**	**574,683**	**7,894**	**–**	**263,574**	**–**	**–**	**1,758,346**

(i) Fixed remuneration is inclusive of statutory superannuation benefits.

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

(iii) Refer to the tables below for details of rights held by executive KMP under the equity-linked plans.

(iv) Appointed as CFO on 4 April 2019. Remuneration reflects Mr Rusanow's time of service as executive KMP.

(v) Includes apportioned accounting value for unvested LTAR rights granted in 2019.

(a) Participation in the STAR plan: CEO and CFO

The following table details performance rights held by our executive KMP under the STAR plan at balance date. As Elliott Rusanow joined the Group in February 2019 and was appointed CFO on 4 April 2019, his first grant of performance rights in respect of the deferred component of his 2019 STAR will not occur until 2020.

	Effective date of grant	No. Granted	Vesting Date	% Vested	Fair Value at Grant(i) $	Market value as at 31 Dec 2019(ii) $
Executive KMP						
Peter Allen	1 Jan 2017	205,419	16 Dec 2019	100	762,104	N/A(ii)
	1 Jan 2018	201,152	15 Dec 2020	–	742,251	770,412
	1 Jan 2019	210,537	15 Dec 2021	–	722,142	806,357
Total						**1,576,769**

(i) The fair value of the rights granted under the STAR plan is calculated using the Black Scholes option pricing methodology. Fair value is also calculated on the assumption that the executive remains employed with the Group for the full period of vesting.

(ii) The market value as at 31 December 2019 is based on the closing price of Scentre Group securities of $3.83. Market value is not included for rights that vested on 16 December 2019.

(b) Participation in the LTAR plan: CEO and CFO

The following table details performance rights held by our executive KMP under the LTAR plan.

	Effective date of grant	No. Granted	No of rights post measurement of hurdles	Vesting Date	% Vested	Fair Value at Grant(i) $	Market value as at 31 Dec 2019(ii) $
Peter Allen	1 Jan 2016	397,691	437,461(iii)	16 Dec 2019	110(iii)	1,332,265(iii)	N/A(ii)
	1 Jan 2017	389,357	350,421(iv)	16 Dec 2019	90(iv)	1,444,514	N/A(ii)
		406,476	365,828(iv)	15 Dec 2020	–	1,434,860	1,401,121
	1 Jan 2018	418,014	N/A	15 Dec 2020	–	1,542,472	1,600,994
		436,733	N/A	15 Dec 2021	–	1,532,933	1,672,687
	1 Jan 2019	449,029	N/A	15 Dec 2021	–	1,540,169	1,719,781
		470,574	N/A	15 Dec 2022	–	1,529,366	1,802,298
Total							**8,196,881**
Elliott Rusanow	Feb 2019	159,333	N/A	15 Dec 2021	–	546,512	610,245
		166,977	N/A	15 Dec 2022	–	542,675	639,522
Total							**1,249,767**

(i) The fair value of the rights issued under the LTAR plan is calculated using the Black Scholes option pricing methodology. Fair value is also calculated on the assumption that the executive remains employed with the Group for the full period of vesting and that the relevant performance hurdles under the LTAR plan are satisfied.

(ii) The market value as at 31 December 2019 is based on the closing price of Scentre Group securities of $3.83. Market value is not included for rights that vested on 16 December 2019.

(iii) The 2016 LTAR vested at 110% for exceeding both the ROCE hurdle and development return hurdle.

(iv) The 2017 LTAR achieved 90% for each of the ROCE and development return hurdle. The second tranche of the 2017 LTAR will vest in December 2020.

11.6.2 Former Executive KMP

The table below sets out the 2019 statutory remuneration for former executive KMP. Remuneration reflects the individual's time in their respective roles as executive KMP.

Our CEO's KPIs reflect Group objectives and the majority of his KPIs are shared across the senior executive team and executive KMP, which included a former executive KMP. This leads to a degree of variability of outcomes. For 2019, the range for former executive KMP was from 60.4% to 87.9% of maximum STAR.

		Short term benefits			Share based payments (iii)				
	Year	Fixed remuneration(i) $	Cash STAR $	Other short term benefits(ii) $	Cash $	Equity $	Other long term benefits $	Termination Benefits $	Total remuneration $
Executive KMP									
Mark Bloom (iv)	**2019**	**283,287**	**373,424**(iv)	**22,173**	**–**	**959,025**(iv)	**–**	**283,287**	**1,921,196**
	2018	1,100,000	913,500	22,635	–	1,434,232	–	–	3,470,367
Greg Miles (v)	**2019**	**1,187,672**	**872,939**	**13,704**	**–**	**3,557,581**(v)			**5,631,896**
	2018	1,500,000	1,163,750	(21,058)	–	2,013,967	–	–	4,656,659
Cynthia Whelan (vi)	**2019**	**717,261**	**650,268**	**–**	**–**	**–**	**–**	**717,261**(vi)	**2,084,790**

(i) Fixed remuneration is inclusive of statutory superannuation benefits.

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

(iii) Refer to the tables below for details of rights held by former executive KMP under the equity-linked plans.

(iv) Ceased as executive KMP on 4 April 2019 and retired from the Group on 1 January 2020. Payment of 30% of Mr Bloom's 2019 STAR is deferred for 3 years. The amortisation of Mr Bloom's rights has been accelerated to reflect his retirement. Mr Bloom had a potential maximum STAR of $424,931. Mr Bloom achieved a STAR representing 87.9% of maximum STAR, not achieving 12.1% of maximum. All remuneration reflects Mr Bloom's time of service as executive KMP from 1 January 2019 to 4 April 2019.

(v) Ceased as executive KMP on 16 October 2019. Mr Miles remains employed by the Group and he has indicated his intention to retire in October 2020. He will be granted performance rights in the ordinary course of business and it is expected that he will be paid the amounts referred to under "Retirement" in section 11.8. The amortisation of Mr Miles' rights has been accelerated to reflect his retirement. Mr Miles had a potential maximum STAR of $1,781,507. Mr Miles achieved a STAR representing 70% of maximum STAR, not achieving 30% of maximum. All remuneration reflects Mr Miles' time of service as executive KMP from 1 January 2019 to 16 October 2019.

(vi) Executive KMP between 19 February 2019 – 14 October 2019. Termination benefits comprise 1 year's fixed remuneration. Ms Whelan had a potential maximum STAR of $1,075,891. Ms Whelan achieved a STAR representing 60.4% of maximum STAR, not achieving 39.6% of maximum. All remuneration reflects Ms Whelan's time of service as executive KMP from 19 February 2019 to 14 October 2019.

(a) Participation in the STAR plan: Former executive KMP

The following table details performance rights held by former executive KMP under the STAR plan. As Mr Bloom and Mr Miles met the retirement requirements under the Performance Rights Plan (see section 11.8), they will remain in the plan with regard to unvested rights.

	Effective date of grant	No. Granted	Vesting Date	% Vested	Fair Value at Grant(i) $	Market value as at 31 Dec 2019(ii) $
Mark Bloom	1 Jan 2017	105,127	16 Dec 2019	100	390,021	N/A(ii)
	1 Jan 2018	108,515	15 Dec 2020	–	400,420	415,612
	1 Jan 2019	113,416	15 Dec 2021	–	389,017	434,383
Total						**849,995**
Greg Miles	1 Jan 2017	133,925	16 Dec 2019	100	496,862	N/A(ii)
	1 Jan 2018	138,045	15 Dec 2020	–	509,386	528,712
	1 Jan 2019	144,486	15 Dec 2021	–	495,587	553,381
Total						**1,082,093**
Cynthia Whelan	1 Jan 2019	95,600	–(iii)	–	327,908	N/A
Total						**–**

(i) The fair value of the rights issued under the STAR plan is calculated using the Black Scholes option pricing methodology. Fair value is also calculated on the assumption that the executive remains employed with the Group for the full period of vesting.

(ii) The market value as at 31 December 2019 is based on the closing price of Scentre Group securities of $3.83. Market value is not included for rights that vested on 16 December 2019.

(iii) Ms Whelan's rights were forfeited on her departure from the Group. The market value of those rights as at 14 October 2019 was $378,576 based on the closing price of Scentre Group securities of $3.96.

(b) Participation in the LTAR plan: former executive KMP

The following table details performance rights held by former executive KMP under the LTAR plan. As Mr Bloom and Mr Miles met the retirement requirements under the Performance Rights Plan (see section 11.8), they will remain in the plan with regard to their unvested rights.

	Effective date of grant	No. Granted	No of rights post measurement of hurdles	Vesting Date	% Vested	Fair Value at Grant[i] $	Market value as at 31 Dec 2019[ii] $
Mark Bloom	1 Jan 2016	125,199	137,719[iii]	16 Dec 2019	110[iii]	419,417	N/A[ii]
	1 Jan 2017	114,122	102,710[iv]	16 Dec 2019	90[iv]	423,393	N/A[ii]
		119,139	107,225[iv]	15 Dec 2020	–	420,561	410,672
	1 Jan 2018	148,328	N/A	15 Dec 2020	–	547,330	568,096
		154,969	N/A	15 Dec 2021	–	543,941	593,531
	1 Jan 2019	159,333	N/A	15 Dec 2021	–	546,512	610,245
		166,977	N/A	15 Dec 2022	–	542,675	639,522
Total							**2,822,066**
Greg Miles	1 Jan 2015[v]	50,775[vi]	50,775[vi]	16 Dec 2019	N/A	171,112	N/A[ii]
	1 Jan 2016	220,940	243,034[iii]	16 Dec 2019	110[iii]	740,149	N/A[ii]
	1 Jan 2017	201,391	181,253[iv]	16 Dec 2019	90[iv]	747,161	N/A[ii]
		210,246	189,219[iv]	15 Dec 2020	–	742,168	724,709
	1 Jan 2018	242,718	N/A	15 Dec 2020	–	895,629	929,610
		253,586	N/A	15 Dec 2021	–	890,087	971,234
	1 Jan 2019	260,727	N/A	15 Dec 2021	–	894,294	998,584
		273,235	N/A	15 Dec 2022	–	888,014	1,046,490
Total							**4,670,627**
Cynthia Whelan	1 Jan 2018	134,843	N/A	15 Dec 2020	N/A	497,571	–[vii]
		140,882	N/A	15 Dec 2021	N/A	494,496	–[vii]
	1 Jan 2019	159,333	N/A	15 Dec 2021	N/A	546,512	–[vii]
		166,977	N/A	15 Dec 2022	N/A	542,675	–[vii]
Total							

(i) The fair value of the rights issued under the LTAR plan is calculated using the Black Scholes option pricing methodology. Fair value is also calculated on the assumption that the executive remains employed with the Group for the full period of vesting and that the relevant performance hurdles under the LTAR plan are satisfied.

(ii) The market value as at 31 December 2019 is based on the closing price of Scentre Group securities of $3.83. Market value is not included for rights that vested on 16 December 2019.

(iii) The 2016 LTAR vested at 110% for exceeding both the ROCE hurdle and development return hurdle.

(iv) The 2017 LTAR achieved 90% for each of the ROCE and development return hurdle. The second tranche of the 2017 LTAR will vest in December 2020.

(v) Mr Miles held a number of performance rights issued by the former Westfield Group and Westfield Corporation. To the extent that those outstanding rights were not satisfied by Westfield Corporation prior to his return to Australia, Scentre Group assumed the liability of the unvested proportion of those performance rights. These rights were satisfied by the delivery of Scentre Group securities on vesting. The effective grant date of those rights was 1 January 2016. However, the vesting period was assessed by reference to the original grant date of the rights. Vesting was not subject to any specific performance hurdles.

(vi) Represents the proportion of rights the liability of which was assumed by Scentre Group.

(vii) Ms Whelan's rights were forfeited on her departure from the Group. The market value of those rights as at 14 October 2019 was $2,384,059 based on the closing price of Scentre Group's securities of $3.96.

11.7 Remuneration governance framework

Board
Responsible for setting and overseeing the implementation of the remuneration policy

Human Resources Committee

Assists the Board by overseeing human resources policies and remuneration practices to ensure executives are rewarded fairly and responsibly having regard to the performance of Scentre Group.

The Committee is responsible for oversight of, and where appropriate makes recommendations to the Board on:

- Human resources strategies and practices generally, including executive remuneration policies and practices.
- Remuneration packages for the executive KMP. The Committee also reviews the CEO's recommendations on the remuneration packages for the senior executive team.
- The Group's equity linked performance plans.
- Succession planning, capability and talent development for the senior executive team.
- Policies that promote and support equal opportunity, diversity and inclusion within the Group.
- Termination entitlements of executive KMP.
- Fees for non-executive Directors.

The Committee is comprised of 4 independent non-executive Directors: Andrew Harmos (Chairman), Aliza Knox, Margaret Seale and Steven Leigh (appointed effective 1 January 2020).

Management

Makes recommendations to the Committee regarding the Group's remuneration and human resources policies and framework.

External Advisers

The Committee is authorised to utilise the services of specialist human resources and remuneration consultants to provide advice regarding:

- Senior executive remuneration levels.
- Market trends and benchmarking.
- Human resources policies.
- Succession planning.
- Learning and organisational development.

Protocols have also been established for the engagement of remuneration consultants and the provision of remuneration recommendations free of undue influence from management.

During the year the Committee utilised the services of consultants to obtain information on market trends and benchmarking.

(a) Minimum securityholding

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

Executive KMP are required to maintain a minimum holding of securities that is at least a one-time multiple of their fixed remuneration (before tax). New executive KMP have 3 years to meet the requirement from the date of appointment. Performance rights are not included in the calculation of the minimum holding of securities.

To underpin the alignment of Directors and securityholders, non-executive Directors are required to maintain a minimum holding of securities equal to one year's base board fees. Non-executive Directors who were Directors at the date of the introduction of the policy in 2016 had until August 2019 to meet the requirement. New non-executive Directors have 3 years from the date of appointment to meet this requirement.

Details of Directors' security holdings are set out in section 8.2 of the Directors' Report.

(b) Consequence management: Governance

Our Code of Conduct and our DNA guide the way that our employees are expected to conduct themselves on a day to day basis and there are consequences for anyone who fails to meet these standards. Consequences include requirements to undergo further training, formal warnings and termination. In 2019 there were 39 incidents that resulted in formal consequences. In summary:

- for 24 matters, the outcome was termination of employment.
- there was one resignation.
- for 13 matters, 9 written and 4 verbal warnings were issued.
- there is one ongoing investigation.

(c) Performance rights plan: Governance

(i) STAR plan: key elements

Element	Description
What is the purpose of the STAR plan?	The purpose of the STAR plan is to reward executives against the achievement of KPIs. Each executive's KPIs are set annually with the purpose of motivating that executive to achieve performance objectives which will contribute to the short and longer term success of the Group.
Who is eligible to participate in the STAR plan?	The STAR is a broader based plan than the LTAR, with 88 executives participating in the plan. Executive KMP, other members of the senior executive team and high performing executives participate in the STAR plan.
What is the maximum STAR opportunity as a percentage of fixed remuneration?	The maximum STAR opportunity for each executive KMP is 150% of fixed remuneration. Potential maximum STARs will only be awarded in exceptional circumstances where an executive has significantly exceeded their KPIs.
How is the STAR delivered?	For senior executives in the STAR, 70% of the STAR is paid in cash with the balance (30%) delivered as performance rights which are eligible to vest at the end of year 3. There are no additional performance hurdles.
What are the STAR performance measures?	KPIs are established each year under a performance review and development system. KPIs are designed to measure both financial and non-financial performance. The objectives vary according to the role of the executive and typically relate to development, construction, retail management, corporate or strategic targets. Non-financial objectives include measures that underpin the growth and sustainability of our business including our DNA, customer experience, retailer partnerships, community engagement, risk management, safety, diversity and inclusion and organisational capabilities including innovation.
How is performance against KPIs assessed?	The actual STAR awarded to an executive in respect of a financial year is determined by reference to the performance of the executive against the agreed KPIs, the corporate performance of the Group and any other aspect of the executive's performance which is considered relevant in the context of the review.
What are the performance weightings?	Performance weightings for the executive KMP are as follows:

	Financial	Non-financial
CEO	65%	35%
CFO	75%	25%

(ii) LTAR plan: key elements

Element	Description
What is the purpose of the LTAR plan?	The LTAR plan is designed to encourage and reward superior performance by members of the senior executive team emphasising the strategic leadership role of that team. Through the LTAR plan, participants are provided with a benefit aligned with the interests of securityholders. Through a combination of performance hurdles (which are determined annually by the Board) and a 3 – 4 year vesting period, the Group aims to incentivise achievement of targeted objectives and assist in the retention of the executive KMP and other members of the senior executive team for an extended period.
Who is eligible to participate in the LTAR plan?	Only members of the senior executive team participate in the LTAR plan, with 18 executives participating in the plan.
What is the LTAR grant opportunity as a percentage of fixed remuneration?	CEO: 155% CFO: 100%
What were the 2019 LTAR performance hurdles?	For 2019, the performance hurdles were initially determined as a development return hurdle and ROCE, which are described below. In 2019, the proposed redevelopment of Westfield Innaloo was deferred in light of the acquisition of a 50% interest in Westfield Booragoon, its future development potential and realignment of the Group's Perth portfolio. Consequently, no major developments for the purpose of the development return hurdle commenced during the year. In the absence of any major development, the Board reviewed the hurdles and determined that ROCE should be the sole hurdle under the 2019 LTAR with 100% weighting.

What were the 2019 LTAR performance hurdles? (continued)	**Development return hurdle (25% weighting)** The development return hurdle is designed to measure the actual incremental yield that has been generated through the completion of major developments (over $50 million) compared to Board approved feasibilities. Major developments that commenced in the relevant year have Board approved feasibilities including the annual impact of the forecast incremental NOI. The forecast incremental NOI for these projects in the year of measurement will be aggregated and a yield calculated based on the Board approved development cost for the projects. At the end of the year of measurement, the actual incremental NOI from these projects will be aggregated and a yield calculated based on the actual development cost. These two yields will then be compared and, based on a graduated table, the percentage of LTAR that will vest will be calculated. The hurdle will be achieved at 100% if the forecast yield is met. The hurdle allows for incremental increases and decreases depending on actual achieved yield. Achievement below forecast yield will result in a reduction of the percentage of vesting. Vesting will be reduced by 10% for each incremental 0.2% lower than target yield until 85% of the target yield. Where the development return is below 85% of target yield, there will be zero vesting. Vesting will increase by 5% for every incremental 0.2% above target yield, with a cap of 125% vesting. **ROCE hurdle (75% weighting)** The Group's ROCE is a two-factor measurement and is calculated by applying FFO for the relevant financial year as a percentage of the Group's weighted average contributed equity during the year. By combining two different performance measures, the ROCE calculation is aligned to the level of returns generated on securityholder equity through a combination of improving earnings and capital management. The ROCE hurdle operates on a graduated scale which is approved by the Board prior to awards being granted under the plan. Performance against the ROCE hurdle will be measured by reference to ROCE achieved in year three of the vesting period. Achievement of the ROCE component of the 2019 LTAR will be measured at the end of 2021 and published in the 2021 Annual Report. The Group does not publish details of the ROCE hurdle prior to the year in which it is tested (year 3) as this would result in the disclosure of commercially sensitive information in connection with the Group's forecast of growth in FFO and the amount of contributed equity. The hurdle will be achieved at 100% if the target ROCE is met. Again, the hurdle allows for incremental increases or decreases depending on actual achieved ROCE. Achievement below target ROCE will result in a reduction of the percentage of vesting. A 0.21% reduction below target ROCE will result in 50% vesting with any reduction over 0.3% resulting in zero vesting. A 0.5% increase in ROCE will result in vesting at the cap of 125%.
Did the Board consider any alternative hurdles to ROCE?	Yes. In its review, the Board again considered whether a TSR measure is appropriate for the Group. The Board's view remains that performance hurdles should focus on the fundamentals of the Group's business and linked to factors within the control of the Group and management to deliver. The value of the rights granted under the STAR and LTAR increase or decrease depending on the security price, providing alignment with securityholder returns as do the associated deferral requirements (being a minimum of 3 years) under the STAR and LTAR and the substantial equity holdings which executive KMP are required to maintain.
What was the level of vesting?	The ROCE hurdle will be measured at the end of year 3 (2021).
What performance/vesting period applies to the LTAR awards?	The awards issued under the LTAR plan are confirmed at the end of the vesting period in 2 tranches with 50% vesting at the end of year 3 and 50% at the end of year 4.
How is performance against the LTAR hurdles assessed?	Vesting in relation to a particular hurdle will occur if the measures in relation to that hurdle are achieved. Actual performance against the hurdles which apply determines the final number of awards the executive will receive at the end of the vesting period. If full qualification for awards is not achieved, there is no provision in the plan for re-testing those hurdles in subsequent years.
Can the LTAR hurdles be adjusted?	Yes. The Board reserves the right to adjust performance hurdles under the LTAR plan to reflect the impact of any capital transaction occurring during the performance period (for example: a significant equity issue, a buy-back of securities, or the sale or joint venture of a material part of the portfolio).
Will the 2020 LTAR hurdles change from 2019?	The Board has determined to retain the two hurdles for 2020 with the planned commencement of the redevelopment of Westfield Knox in Melbourne and the development at Market Street, Sydney which will expand Westfield Sydney as a world class retail destination and the city's home of luxury. Strategic major developments will continue to be a significant driver of growth for the Group and the Board will continue to review the ongoing appropriateness and weightings of the LTAR measures generally and having regard to the likelihood of fewer major developments in the future. If there are no planned major developments in a year, absent any alternative appropriate measure the Board intends that ROCE should be the sole hurdle under the LTAR with 100% weighting.

(iii) STAR and LTAR: Deferred equity

The Group's Performance Rights Plan governs the grant of deferred equity under the STAR and LTAR plans. The common features are outlined below.

Element	Description
Are there common rules under the STAR plan and LTAR plan?	Yes. The Group's Performance Rights Plan governs the grants of awards of deferred equity under the STAR plan and the LTAR plan. Having a common set of rules enables the grant of deferred equity under those plans to be administered on a consistent basis across participating executives.
What are the mechanics of the Performance Rights Plan?	Under the Performance Rights Plan, on maturity, the executive is entitled to receive, at the election of Scentre Group and for no further consideration, either: – one Scentre Group security for each performance right; or – a cash payment to the same value. The relevant common features of both plans are as follows: – based on principles and remuneration bands approved by the Board, participating executives earn the opportunity to participate in a plan and are informed of a dollar amount in relation to their participation at the beginning of each financial year in which they are offered participation. – the number of rights to be allocated is determined using the face value of Scentre Group securities, adjusted for the estimated value (based on the Group's published 1-year forecast) of distributions that may be paid on stapled securities during the vesting period. – assuming the executive remains employed by the Group through the vesting period and any applicable performance hurdles are satisfied, the executive will receive either Scentre Group securities or a cash pay-out equal to the capital value of the securities represented by the rights. The maximum level of vesting under the LTAR plan is described in "What were the 2019 LTAR performance hurdles?".
Are distributions paid during the vesting period?	Participants in the Performance Rights Plan only receive distributions on securities following vesting. As noted above, the number of rights to be allocated is determined using the face value of Scentre Group securities, adjusted for the estimated value (based on the Group's published 1-year forecast) of distributions that may be paid on stapled securities during the vesting period. No adjustments are made in relation to actual distributions paid.
How are securities delivered under the STAR and LTAR?	Where rights are settled with securities, the Group settles the rights with securities that have been acquired on-market and transfers the securities to executives.
Is the CEO grant of performance rights subject to securityholder approval?	Yes. Approval for the grant of 2020 performance rights to the CEO will be sought at the AGM on 8 April 2020. As the grant of our CEO's 2019 performance rights under the FY19 LTAR (based on the two hurdles) was approved by securityholders at our 2019 AGM, we will be requesting securityholder approval at our 2020 AGM that the FY19 LTAR hurdles be adjusted to be ROCE (to be measured in 2021) with 100% weighting.
Can retention awards be issued without hurdles?	No. All STARs and LTARs issued by the Group are subject to performance hurdles.
What happens if an executive KMP leaves the Group?	These arrangements are described in section 11.8.
What happens if there is a change of control?	Performance rights do not vest automatically as a consequence of a control transaction or a corporate restructuring. In relation to control transactions, the Board retains the discretion to accelerate the vesting date for rights issued under the plans in such circumstances.
Are there any clawback or malus provisions for at risk remuneration?	The plans contain provisions for the lapsing of unvested rights in several circumstances including if an executive engages in any act or omission constituting serious misconduct or where the Group forms the opinion, based on reasonable grounds, that the executive has committed any fraud, dishonesty or defalcation in relation to the Group.
Are there any other forfeiture events?	Unvested performance rights will also lapse in the event of a participant: – resigning or being terminated for cause; – becoming bankrupt or committing an act of bankruptcy; or – failing to comply with a "Competition and Confidentiality Condition" (being standard confidentiality, non-compete and non-solicitation conditions).
What is the hedging policy?	Participants in the plans are prohibited from entering into hedging arrangements in respect of unvested rights (or rights the subject of a holding lock) in any plan.

11.8 Executive KMP service agreements

The key terms of the service agreements for our executive KMP (and former executive KMP) are summarised below. The service agreement for Peter Allen is a continuing arrangement inherited from the Westfield Group and dates from September 2009. The agreements for each of Mark Bloom and Greg Miles were also on the same basis.

Service Agreement	Term
Contract term	No fixed term
Notice period by employee and employer	Employee: 3 months Employer: 1 month
Details of any post employment restraints	Where permitted by law, the Group imposes a further requirement that, following retirement, the executive complies with certain continuing non-compete obligations which, if not satisfied, will result in forfeiture of all unvested rights

Set out below is a summary of termination payments and treatment of the STAR and LTAR on an executive KMP leaving the Group's employment. These provisions apply to each executive KMP. The provisions of the service agreements are subject to the Corporations Act 2001. In certain circumstances, payment of the entitlements summarised below may require the approval of securityholders.

Event	Termination payment	Treatment of STAR (cash)	Treatment of STAR and LTAR (deferred equity)
Resignation and termination for cause	– Accrued statutory entitlements	– Payment of a pro-rata bonus for the relevant year may be considered in exceptional circumstances	– All unvested entitlements under the Group's performance rights plan are forfeited, without payment, on termination
Redundancy or termination by the Group (other than for cause) These provisions apply to the service agreement for Peter Allen. They also applied to former executive KMP, being Mark Bloom and Greg Miles	– Accrued statutory entitlements – Payment between 12 and 24 months fixed remuneration depending on the length of service of the executive plus one month's salary in lieu of notice	– Pro-rata performance bonus to the date of termination	– Where redundancy or termination occurs more than one year prior to the end of the relevant performance period, a pro-rata vesting applies up to the date of termination. Awards of performance rights which have less than one year to the end of the relevant performance period vest in full (excluding any rights which lapsed because of a failure to satisfy a performance hurdle). Rights that have been granted for less than 6 months lapse
Redundancy or termination by the Group (other than for cause) These provisions apply to the service agreement for Elliott Rusanow. They also applied to a former executive KMP, being Cynthia Whelan	– Accrued statutory entitlements – Payment of a maximum of 12 months fixed remuneration inclusive of one month's salary in lieu of notice	– Pro-rata performance bonus to the date of termination	– Where redundancy or termination occurs more than one year prior to the end of the relevant performance period, a pro-rata vesting applies up to the date of termination. Awards of performance rights which have less than one year to the end of the relevant performance period vest in full (excluding any rights which lapsed because of a failure to satisfy a performance hurdle). Rights that have been granted for less than 6 months lapse
Death or permanent disability	– Accrued statutory entitlements	– Pro-rata performance bonus to the date of termination	– Full vesting of outstanding performance rights (excluding any rights which lapsed because of a failure to satisfy a performance hurdle)
Retirement (provided an executive has reached the age of 55 years or the aggregate of the age of the participant and the number of years in service is equal to or greater than 70 and, in each case, the executive has at least 5 years continuous service)	– Accrued statutory entitlements – The Board retains the discretion to pay up to 12 months fixed remuneration in recognition of past services rendered	– Pro-rata performance bonus to the date of termination	– The executive will continue in the plans until the date of vesting in respect of performance rights granted at least 6 months prior to the date of termination (excluding any rights which lapsed because of a failure to satisfy a performance hurdle) – In circumstances where continued participation in the plan is not permitted under the terms of the plan, the executive is entitled to a cash payment from the Group equivalent to the amount that would have been received had the executive been permitted to continue in the plan

11.9 Non-executive Director fees

The remuneration of the non-executive Directors is determined by the Board (within a total limit set by securityholders) acting on recommendations made by the Human Resources Committee. In making recommendations to the Board, the Human Resources Committee considers independent advice on trends in non-executive director remuneration.

The aggregate pool available for payment of fees to non-executive Directors is currently $3.5 million. At the date of this report, actual aggregate fees are $2,268,250.

Non-executive Director remuneration comprises a base fee (which is inclusive of superannuation guarantee contributions) and where relevant, a Committee fee, with a higher fee for the role of Committee chair. Reimbursement is made for out of pocket expenses. No other bonuses or benefits are paid either during the tenure of a non-executive Director or on retirement. Non-executive Directors do not participate in the Group's STAR or LTAR plans.

Board fees	Chairman	Non-Executive Director
Board	$717,500	$210,125

Committee Fees	Chairman	Committee member
Audit and Risk Committee	$60,000	$40,000
Human Resources Committee	$60,000	$40,000
Nomination Committee	$15,000	$10,000

The base Board fee paid to the Chairman is inclusive of Committee fees. The Chairman is also Chair of the Nomination Committee for which he does not receive a Committee Chair fee. The fees paid to the non-executive Directors for 2019 are set out below.

	Year	Total Fees
Non-executive Director		
Brian Schwartz	**2019**	**717,500**
	2018	717,500
Andrew Harmos	**2019**	**280,125**
	2018	280,125
Michael Ihlein	**2019**	**280,125**
	2018	280,125
Carolyn Kay	**2019**	**250,125**
	2018	250,125
Aliza Knox	**2019**	**245,125**
	2018	240,125
Steven Leigh (appointed 4 April 2019)	**2019**	**156,011**
	2018	–
Steven Lowy (retired 4 April 2019)	**2019**	**54,114**
	2018	210,125
Margaret Seale	**2019**	**285,125**
	2018	280,125

There is no increase to base Board fees for 2020. The fees paid to Committee members (excluding the Chair) of the Human Resources Committee were increased in 2019. The increase of $10,000 is to take effect over a two-year period ($5,000 per year) commencing 1 January 2019 to be commensurate to fees paid to Committee members of the Audit and Risk Committee and reflective of the increasing workload and time commitment required of the Committee. The membership of the Board Committees is described in section 8.3 of the Directors' Report.

12. ASIC DISCLOSURES

Rounding

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. Accordingly, the amounts shown in the Directors' Report, the Financial Statements and Notes to the Financial Statements have been rounded to the nearest tenth of a million dollars, unless otherwise indicated. Amounts shown as 0.0 represent amounts less than $50,000 that have been rounded down.

Synchronisation of financial year

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

13. ASX LISTING

ASX reserves the right (but without limiting its absolute discretion) to remove Scentre Group Limited, Scentre Group Trust 1, Scentre Group Trust 2 and Scentre Group Trust 3 from the official list of the ASX if any of the shares or units comprising those stapled securities cease to be stapled together, or any equity securities are issued by a Scentre Group entity which are not stapled to the equivalent securities in the other entities.

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

Brian Schwartz AM
Chairman

18 February 2020

Michael Ihlein
Director

Independent Auditor's Report

TO THE SHAREHOLDERS OF SCENTRE GROUP LIMITED

EY
Building a better working world

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Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Scentre Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated balance sheet as at 31 December 2019, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration.

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

(i) giving a true and fair view of the Group's consolidated financial position as at 31 December 2019 and of its consolidated financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

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

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

Shopping Centre Investment Property Portfolio – Carrying values and revaluations

Why significant	*How our audit addressed the key audit matter*

The Group holds economic interests in shopping centre investment properties which are carried at a fair value of $38.2 billion at 31 December 2019. These include shopping centres recorded directly in the consolidated balance sheet as investment properties and indirectly through equity accounted investments as disclosed in Note 2 of the financial report. Collectively they represent 95% of total assets.
 	
Fair values were determined by the Group at the end of the reporting period with changes in fair value recognised in the income statement.
 	
We considered this to be a key audit matter as property valuations are based on certain assumptions, such as capitalisation rates, market rent, occupancy levels, re-leasing and capital expenditure, which are judgmental in nature. Minor changes in certain assumptions can lead to significant changes in the valuation.
 	
Note 3 of the financial report discloses the sensitivity of these valuations to changes in key assumptions.
 	
Note 3 of the financial report describes the accounting policy for these assets.
	Our audit procedures included the following:
	
	– We assessed the effectiveness of the Group's controls over the leasing process and associated schedule of tenancy reports which are used as source data in the property valuations by testing a sample of the relevant controls.
	
	– We assessed net income, lease expiry and vacancy assumptions adopted in the valuation to the schedule of tenancy reports, lease expiry profile and vacancy levels of the underlying asset in considering the reasonableness of the assumptions adopted in the valuation, including re-leasing and capital expenditure requirement assumptions. Where available we corroborated these assumptions to supporting lease documentation or external market data.
	
	– We involved our real estate valuation specialists to assist with:
	  – the assessment of capitalisation rates adopted across the portfolio; and
	  – the review and assessment of the property valuations for a sample of properties based on size, geographical location and other property valuation specific risk factors.
	
	– Where relevant we assessed the reasonableness of comparable transactions utilised by the Group in the valuation process.
	
	– We assessed the qualifications, competence and objectivity of the external valuers used by the Group.
	
	– We evaluated the suitability of the valuation methodology used across the portfolio and tested the valuation reports for mathematical accuracy.
	
	– We assessed the disclosures included in Note 3 of the financial report.

Property Development and Construction Revenue

Why significant	*How our audit addressed the key audit matter*

The Group recognised $397 million of property development and construction revenue for the year ended 31 December 2019.
 	
As set out in Note 2 of the Financial Report, property development and construction revenue is recognised on a percentage of completion basis as construction progresses. The percentage of completion is determined based on the proportion of contract costs incurred to date and the estimated costs to complete.
 	
Contractual arrangements may give rise to uncertain positions which are factored into the estimated costs to complete and percentage of completion. These arrangements require consideration at each balance sheet date as to the Group's view of the most probable outcome and reliability with which an outcome can be quantified.
 	
The determination of the costs to complete impacts the value and timing of revenue and profit recognised over the life of the project, and it is an estimate that requires significant judgment.
	Our audit procedures included the following:
	– We assessed the effectiveness of the Group's controls and processes for accumulating property development and construction costs, for estimating costs to complete of development projects and for revenue recognition.
	– We selected a sample of projects based on size and significance and performed the following:
	  – Conducted a visit to the project site or reviewed management reporting and held discussions with corporate and development executives to understand the progress of developments, any material scope variations and risks and opportunities against feasibility reports.
	  – Where applicable, for new projects, we inspected initial approved project feasibility reports and assessed the assumptions used in forecasting project revenues to development contracts and cost estimates to supplier contracts and cost estimates.
	  – Reviewed ongoing project feasibility reports against budget and historical performance to evaluate the reasonableness of changes to feasibility revenue and cost assumptions. Where material changes to revenue and cost assumptions occurred, we agreed changes to contract variations and estimated costs to complete analysis.
	  – Assessed the recoverability of project development spend by comparing total project estimated costs to complete against future expected contracted billings.
	  – Obtained quantity surveyor reports to benchmark costs to date, percentage completion and costs to complete assumptions. Additionally, we assessed the qualification and competency of the quantity surveyors.
	  – Assessed whether inputs to the revenue calculation are appropriate and recalculated the revenue recognised in accordance with the recognition criteria set out in Australian Accounting Standards.
	  – Reviewed contract terms in order to understand if there are any specific contractual obligations that would impact revenue recognition under AASB 15 *Revenue from Contracts with Customers*.
	  – We also evaluated payments made after the reporting date in order to assess whether costs were accrued in the correct reporting period.

Information other than the Financial Report and Auditor's Report

The Directors are responsible for the other information. The other information comprises the information in the Group's Annual Report for the year ended 31 December 2019, but does not include the financial report and the auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

We are also required to provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 21 to 40 of the Directors' Report for the year ended 31 December 2019.

In our opinion, the Remuneration Report of Scentre Group Limited for the year ended 31 December 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Ernst & Young

Ernst & Young

Megan Wilson

Megan Wilson
Partner

Sydney, 18 February 2020

Liability limited by a scheme approved under Professional Standards Legislation.

Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	**31 Dec 19 $million**	31 Dec 18 $million
Revenue			
Property revenue		**2,160.9**	2,149.2
Property development and construction revenue		**396.8**	429.7
Property management income		**58.7**	56.2
		2,616.4	2,635.1
Expenses			
Property expenses, outgoings and other costs		**(476.3)**	(476.3)
Property development and construction costs		**(315.9)**	(344.4)
Property management costs		**(10.0)**	(10.1)
Overheads		**(88.1)**	(85.9)
		(890.3)	(916.7)
Share of after tax profits of equity accounted entities			
Property revenue		**217.3**	209.2
Property expenses, outgoings and other costs		**(53.5)**	(49.1)
Net interest income		**0.1**	0.1
Property revaluations		**(32.6)**	87.2
Tax expense		**(11.4)**	(12.5)
	5(a)	**119.9**	234.9
Interest income		**4.6**	3.1
Currency gain/(loss)	11	**15.4**	(29.7)
Financing costs	12	**(622.8)**	(685.1)
Gain in respect of capital transactions	13	**120.6**	40.1
Property revaluations		**(119.3)**	1,060.5
Profit before tax		**1,244.5**	2,342.2
Tax expense	6(a)	**(56.9)**	(46.3)
Profit after tax for the period		**1,187.6**	2,295.9
Profit after tax for the period attributable to:			
– Members of Scentre Group		**1,179.5**	2,287.2
– External non controlling interests		**8.1**	8.7
Profit after tax for the period		**1,187.6**	2,295.9

		cents	cents
Basic earnings per stapled security attributable to members of Scentre Group	10(a)	**22.30**	43.10
Diluted earnings per stapled security attributable to members of Scentre Group	10(a)	**22.23**	42.97

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2019

	31 Dec 19 $million	31 Dec 18 $million
Profit after tax for the period	**1,187.6**	2,295.9
Other comprehensive income		
Movement in foreign currency translation reserve [(i)]		
– Realised and unrealised differences on the translation of investment in foreign operations	**3.1**	26.1
– Accumulated exchange differences transferred from foreign currency translation reserve on realisation of net investment in foreign operations	**–**	(0.7)
Total comprehensive income for the period	**1,190.7**	2,321.3
Total comprehensive income attributable to:		
– Members of Scentre Group [(ii)]	**1,182.6**	2,312.6
– External non controlling interests	**8.1**	8.7
Total comprehensive income for the period	**1,190.7**	2,321.3

(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 SGT1, SGT2 and 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 $172.8 million (31 December 2018: $195.0 million) attributable to SGL members and $1,009.8 million (31 December 2018: $2,117.6 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 $1,007.0 million (31 December 2018: $2,093.2 million), realised and unrealised differences on the translation of investment in foreign operations of $2.8 million (31 December 2018: $25.1 million) and accumulated exchange differences transferred from foreign currency translation reserve on realisation of net investment in foreign operations of nil (31 December 2018: $0.7 million).

Balance Sheet

AS AT 31 DECEMBER 2019

	Note	31 Dec 19 $million	31 Dec 18 $million
Current assets			
Cash and cash equivalents	14(a)	**253.0**	206.1
Trade debtors		**40.0**	36.2
Derivative assets	17(a)	**94.6**	221.6
Receivables		**228.5**	242.9
Other current assets		**62.9**	65.8
Total current assets		**679.0**	772.6
Non current assets			
Investment properties	3	**34,855.3**	36,044.8
Equity accounted investments	5(b)	**3,184.6**	2,966.2
Derivative assets	17(a)	**907.2**	892.2
Plant and equipment		**46.7**	44.6
Deferred tax assets	6(b)	**32.7**	54.8
Right-of-use asset	31(a)	**82.4**	–
Other non current assets		**95.5**	99.8
Total non current assets		**39,204.4**	40,102.4
Total assets		**39,883.4**	40,875.0
Current liabilities			
Trade creditors		**307.6**	327.2
Payables and other creditors		**671.9**	793.2
Interest bearing liabilities	15	**1,713.6**	1,945.0
Tax payable		**8.9**	14.5
Lease liabilities	31(b)	**9.7**	0.5
Derivative liabilities	17(b)	**15.8**	12.3
Total current liabilities		**2,727.5**	3,092.7
Non current liabilities			
Payables and other creditors		**31.7**	27.6
Interest bearing liabilities	15	**12,106.1**	12,657.7
Other financial liabilities	16	**689.0**	696.9
Deferred tax liabilities	6(c)	**104.1**	107.7
Lease liabilities	31(b)	**120.1**	39.9
Derivative liabilities	17(b)	**557.0**	386.7
Total non current liabilities		**13,608.0**	13,916.5
Total liabilities		**16,335.5**	17,009.2
Net assets		**23,547.9**	23,865.8
Equity attributable to members of Scentre Group			
Contributed equity	18(b)	**10,164.0**	10,465.1
Reserves	19	**118.3**	108.7
Retained profits	20	**13,056.3**	13,063.9
Total equity attributable to members of Scentre Group		**23,338.6**	23,637.7
Equity attributable to external non controlling interests			
Contributed equity		**70.3**	75.9
Retained profits		**139.0**	152.2
Total equity attributable to external non controlling interests		**209.3**	228.1
Total equity		**23,547.9**	23,865.8

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2019

	Contributed Equity $million	Reserves $million	Retained Profits $million	31 Dec 19 Total $million	Contributed Equity $million	Reserves $million	Retained Profits $million	31 Dec 18 Total $million
Changes in equity attributable to members of Scentre Group								
Balance at the beginning of the period, as reported	**10,465.1**	**108.7**	**13,063.9**	**23,637.7**	10,495.2	86.6	11,952.1	22,533.9
– Impact of changes in accounting standards (i) (ii)	**–**	**–**	**–**	**–**	–	–	(10.3)	(10.3)
Adjusted balance at the beginning of the period	**10,465.1**	**108.7**	**13,063.9**	**23,637.7**	10,495.2	86.6	11,941.8	22,523.6
– Profit after tax for the period (iii)	**–**	**–**	**1,179.5**	**1,179.5**	–	–	2,287.2	2,287.2
– Other comprehensive income (iii) (iv)	**–**	**3.1**	**–**	**3.1**	–	25.4	–	25.4
Transactions with owners in their capacity as owners								
– Movement in contributed equity (v)	**(301.1)**	**–**	**–**	**(301.1)**	(30.1)	–	–	(30.1)
– Movement in employee share plan benefits reserve	**–**	**6.5**	**–**	**6.5**	–	(3.3)	–	(3.3)
– Dividends/distributions paid or provided for	**–**	**–**	**(1,187.1)**	**(1,187.1)**	–	–	(1,165.1)	(1,165.1)
Closing balance of equity attributable to members of Scentre Group	**10,164.0**	**118.3**	**13,056.3**	**23,338.6**	10,465.1	108.7	13,063.9	23,637.7
Changes in equity attributable to external non controlling interests								
Balance at the beginning of the period	**75.9**	**–**	**152.2**	**228.1**	81.5	–	165.9	247.4
Profit after tax for the period attributable to external non controlling interests (iii)	**–**	**–**	**8.1**	**8.1**	–	–	8.7	8.7
Distributions paid or provided for	**–**	**–**	**(9.9)**	**(9.9)**	–	–	(10.8)	(10.8)
Decrease in external non controlling interest	**(5.6)**	**–**	**(11.4)**	**(17.0)**	(5.6)	–	(11.6)	(17.2)
Closing balance of equity attributable to external non controlling interests	**70.3**	**–**	**139.0**	**209.3**	75.9	–	152.2	228.1
Total equity	**10,234.3**	**118.3**	**13,195.3**	**23,547.9**	10,541.0	108.7	13,216.1	23,865.8

(i) From 1 January 2018, the Group adopted AASB 15 Revenue from Contracts with Customers on a modified retrospective basis. This resulted in a charge of $2.9 million to retained profits as at 1 January 2018, being the cumulative effect on initial application of the standard.

(ii) From 1 January 2018, the Group adopted AASB 9 Financial Instruments. This resulted in a charge of $7.4 million to retained profits as at 1 January 2018, being the cumulative effect on initial application of the standard.

(iii) Total comprehensive income for the period amounts to $1,190.7 million (31 December 2018: $2,321.3 million).

(iv) Movement in reserves attributable to members of SGT1, SGT2 and SGT3 comprises realised and unrealised differences on the translation of investment in foreign operations of $2.8 million (31 December 2018: $25.1 million) and accumulated exchange differences transferred from foreign currency translation reserve on realisation of net investment in foreign operations of nil (31 December 2018: $0.7 million).

(v) Movement in contributed equity comprises the buy-back and cancellation of securities and associated costs of $303.6 million (31 December 2018: $30.1 million) offset by the impact of securities transferred to executives and which were previously held by the Scentre Executive Option Plan Trust of $2.5 million (31 December 2018: nil).

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	**31 Dec 19 $million**	31 Dec 18 $million
Cash flows from operating activities			
Receipts in the course of operations (including Goods and Services Tax (GST))		**2,931.3**	2,940.8
Payments in the course of operations (including GST)		**(962.2)**	(952.9)
Dividends/distributions received from equity accounted entities		**107.8**	102.3
Net operating cash flows retained by equity accounted entities		**22.6**	23.4
Income and withholding taxes paid		**(41.0)**	(66.6)
GST paid		**(219.8)**	(222.9)
Payments of financing costs (excluding interest capitalised)		**(520.2)**	(504.5)
Interest received		**4.6**	3.1
Net cash flows from operating activities – proportionate [(i)]		**1,323.1**	1,322.7
Less: net operating cash flows retained by equity accounted entities		**(22.6)**	(23.4)
Net cash flows from operating activities	14(b)	**1,300.5**	1,299.3
Cash flows from investing activities			
Capital expenditure		**(335.4)**	(749.0)
Proceeds from the sale of assets		**2,098.5**	90.6
Payments relating to the sale of assets		**(49.9)**	(29.5)
Tax paid on the sale of assets		**(2.8)**	–
Acquisition of investment properties		**(624.8)**	(774.0)
Acquisition of listed securities		**(12.9)**	(15.8)
Net outflows for investments in equity accounted entities		**(216.3)**	(167.3)
Purchase of plant and equipment		**(22.7)**	(27.1)
Financing costs capitalised to qualifying development projects and construction in progress		**(21.6)**	(43.0)
Net cash flows from/(used in) investing activities		**812.1**	(1,715.1)
Cash flows from financing activities			
Buy-back of securities and associated costs		**(303.6)**	(30.1)
Net proceeds from/(repayment of) interest bearing liabilities and lease liabilities	14(c)	**(564.8)**	1,652.7
Dividends/distributions paid		**(1,187.1)**	(1,165.1)
Distributions paid by controlled entities to external non controlling interests		**(10.2)**	(11.8)
Net cash flows from/(used in) financing activities		**(2,065.7)**	445.7
Net increase in cash and cash equivalents held		**46.9**	29.9
Add opening cash and cash equivalents brought forward		**206.1**	174.0
Effects of exchange rate changes on opening cash and cash equivalents brought forward		**–**	2.2
Cash and cash equivalents at the end of the period [(ii)]	14(a)	**253.0**	206.1

(i) Proportionate cash flows from operating activities includes total operating cash flows from consolidated and equity accounted entities.

(ii) Cash and cash equivalents comprises cash of $253.0 million (31 December 2018: $206.1 million) net of bank overdraft of nil (31 December 2018: nil).

Index of Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

(a) Corporate information

This financial report of Scentre Group (Group), comprising Scentre Group Limited (Parent Company) and its controlled entities, for the year ended 31 December 2019 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 and 2019 Results Overview.

(b) Accounting for the Group

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

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

(c) Statement of Compliance

This financial report complies with Australian Accounting Standards and International Financial Reporting Standards issued by the International Accounting Standards Board. The accounting policies adopted are consistent with those of the previous financial year except that the Group has adopted the following new or amended standards which became applicable on 1 January 2019:

– AASB 16 Leases

– AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures

– AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle

– AASB Interpretation 23 Uncertainty over Income Tax Treatments, and relevant amending standards

For the financial period, the adoption of these amended standards and interpretation has no material impact on the financial statements of the Group.

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the year ended 31 December 2019. The impact of these new standards or amendments to the standards (to the extent relevant to the Group) and interpretations is as follows:

– AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business (effective from 1 January 2020)
  This amends AASB 3 – Business Combinations to clarify the definition of a business, assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. This amendment is not expected to have a significant impact on the financial statements on application.

– AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material (effective from 1 January 2020)
  This amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, to clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. This amendment 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.

(d) Basis of Accounting

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

This financial report is presented in Australian dollars.

(e) Significant accounting judgements, estimates and assumptions

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

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements, in particular, Note 2: Segment reporting, Note 3: Investment properties, Note 4: Details of shopping centre investments, Note 28: Fair value of financial assets and liabilities and Note 29: Other significant accounting policies. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the Group's financial results or its financial position in future periods.

(f) Comparative information

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

(g) Rounding

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

NOTE 2 SEGMENT REPORTING

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

(a) Property 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.

NOTE 2 SEGMENT REPORTING (CONTINUED)

(i) Operating segment information

	Property investment $million	Property management and construction $million	31 Dec 19 $million	Property investment $million	Property management and construction $million	31 Dec 18 $million
Revenue						
Property revenue	**2,378.2**	**–**	**2,378.2**	2,358.4	–	2,358.4
Property development and construction revenue	**–**	**396.8**	**396.8**	–	429.7	429.7
Property management income	**–**	**58.7**	**58.7**	–	56.2	56.2
	2,378.2	**455.5**	**2,833.7**	2,358.4	485.9	2,844.3
Expenses						
Property expenses, outgoings and other costs	**(529.8)**	**–**	**(529.8)**	(525.4)	–	(525.4)
Property development and construction costs	**–**	**(315.9)**	**(315.9)**	–	(344.4)	(344.4)
Property management costs	**–**	**(10.0)**	**(10.0)**	–	(10.1)	(10.1)
	(529.8)	**(325.9)**	**(855.7)**	(525.4)	(354.5)	(879.9)
Segment income and expenses	**1,848.4**	**129.6**	**1,978.0**	1,833.0	131.4	1,964.4
Shopping centre investments	**37,542.8**	**–**	**37,542.8**	38,351.0	–	38,351.0
Development projects and construction in progress	**629.8**	**–**	**629.8**	750.1	–	750.1
Segment assets (i)	**38,172.6**	**–**	**38,172.6**	39,101.1	–	39,101.1

(i) Includes equity accounted segment assets of $3,317.3 million (31 December 2018: $3,056.3 million).

(ii) Geographic information – Total revenue

	Australia $million	New Zealand $million	31 Dec 19 $million	Australia $million	New Zealand $million	31 Dec 18 $million
Property revenue (i)	**2,271.7**	**106.5**	**2,378.2**	2,256.7	101.7	2,358.4
Property development and construction revenue (ii)	**158.2**	**238.6**	**396.8**	306.4	123.3	429.7
Property management income	**53.9**	**4.8**	**58.7**	51.8	4.4	56.2
Total revenue	**2,483.8**	**349.9**	**2,833.7**	2,614.9	229.4	2,844.3

(i) Includes recoveries of outgoings from lessees of $293.2 million (31 December 2018: $293.1 million).

(ii) Property development and construction revenue recognised during the year that was included in the contract liability balance (presented in current payables and other creditors on the balance sheet) at the beginning of the year, amounted to $97.0 million (31 December 2018: $83.6 million). No amounts were recognised during the current year that relate to performance obligations satisfied or partially satisfied in previous periods (31 December 2018: nil).

Receivables and contract liabilities from contracts with customers

As at 31 December 2019, receivables from contracts with customers amounted to $47.9 million (31 December 2018: $47.6 million) and contract liabilities from contracts with customers amounted to $56.2 million (31 December 2018: $107.4 million).

Transaction price allocated to the remaining performance obligations

As at 31 December 2019, the aggregate amount of the transaction price allocated to remaining performance obligations is $189.6 million (31 December 2018: $245.3 million). The Group will recognise this as revenue as property development and construction projects are completed, which is expected to occur over the next 6-24 months. These amounts do not include contracts that have an expected duration of one year or less and any portion of the transaction price that is variable and constrained.

(iii) Geographic information – Net property income

	Australia $million	New Zealand $million	31 Dec 19 $million	Australia $million	New Zealand $million	31 Dec 18 $million
Shopping centre base rent and other property income	**2,347.3**	**108.0**	**2,455.3**	2,323.2	103.0	2,426.2
Amortisation of tenant allowances	**(75.6)**	**(1.5)**	**(77.1)**	(66.5)	(1.3)	(67.8)
Property revenue	**2,271.7**	**106.5**	**2,378.2**	2,256.7	101.7	2,358.4
Property expenses, outgoings and other costs	**(504.2)**	**(25.6)**	**(529.8)**	(503.8)	(21.6)	(525.4)
Net property income	**1,767.5**	**80.9**	**1,848.4**	1,752.9	80.1	1,833.0

(iv) Geographic information – Non current assets

	Australia $million	New Zealand $million	31 Dec 19 $million	Australia $million	New Zealand $million	31 Dec 18 $million
Non current assets	**36,484.6**	**1,633.8**	**38,118.4**	37,739.0	1,347.5	39,086.5
Group non current assets			**1,086.0**			1,015.9
Total non current assets			**39,204.4**			40,102.4
Additions to segment non current assets during the period			**1,201.6**			1,705.8

NOTE 2 SEGMENT REPORTING (CONTINUED)

(v) Reconciliation of segment information

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

	Consolidated $million	Equity Accounted $million	31 Dec 19 $million	Consolidated $million	Equity Accounted $million	31 Dec 18 $million
Revenue						
Property revenue	**2,160.9**	**217.3**	**2,378.2**	2,149.2	209.2	2,358.4
Property development and construction revenue	**396.8**	**–**	**396.8**	429.7	–	429.7
Property management income	**58.7**	**–**	**58.7**	56.2	–	56.2
	2,616.4	**217.3**	**2,833.7**	2,635.1	209.2	2,844.3
Expenses						
Property expenses, outgoings and other costs	**(476.3)**	**(53.5)**	**(529.8)**	(476.3)	(49.1)	(525.4)
Property development and construction costs	**(315.9)**	**–**	**(315.9)**	(344.4)	–	(344.4)
Property management costs	**(10.0)**	**–**	**(10.0)**	(10.1)	–	(10.1)
	(802.2)	**(53.5)**	**(855.7)**	(830.8)	(49.1)	(879.9)
Segment income and expenses	**1,814.2**	**163.8**	**1,978.0**	1,804.3	160.1	1,964.4
Overheads			**(88.1)**			(85.9)
Interest income			**4.8**			3.3
Currency gain/(loss)			**15.4**			(29.7)
Financing costs			**(622.9)**			(685.2)
Gain in respect of capital transactions			**120.6**			40.1
Property revaluations			**(151.9)**			1,147.7
Tax expense – current			**(67.9)**			(60.6)
Tax benefit/(expense) – deferred			**(0.4)**			1.8
External non controlling interests			**(8.1)**			(8.7)
Net profit attributable to members of the Group (i)			**1,179.5**			2,287.2

(i) Net profit attributable to members of the Group was $1,179.5 million (31 December 2018: $2,287.2 million). Net profit after tax for the year which includes profit attributable to external non controlling interests of $8.1 million (31 December 2018: $8.7 million) was $1,187.6 million (31 December 2018: $2,295.9 million).

	Consolidated $million	Equity Accounted $million	31 Dec 19 $million	Consolidated $million	Equity Accounted $million	31 Dec 18 $million
Shopping centre investments	**34,301.8**	**3,241.0**	**37,542.8**	35,522.6	2,828.4	38,351.0
Development projects and construction in progress	**553.5**	**76.3**	**629.8**	522.2	227.9	750.1
Segment assets	**34,855.3**	**3,317.3**	**38,172.6**	36,044.8	3,056.3	39,101.1
Cash and cash equivalents	**253.0**	**8.0**	**261.0**	206.1	7.8	213.9
Deferred tax assets	**32.7**	**–**	**32.7**	54.8	–	54.8
Receivables on currency derivatives	**677.7**	**–**	**677.7**	920.2	–	920.2
Other assets	**880.1**	**10.8**	**890.9**	682.9	9.4	692.3
Total assets	**36,698.8**	**3,336.1**	**40,034.9**	37,908.8	3,073.5	40,982.3
Interest bearing liabilities						
– Current	**1,713.6**	**–**	**1,713.6**	1,945.0	–	1,945.0
– Non current	**12,106.1**	**–**	**12,106.1**	12,657.7	–	12,657.7
Lease liabilities	**129.8**	**0.4**	**130.2**	40.4	0.4	40.8
Other financial liabilities	**689.0**	**–**	**689.0**	696.9	–	696.9
Deferred tax liabilities	**104.1**	**75.1**	**179.2**	107.7	69.3	177.0
Payables on currency derivatives	**21.3**	**–**	**21.3**	55.7	–	55.7
Other liabilities	**1,571.6**	**76.0**	**1,647.6**	1,505.8	37.6	1,543.4
Total liabilities	**16,335.5**	**151.5**	**16,487.0**	17,009.2	107.3	17,116.5
Net assets	**20,363.3**	**3,184.6**	**23,547.9**	20,899.6	2,966.2	23,865.8

NOTE 2 SEGMENT REPORTING (CONTINUED)

Accounting Policies

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and can be reliably measured.

Leases

Rental income from investment properties is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the period in which it is earned. If not received at balance date, revenue is reflected on the balance sheet as a receivable and carried at its recoverable amount.

Certain tenant allowances that are classified as lease incentives are recorded as part of investment properties and amortised over the term of the lease. The amortisation is recorded against property revenue.

Revenue from contracts with customers

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

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

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

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

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

All other revenues are recognised as services are provided.

Expenses

Costs to obtain or fulfil a contract with customers

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

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

	31 Dec 19 $million	31 Dec 18 $million
NOTE 3 INVESTMENT PROPERTIES		
Shopping centre investments	**34,301.8**	35,522.6
Development projects and construction in progress	**553.5**	522.2
Total investment properties	**34,855.3**	36,044.8
Movement in total investment properties		
Balance at the beginning of the year	**36,044.8**	33,493.6
Acquisition of properties	**658.8**	774.0
Disposal of properties (i)	**(1,876.7)**	(5.8)
Capital expenditure	**147.7**	722.5
Net revaluation increment/(decrement)	**(119.3)**	1,060.5
Balance at the end of the year (ii)	**34,855.3**	36,044.8

(i) In June 2019, the Sydney Office Towers and a 50% interest in Westfield Burwood were sold and derecognised from the Group's balance sheet. The sale of the Sydney Office Towers was effected by way of granting a 299-year leasehold interest over the office components located at 100 Market Street, and 77 and 85 Castlereagh Street.

(ii) The fair value of investment properties at the end of the year of $34,855.3 million (31 December 2018: $36,044.8 million) comprises investment properties at market value of $34,809.9 million (31 December 2018: $36,004.4 million) and ground lease assets of $45.4 million (31 December 2018: $40.4 million).

NOTE 3 INVESTMENT PROPERTIES (CONTINUED)

Accounting Policies

Investment properties

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

(i) Shopping centre investments

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

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

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

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

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

(ii) Development projects and construction in progress

The Group's development projects and construction in progress include costs incurred for the current and future redevelopment and expansion of new and existing shopping centre investments, and are classified as inventories when intended for sale to third parties. Development projects and construction in progress include capitalised construction and development costs, payments and advances to contractors and where applicable, borrowing costs incurred on qualifying developments.

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

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

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

Australian shopping centres

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

New Zealand shopping centres

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

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

Refer to Note 4 for a summary of the capitalisation rate for the property portfolio.

	31 Dec 19 $million	31 Dec 18 $million
NOTE 4 DETAILS OF SHOPPING CENTRE INVESTMENTS		
Consolidated Australian shopping centres	**34,301.8**	35,522.6
Total consolidated shopping centres	**34,301.8**	35,522.6
Equity accounted Australian shopping centres	**1,572.0**	1,617.5
Equity accounted New Zealand shopping centres	**1,669.0**	1,210.9
Total equity accounted shopping centres	**3,241.0**	2,828.4
	37,542.8	38,351.0

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

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

	Carrying Amount 31 Dec 19 $million	**Retail Capitalisation Rates 31 Dec 19 %**	Carrying Amount 31 Dec 18 $million	Retail Capitalisation Rates 31 Dec 18 %
Total Annual Sales >$1 billion	**12,649.4**	**4.12%**	13,777.7	4.12%
Wholly-owned: Bondi Junction, Chermside, Fountain Gate and Sydney [(i)]				
Total Annual Sales >$500 million <$1 billion	**18,065.3**	**4.81%**	17,575.0	4.85%
Wholly-owned: Belconnen, Carousel, Chatswood, Garden City and Hornsby				
Jointly-owned (50%): Booragoon [(ii)], Carindale [(iii),(iv)], Doncaster, Eastgardens, Hurstville, Knox, Liverpool, Marion, Miranda, North Lakes, Parramatta, Penrith, Southland, Tea Tree Plaza and Warringah Mall				
Total Annual Sales <$500 million	**5,159.1**	**5.36%**	5,787.4	5.39%
Wholly-owned: Kotara, Innaloo and Tuggerah				
Jointly-owned (50%): Airport West, Burwood[(v)], Coomera, Geelong, Helensvale, Mt Druitt[(iv)], Plenty Valley, West Lakes, Whitford City and Woden				
Total Australian portfolio	**35,873.8**	**4.67%**[(vii)]	37,140.1	4.71%[(vii)]
New Zealand	**NZ$1,739.6**	**5.92%**	NZ$1,268.3	6.24%
Jointly-owned (51%): Albany, Manukau, Newmarket[(vi)], Riccarton and St Lukes				
Total New Zealand portfolio	**NZ$1,739.6**	**5.92%**[(vii)]	NZ$1,268.3	6.24%[(vii)]
Exchange rate	**1.0423**		1.0474	
Total New Zealand portfolio in A$	**1,669.0**		1,210.9	
Total portfolio in A$	**37,542.8**	**4.72%**[(vii)]	38,351.0	4.76%[(vii)]

Ownership interest shown above applies as at 31 December 2019 and 31 December 2018, unless otherwise stated.

(i) As at 31 December 2019, Sydney comprises Sydney Central Plaza and the Sydney City Retail Centre. The Group sold its interest in the Sydney Office Towers on 27 June 2019. As at 31 December 2018, Sydney comprised Sydney Central Plaza, the Sydney City Retail Centre and Office Towers.

(ii) The Group acquired a 50% interest in Booragoon in December 2019.

(iii) Carindale Property Trust (CDP) has a 50% interest in this shopping centre. As at 31 December 2019, the Group has a 62.58% interest in CDP (31 December 2018: 59.6%).

(iv) Property currently under redevelopment.

(v) In June 2019, the Group sold 50% of its interest in Westfield Burwood. The Group had 100% interest in this centre as at 31 December 2018.

(vi) Development completed during the year.

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

	31 Dec 19 $million	31 Dec 18 $million

NOTE 5 DETAILS OF EQUITY ACCOUNTED INVESTMENTS

(a) Share of equity accounted entities' net profit and comprehensive income

Share of after tax profit of equity accounted entities	**119.9**	234.9
Other comprehensive income (i)	**3.0**	27.1
Share of total comprehensive income of equity accounted entities	**122.9**	262.0

(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 $3,184.6 million (31 December 2018: $2,966.2 million) comprise investments in joint ventures in Australia and New Zealand represented by equity of $2,159.8 million (31 December 2018: $2,165.0 million) and interest bearing loans of $1,024.8 million (31 December 2018: $801.2 million). Inter-entity interest charges on the loans amounted to $28.5 million (31 December 2018: $24.0 million).

(c) Equity accounted entities economic interest

Name of investments	Type of equity	Balance date	Economic interest 31 Dec 19	Economic interest 31 Dec 18
Australian investments (i)				
Mt Druitt (ii)	Trust units	30 Jun	**50.0%**	50.0%
Southland (ii)	Trust units	30 Jun	**50.0%**	50.0%
Tea Tree Plaza (ii)	Trust units	30 Jun	**50.0%**	50.0%
New Zealand investments (i) (iii)				
Albany	Shares	31 Dec	**51.0%**	51.0%
Manukau	Shares	31 Dec	**51.0%**	51.0%
Newmarket	Shares	31 Dec	**51.0%**	51.0%
Riccarton	Shares	31 Dec	**51.0%**	51.0%
St Lukes	Shares	31 Dec	**51.0%**	51.0%

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

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

(iii) Under the Shareholders' Agreement, the Group and GIC, Singapore's sovereign wealth fund, each has 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.

	31 Dec 19 $million	31 Dec 18 $million

NOTE 6 TAXATION

(a) Tax expense

Current tax expense – underlying operations	**(62.0)**	(51.0)
Deferred tax benefit	**5.1**	4.7
	(56.9)	(46.3)
The prima facie tax on profit before tax is reconciled to the income tax expense provided in the financial statements as follows:		
Profit before income tax	**1,244.5**	2,342.2
Less: Trust income not taxable for the Group – tax payable by members	**(1,183.3)**	(2,204.6)
	61.2	137.6
Prima facie tax expense at 30%	**(18.4)**	(41.3)
Benefit from utilisation of capital losses from prior years	**–**	24.5
Tax on inter-entity transactions	**(38.1)**	(32.8)
Other	**(0.4)**	3.3
Tax expense	**(56.9)**	(46.3)

(b) Deferred tax assets

Provisions and accruals	**32.7**	54.8
	32.7	54.8

(c) Deferred tax liabilities

Tax effect of book value in excess of the tax cost base of investment properties	**41.5**	44.1
Other timing differences	**62.6**	63.6
	104.1	107.7

NOTE 6 TAXATION (CONTINUED)

Accounting Policies

Taxation

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

(i) Taxable and non taxable entities of the Group

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

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

SGT3 is treated as a company for Australian tax purposes and accordingly is a taxable entity.

The Group's New Zealand resident entities are subject to New Zealand tax.

(ii) Accounting for income tax

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

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

	Note	**31 Dec 19 $million**	31 Dec 18 $million
NOTE 7 SIGNIFICANT ITEMS			
The following significant items are relevant in explaining the financial performance of the business:			
Property revaluations		**(119.3)**	1,060.5
Equity accounted property revaluations		**(32.6)**	87.2
Net fair value gain/(loss) and associated credit risk on currency derivatives that do not qualify for hedge accounting	11	**15.4**	(30.4)
Exchange differences (including amounts transferred from foreign currency translation reserve) on realisation of net investment in foreign operations	11	**–**	0.7
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	12	**(84.3)**	(133.6)
Net fair value gain/(loss) on other financial liabilities	12	**7.9**	(23.2)
Net modification gain on refinanced borrowing facilities	12	**2.8**	9.9
Gain in respect of capital transactions	13	**120.6**	40.1
Deferred tax benefit	6(a)	**5.1**	4.7
Equity accounted deferred tax expense		**(5.5)**	(2.9)

NOTE 8 DIVIDENDS/DISTRIBUTIONS

(a) Final dividends/distributions for the year

Dividends/distributions in respect of the 6 months to 31 December 2019		
Parent Company: nil (31 December 2018: 2.96 cents per share) [(i)]	**–**	157.0
SGT1: 6.85 cents per unit (31 December 2018: 3.40 cents per unit)	**358.3**	180.3
SGT2: 4.45 cents per unit (31 December 2018: 4.60 cents per unit)	**232.7**	244.0
SGT3: nil (31 December 2018: 0.12 cents per unit) [(i)]	**–**	6.4
Scentre Group 11.30 cents per stapled security (31 December 2018: 11.08 cents per stapled security)	**591.0**	587.7

(i) Dividends paid by the Parent Company and distributions paid by SGT3 are franked at the corporate tax rate of 30%.

Interim dividends/distributions of 11.30 cents were paid on 30 August 2019. Final dividends/distributions will be paid on 28 February 2020. The record date for the final dividends/distributions was 5pm, 14 February 2020. The Group does not operate a Distribution Reinvestment Plan.

NOTE 8 DIVIDENDS/DISTRIBUTIONS (CONTINUED)

	31 Dec 19 $million	31 Dec 18 $million
(b) Dividends/distributions paid during the year		
Dividends/distributions in respect of the 6 months to 30 June 2019		
Parent Company: nil (30 June 2018: nil)	**–**	–
SGT1: 5.70 cents per unit (30 June 2018: 3.34 cents per unit)	**302.4**	177.2
SGT2: 5.60 cents per unit (30 June 2018: 7.74 cents per unit)	**297.0**	410.5
SGT3: nil (30 June 2018: nil)	**–**	–
Dividends/distributions in respect of the 6 months to 31 December 2018		
Parent Company: 2.96 cents per share (31 December 2017: 2.35 cents per share) (i)	**157.0**	124.8
SGT1: 3.40 cents per unit (31 December 2017: 2.60 cents per unit)	**180.3**	138.1
SGT2: 4.60 cents per unit (31 December 2017: 5.92 cents per unit)	**244.0**	314.5
SGT3: 0.12 cents per unit (31 December 2017: nil) (i)	**6.4**	–
	1,187.1	1,165.1

(i) Dividends paid by the Parent Company and distributions paid by SGT3 are franked at the corporate tax rate of 30%.

(c) Franking credit balance of the Group

As at 31 December 2019, franking credits available for use in future dividends/distributions amount to $109.7 million (31 December 2018: $113.3 million).

	31 Dec 19 $	31 Dec 18 $
NOTE 9 NET TANGIBLE ASSET BACKING		
Net tangible asset backing per security	**4.46**	4.46

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 $23,338.6 million (31 December 2018: $23,637.7 million) by the number of securities on issue at 31 December 2019 of 5,229,975,362 (31 December 2018: 5,304,295,769).

	31 Dec 19 cents	31 Dec 18 cents
NOTE 10 STATUTORY EARNINGS PER SECURITY		
(a) Summary of earnings per security		
Basic earnings per stapled security attributable to members of Scentre Group	**22.30**	43.10
Diluted earnings per stapled security attributable to members of Scentre Group	**22.23**	42.97
Basic earnings per SGL share	**3.26**	3.66
Diluted earnings per SGL share	**3.25**	3.64

(b) Income and security data

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

	31 Dec 19 $million	31 Dec 18 $million
Earnings used in calculating basic earnings per stapled security (i) (ii)	**1,179.5**	2,287.2
Adjustment to earnings on employee performance rights which are considered dilutive	**–**	–
Earnings used in calculating diluted earnings per stapled security	**1,179.5**	2,287.2

(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 $172.5 million (31 December 2018: $194.0 million) and net profit attributable to members of SGT1, SGT2 and SGT3 of $1,007.0 million (31 December 2018: $2,093.2 million).

	31 Dec 19 $million	31 Dec 18 $million
Earnings used in calculating basic earnings per SGL share	**172.5**	194.0
Adjustment to earnings on employee performance rights which are considered dilutive	**–**	–
Earnings used in calculating diluted earnings per SGL share	**172.5**	194.0

NOTE 10 STATUTORY EARNINGS PER SECURITY (CONTINUED)

(b) Income and security data (continued)

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

	31 Dec 19 Number of securities	31 Dec 18 Number of securities
Weighted average number of ordinary securities used in calculating basic earnings per stapled security	**5,289,057,510**	5,307,143,233
Weighted average number of potential employee performance rights which, if securities were issued, would be dilutive [(i)]	**16,098,179**	15,960,855
Adjusted weighted average number of ordinary securities used in calculating diluted earnings per stapled security	**5,305,155,689**	5,323,104,088

(i) As at 31 December 2019, 10,993,066 (31 December 2018: 10,973,955) actual employee performance rights are outstanding.

(c) Conversions, calls, subscription, issues or buy-back after 31 December 2019

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

Accounting Policies

Earnings per security

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

NOTE 11 CURRENCY GAIN / (LOSS)

	31 Dec 19 $million	31 Dec 18 $million
Net fair value gain/(loss) and associated credit risk on currency derivatives that do not qualify for hedge accounting	**15.4**	(30.4)
Exchange differences (including amounts transferred from foreign currency translation reserve) on realisation of net investment in foreign operations	**–**	0.7
	15.4	(29.7)

Accounting Policies

Translation of foreign currency transactions

Foreign currency transactions are converted to Australian dollars at exchange rates ruling at the date of those transactions. Amounts payable and receivable in foreign currency at balance date are translated to Australian dollars at exchange rates ruling at that date. Exchange differences arising on the settlement of or on translating amounts payable or receivable in foreign currency at rates different from those at which they were translated on initial recognition, are recognised in the income statement in the period in which they arise, except where hedge accounting is applied.

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

NOTE 12 FINANCING COSTS

	31 Dec 19 $million	31 Dec 18 $million
Gross financing costs (excluding net fair value gain/(loss) on interest rate hedges that do not qualify for hedge accounting)	**(531.8)**	(543.3)
Financing costs capitalised to qualifying development projects and construction in progress	**21.6**	43.0
Interest expense on other financial liabilities	**(34.5)**	(35.6)
Lease liabilities interest expense	**(4.5)**	(2.3)
Financing costs	**(549.2)**	(538.2)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	**(84.3)**	(133.6)
Net fair value gain/(loss) on other financial liabilities	**7.9**	(23.2)
Net modification gain on refinanced borrowing facilities	**2.8**	9.9
	(622.8)	(685.1)

Accounting Policies

Financing costs

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

Refer to Note 17 for other items included in financing costs.

	31 Dec 19 $million	31 Dec 18 $million

NOTE 13 GAIN IN RESPECT OF CAPITAL TRANSACTIONS

	31 Dec 19 $million	31 Dec 18 $million
Asset sales and capital costs		
– proceeds from asset sales	**2,098.5**	90.6
– less: carrying value of assets sold and other capital costs	**(1,977.9)**	(50.5)
Gain in respect of capital transactions	**120.6**	40.1

NOTE 14 CASH AND CASH EQUIVALENTS

(a) Components of cash and cash equivalents

	31 Dec 19 $million	31 Dec 18 $million
Cash	**253.0**	206.1
Bank overdrafts	**–**	–
Total cash and cash equivalents	**253.0**	206.1

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

	31 Dec 19 $million	31 Dec 18 $million
Profit after tax	**1,187.6**	2,295.9
Property revaluations	**119.3**	(1,060.5)
Share of equity accounted profit in excess of dividends/distributions received	**(12.1)**	(132.6)
Deferred tax benefit	**(5.1)**	(4.7)
Net fair value loss/(gain) and associated credit risk on currency derivatives	**(15.4)**	30.4
Exchange differences (including amounts transferred from foreign currency translation reserve) on realisation of net investment in foreign operations	**–**	(0.7)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	**84.3**	133.6
Net fair value loss/(gain) on other financial liabilities	**(7.9)**	23.2
Net modification gain on refinanced borrowing facilities	**(2.8)**	(9.9)
Gain in respect of capital transactions	**(120.6)**	(40.1)
Decrease in working capital attributable to operating activities	**73.2**	64.7
Net cash flows from operating activities	**1,300.5**	1,299.3

(c) Changes in net debt arising from financing activities

	31 Dec 19 $million	31 Dec 18 $million
Net debt at the beginning of the year	**13,778.6**	12,070.1
Net proceeds from/(repayment of) interest bearing liabilities and lease liabilities	**(564.8)**	1,652.7
Addition of leases	**94.4**	–
Effects of exchange rate changes and fair value loss/(gain) on currency derivatives	**(15.1)**	55.8
Net debt at the end of the year [i]	**13,293.1**	13,778.6

[i] Net debt comprises total interest bearing liabilities of $13,819.7 million (31 December 2018: $14,602.7 million) and lease liabilities of $129.8 million (31 December 2018: $40.4 million) less net receivables on currency derivatives hedging borrowings in foreign currency of $656.4 million (31 December 2018: $864.5 million).

Accounting Policies

Cash and cash equivalents

Cash and cash equivalents on the balance sheet comprise cash at bank and on hand and short term deposits with an original maturity of 90 days or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are measured at amortised cost using the effective interest rate method, reduced by impairment losses. Interest income and impairment losses (if any) are recognised in the income statement.

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

	31 Dec 19 $million	31 Dec 18 $million
NOTE 15 INTEREST BEARING LIABILITIES		
Current		
Unsecured		
Commercial paper and uncommitted facilities		
– A$ denominated	**754.7**	729.9
Notes payable		
– € denominated	**958.9**	–
– US$ denominated	**–**	1,064.7
– A$ denominated	**–**	150.4
	1,713.6	1,945.0
Non current		
Unsecured		
Bank loans		
– A$ denominated	**1,735.0**	2,350.0
– NZ$ denominated	**986.3**	771.0
Notes payable		
– € denominated	**4,183.3**	4,430.8
– US$ denominated	**2,993.2**	2,981.3
– £ denominated	**1,512.3**	1,448.2
– A$ denominated	**430.5**	430.6
Secured		
Bank loans and mortgages		
– A$ denominated	**265.5**	245.8
	12,106.1	12,657.7
Total interest bearing liabilities	**13,819.7**	14,602.7

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. Refer to Note 23 for details relating to fixed rate debt and derivatives which hedge floating rate liabilities.

The Group consolidates Carindale Property Trust and the borrowings in this trust are secured by a mortgage over the trust's interest in Westfield Carindale and sundry property. The recorded fair value of Westfield Carindale and sundry property is $853.3 million (31 December 2018: $828.5 million) compared to borrowings of $265.5 million (31 December 2018: $245.8 million).

	31 Dec 19 $million	31 Dec 18 $million
(a) Summary of financing facilities		
Committed financing facilities available to the Group:		
Total financing facilities	**15,428.2**	16,516.0
Total interest bearing liabilities	**(13,819.7)**	(14,602.7)
Total bank guarantees	**(55.6)**	(59.1)
Available financing facilities	**1,552.9**	1,854.2
Cash	**253.0**	206.1
Financing resources available	**1,805.9**	2,060.3

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 $689.0 million (31 December 2018: $696.9 million). Amounts which are denominated in foreign currencies are translated at exchange rates ruling at balance date.

NOTE 15 INTEREST BEARING LIABILITIES (CONTINUED)

	Maturity Date	**Committed financing facilities 31 Dec 19 $million**	**Total interest bearing liabilities 31 Dec 19 $million**	Committed financing facilities 31 Dec 18 $million	Total interest bearing liabilities 31 Dec 18 $million
(b) Total financing facilities and interest bearing liabilities are comprised of:					
Unsecured notes payable – € [(i)]	Jul 20 to Mar 29	**5,142.2**	**5,142.2**	4,430.8	4,430.8
Unsecured notes payable – US$ [(i)]	Apr 21 to Mar 27	**2,993.2**	**2,993.2**	4,046.0	4,046.0
Unsecured notes payable – £ [(i)]	Apr 22 to Jul 26	**1,512.3**	**1,512.3**	1,448.2	1,448.2
Unsecured notes payable – A$	Sep 21 to Jul 22	**430.5**	**430.5**	581.0	581.0
Unsecured bank loan facilities	Jan 21 to Sep 25	**5,050.0**	**2,721.3**	5,750.0	3,121.0
Unsecured commercial paper and uncommitted facilities [(ii)]		**–**	**754.7**	–	729.9
Secured bank loans and mortgages	Feb 23	**300.0**	**265.5**	260.0	245.8
		15,428.2	**13,819.7**	16,516.0	14,602.7

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

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

Accounting Policies

Interest bearing liabilities

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

Interest bearing liabilities are classified as current liabilities where the liability has been drawn under a financing facility which expires within one year. Amounts drawn under financing facilities which expire after one year are classified as non current, where the Group has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

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

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

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

NOTE 16 OTHER FINANCIAL LIABILITIES

	31 Dec 19 $million	31 Dec 18 $million
Property linked notes	**689.0**	696.9
	689.0	696.9

The Property Linked Notes (Notes) are designed to provide returns based on the economic performance of certain Westfield Australian super regional and regional shopping centres. When the Notes were originally issued, these centres were: Parramatta, Hornsby and Burwood in Sydney, Southland in Melbourne, Tea Tree Plaza in Adelaide and Belconnen in the Australian Capital Territory (collectively the Westfield centres). The return under the Notes is based on a proportional interest, in respect of the relevant Westfield centre, as specified in the Note (Reference Property Interest). Redemption events under the Notes include non performance events by the Issuer, changes in tax laws and sale of the relevant Westfield centre. The Notes may also be redeemed at a Review Date.

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

$857.8 million of the Notes have been repaid and terminated since the Notes were originally issued. The review dates for the remaining Notes linked to Parramatta, Southland and Hornsby are 31 December 2021, 2022 and 2023, respectively. The coupon on the Notes is payable quarterly on 15 March, 15 June, 15 September and 15 December each year for as long as the Notes remain outstanding.

Accounting Policies

Other financial liabilities

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

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

	31 Dec 19 $million	31 Dec 18 $million
NOTE 17 DERIVATIVE ASSETS AND LIABILITIES		
(a) Derivative assets		
Current		
Receivables on currency derivatives hedging borrowings in foreign currency	**89.9**	220.3
Receivables on interest rate derivatives	**4.7**	1.3
	94.6	221.6
Non current		
Receivables on currency derivatives hedging borrowings in foreign currency	**587.8**	699.9
Receivables on interest rate derivatives	**319.4**	192.3
	907.2	892.2
(b) Derivative liabilities		
Current		
Payables on interest rate derivatives	**15.8**	12.3
	15.8	12.3
Non current		
Payables on currency derivatives hedging borrowings in foreign currency	**21.3**	55.7
Payables on interest rate derivatives	**535.7**	331.0
	557.0	386.7

The Group's derivatives above do not meet the accounting requirements to qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement. At 31 December 2019, the aggregate fair value is a net receivable of $429.0 million (31 December 2018: $714.8 million). The change in fair value for the year ended 31 December 2019 was a net loss of $285.8 million (31 December 2018: gain of $477.3 million).

The Group presents the fair value mark to market of its derivative assets and derivative liabilities on a gross basis. Certain derivative assets and liabilities are subject to legally enforceable master netting arrangements, however do not meet the criteria for offsetting in the balance sheet. As at 31 December 2019, if these netting arrangements were applied to the derivative portfolio, derivative assets of $1,001.8 million would be reduced by $429.7 million to the net amount of $572.1 million and derivative liabilities of $572.8 million would be reduced by $429.7 million to the net amount of $143.1 million. As at 31 December 2018, derivative assets of $1,113.8 million would be reduced by $364.5 million to the net amount of $749.3 million and derivative liabilities of $399.0 million would be reduced by $364.5 million to the net amount of $34.5 million.

Accounting Policies

Derivative financial instruments

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

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

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

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

	31 Dec 19 Number of securities	31 Dec 18 Number of securities

NOTE 18 CONTRIBUTED EQUITY

	31 Dec 19 Number of securities	31 Dec 18 Number of securities
(a) Number of securities on issue		
Balance at the beginning of the year	**5,304,295,769**	5,311,595,241
Decrease in number of securities (i)	**(74,320,407)**	(7,299,472)
Balance at the end of the year (ii)	**5,229,975,362**	5,304,295,769

(i) The decrease in number of securities comprises the buy-back and cancellation of 78,239,274 securities (31 December 2018: 7,299,472 securities) offset by 3,918,867 securities (31 December 2018: nil) transferred to executives and which were previously held by the Scentre Executive Option Plan Trust.

(ii) The number of securities on issue as at 31 December 2019 was 5,238,757,932 (31 December 2018: 5,316,997,206). The Scentre Executive Option Plan Trust holds 8,782,570 (31 December 2018: 12,701,437) 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).

	31 Dec 19 $million	31 Dec 18 $million
(b) Amount of contributed equity attributable to members of Scentre Group		
Balance at the beginning of the year	**10,465.1**	10,495.2
Decrease in contributed equity (i)	**(301.1)**	(30.1)
Balance at the end of the year (ii)	**10,164.0**	10,465.1

(i) The decrease in contributed equity comprises the buy-back and cancellation of securities and associated costs of $303.6 million (31 December 2018: $30.1 million) offset by the impact of securities transferred to executives and which were previously held by the Scentre Executive Option Plan Trust of $2.5 million (31 December 2018: nil).

(ii) Comprises contributed equity attributable to SGL of $666.0 million (31 December 2018: $673.3 million) and contributed equity attributable to members of SGT1, SGT2 and SGT3 of $9,498.0 million (31 December 2018: $9,791.8 million).

Accounting Policies

Contributed equity

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

NOTE 19 RESERVES

	31 Dec 19 $million	31 Dec 18 $million
(a) Total reserves attributable to members of Scentre Group		
Foreign currency translation reserve	**101.2**	98.1
Employee share plan benefits reserve	**17.1**	10.6
Balance at the end of the year (i)	**118.3**	108.7

(i) Comprises reserves attributable to SGL of $17.3 million (31 December 2018: $10.5 million) and reserves attributable to members of SGT1, SGT2 and SGT3 of $101.0 million (31 December 2018: $98.2 million).

(b) Movement in foreign currency translation reserve

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

	31 Dec 19 $million	31 Dec 18 $million
Balance at the beginning of the year	**98.1**	72.7
Foreign exchange movement		
– realised and unrealised differences on the translation of investment in foreign operations	**3.1**	26.1
– accumulated exchange differences transferred from foreign currency translation reserve on realisation of net investment in foreign operations	**–**	(0.7)
Balance at the end of the year	**101.2**	98.1

NOTE 19 RESERVES (CONTINUED)

Accounting Policies

Translation of accounts of foreign operations

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

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

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

	Note	**31 Dec 19 $million**	31 Dec 18 $million
(c) Movement in employee share plan benefits reserve			
The employee share plan benefits reserve is used to record the value of share based payments provided to employees as part of their remuneration.			
Balance at the beginning of the year		**10.6**	13.9
Movement in equity settled share based payment		**6.5**	(3.3)
Balance at the end of the year		**17.1**	10.6

NOTE 20 RETAINED PROFITS

	Note	**31 Dec 19 $million**	31 Dec 18 $million
Movement in retained profits attributable to members of Scentre Group			
Balance at the beginning of the year, as reported		**13,063.9**	11,952.1
Impact of changes in accounting standards		**–**	(10.3)
Adjusted balance at the beginning of the year		**13,063.9**	11,941.8
Profit after tax for the period		**1,179.5**	2,287.2
Dividends/distributions paid	8(b)	**(1,187.1)**	(1,165.1)
Balance at the end of the year [(i)]		**13,056.3**	13,063.9

(i) Comprises retained profits attributable to SGL of $216.5 million (31 December 2018: $201.0 million) and retained profits attributable to members of SGT1, SGT2 and SGT3 of $12,839.8 million (31 December 2018: $12,862.9 million).

NOTE 21 CAPITAL RISK MANAGEMENT

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

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

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

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

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

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

NOTE 22 FINANCIAL RISK MANAGEMENT

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

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

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

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

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

NOTE 23 INTEREST RATE RISK MANAGEMENT

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

Summary of interest rate positions at balance date

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

	Note	**31 Dec 19 $million**	31 Dec 18 $million
Principal amounts of interest bearing assets/(liabilities):			
Interest bearing liabilities	2(v)	**(13,819.7)**	(14,602.7)
Cross currency swaps			
– A$		**(8,953.1)**	(8,998.3)
– £800.0 million (31 December 2018: £800.0 million)		**1,512.3**	1,448.2
– US$2,100.0 million (31 December 2018: US$2,850.0 million)		**2,993.2**	4,046.0
– €3,200.0 million (31 December 2018: €2,700.0 million)		**5,114.3**	4,395.2
Cash and cash equivalents	2(v)	**261.0**	213.9
Principal amounts of net interest bearing liabilities		**(12,892.0)**	(13,497.7)
Principal amounts of fixed interest rate assets/(liabilities):			
Fixed rate debt			
– A$		**(430.0)**	(580.0)
– £800.0 million (31 December 2018: £800.0 million)		**(1,512.3)**	(1,448.2)
– US$2,100.0 million (31 December 2018: US$2,850.0 million)		**(2,993.2)**	(4,046.0)
– €3,200.0 million (31 December 2018: €2,700.0 million)		**(5,114.3)**	(4,395.2)
Fixed rate derivatives			
– A$		**(9,860.0)**	(8,147.3)
– NZ$755.0 million (31 December 2018: NZ$510.0 million)		**(724.4)**	(486.9)
– £800.0 million (31 December 2018: £800.0 million)		**1,512.3**	1,448.2
– US$2,100.0 million (31 December 2018: US$2,850.0 million)		**2,993.2**	4,046.0
– €3,200.0 million (31 December 2018: €2,700.0 million)		**5,114.3**	4,395.2
Interest rate options			
– Nil (31 December 2018: NZ$70.0 million)		**–**	(66.8)
Principal amounts of net interest bearing liabilities hedged by fixed rate debt and derivatives		**(11,014.4)**	(9,281.0)

At 31 December 2019, the Group has hedged 85% of its net interest bearing liabilities by way of fixed rate borrowings and interest rate derivatives of varying durations. The remaining 15% is exposed to floating rates on a principal payable of $1,877.6 million, at an interest rate based on an interbank benchmark rate and applicable margins (31 December 2018: 69% hedged with floating exposure on a principal payable of $4,216.7 million).

In addition to the above, the Group has entered into callable swaps with an aggregate principal value of A$1.0 billion, where floating rate payments are swapped to fixed rate payments from February 2020 until February 2026. The callable swaps may be terminated by the counterparty at no cost on a quarterly basis commencing from June 2020 until February 2026.

Interest rate sensitivity

The sensitivity of interest expense to changes in the floating exposure interest rate is proportional. Assuming the floating interest payable exposure remains unchanged, an increase or decrease in interest rates of 100 basis points would increase or decrease interest expense by $18.8 million (31 December 2018: $42.2 million) respectively for the next twelve months.

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

Interest rate movement	**31 Dec 19 $million** Increase/(decrease) in fair value	31 Dec 18 $million Increase/(decrease) in fair value
-2.0%	**100.7**	190.0
-1.0%	**46.0**	89.9
-0.5%	**21.9**	42.0
0.5%	**(20.0)**	(32.7)
1.0%	**(38.1)**	(120.0)
2.0%	**(69.3)**	(183.8)

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

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

NOTE 24 EXCHANGE RATE RISK MANAGEMENT

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

Summary of foreign currency balance sheet positions at balance date

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

	31 Dec 19 million	31 Dec 18 million
New Zealand Dollar		
Investment in New Zealand	**NZ$1,659.2**	NZ$1,377.5
Borrowings	**NZ$(1,028.0)**	NZ$(807.5)
NZ$ denominated net assets	**NZ$631.2**	NZ$570.0
US Dollar		
Cash and cash equivalents	**US$0.5**	US$0.4
Borrowings	**US$(2,100.0)**	US$(2,850.0)
Cross currency swaps	**US$2,100.0**	US$2,850.0
US$ denominated net assets	**US$0.5**	US$0.4
British Pound		
Borrowings	**£(800.0)**	£(800.0)
Cross currency swaps	**£800.0**	£800.0
£ denominated net assets	**–**	–
Euro		
Borrowings	**€(3,200.0)**	€(2,700.0)
Cross currency swaps	**€3,200.0**	€2,700.0
€ denominated net assets	**–**	–

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

Foreign currency sensitivity

The Group's sensitivity to movements in foreign exchange rates mainly arises from its NZ$ denominated net assets. The €, US$ and £ denominated borrowing exposures are economically hedged using cross currency swaps with the same principal values to convert into A$ payables. Therefore the income statement is not sensitive to any movements in exchange rates in relation to these net positions.

		31 Dec 19 $million	31 Dec 18 $million
The sensitivity of NZ$ denominated net assets to changes in the year end A$/NZ$1.0423 rate (31 December 2018: 1.0474) is as follows:	A$/NZ$ Currency movement		Gain/(loss) to foreign currency translation reserve
	- 20 cents	**143.8**	128.4
	- 10 cents	**64.3**	57.4
	- 5 cents	**30.5**	27.3
	+ 5 cents	**(27.7)**	(24.8)
	+ 10 cents	**(53.0)**	(47.4)
	+ 20 cents	**(97.5)**	(87.3)

The assumed currency movement for the foreign currency sensitivity analysis is based on the current observable market environment.

NOTE 25 CREDIT RISK MANAGEMENT

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

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

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

In accordance with the Group's policy, credit risk in respect of cash and derivative financial instruments is spread among a number of creditworthy counterparties within specified limits. The Group had 44% (31 December 2018: 24%) of its aggregate credit risk spread over three counterparties each with an S&P long term rating of A+ or higher. The remainder is spread over counterparties each with less than 10% of the aggregate credit risk and with an S&P long term rating of A- or higher.

For trade and other receivables, there are no significant concentrations of credit risk. The Group also obtains security deposits from tenants in the form of cash or bank guarantees which can be called upon if the tenant is in default under the terms of the lease contract.

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

NOTE 26 LIQUIDITY RISK MANAGEMENT

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

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

	31 Dec 19 $million	31 Dec 18 $million
Interest bearing liabilities and interest		
Due within one year	**(2,041.4)**	(2,327.0)
Due between one year and five years	**(8,177.2)**	(8,025.1)
Due after five years	**(5,078.3)**	(5,893.4)
	(15,296.9)	(16,245.5)
Comprising:		
– principal amounts of current and non current interest bearing liabilities	**(13,819.7)**	(14,602.7)
– aggregate future estimated nominal interest	**(1,477.2)**	(1,642.8)
	(15,296.9)	(16,245.5)
Derivatives inflows/(outflows)		
Due within one year	**(51.6)**	78.2
Due between one year and five years	**(79.3)**	(115.5)
Due after five years	**223.4**	278.1
	92.5	240.8

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

NOTE 27 FINANCIAL COVENANTS

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

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

At and during the years ended 31 December 2019 and 2018, the Group was in compliance with the financial covenants above.

NOTE 28 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

	Fair value Hierarchy	Fair value 31 Dec 19 $million	Fair value 31 Dec 18 $million	Carrying amount 31 Dec 19 $million	Carrying amount 31 Dec 18 $million
Consolidated assets					
Cash and cash equivalents		**253.0**	206.1	**253.0**	206.1
Trade and other receivables (i) (iii)		**268.5**	279.1	**268.5**	279.1
Derivative assets (ii)	Level 2	**1,001.8**	1,113.8	**1,001.8**	1,113.8
Consolidated liabilities					
Trade and other payables (i)		**1,011.2**	1,148.0	**1,011.2**	1,148.0
Interest bearing liabilities (ii)					
– Fixed rate debt	Level 2	**10,584.5**	10,656.5	**10,078.2**	10,506.1
– Floating rate debt	Level 2	**3,740.9**	4,096.0	**3,741.5**	4,096.6
Other financial liabilities (ii)	Level 3	**689.0**	696.9	**689.0**	696.9
Derivative liabilities (ii)	Level 2	**572.8**	399.0	**572.8**	399.0

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

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

(iii) Loss allowance for trade and other receivables amounted to $23.0 million as at 31 December 2019 and includes $2.9 million decrease in loss allowance recognised in the income statement during the period. As at 31 December 2018, loss allowance for trade and other receivables of $25.9 million includes $7.4 million of opening balance adjustment from the adoption of AASB 9 effective 1 January 2018 and $0.1 million increase in loss allowance recognised in the income statement.

Determination of fair value

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

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

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

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

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

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

	Property linked notes (i) 31 Dec 19 $million	Property linked notes (i) 31 Dec 18 $million
Level 3 fair value movement		
Balance at the beginning of the year	**696.9**	673.7
Net fair value loss/(gain) included in financing costs in the income statement	**(7.9)**	23.2
Balance at the end of the year	**689.0**	696.9

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

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

NOTE 29 OTHER SIGNIFICANT ACCOUNTING POLICIES

(a) Consolidation and classification

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

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

i) Synchronisation of Financial Year

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

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

ii) Joint arrangements

Joint operations

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

Joint ventures

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

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

iii) Controlled entities

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

(b) Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses and is not amortised.

(c) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on the purchase of goods and services is not recoverable from the tax authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables are stated with the amounts of GST included.

The net amount of GST payable or receivable to government authorities is included as part of receivables or payables on the balance sheet.

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

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

(d) Other financial instruments

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

i) Trade and other receivables

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

Trade and other receivables are subsequently measured at amortised cost using the effective interest rate method, reduced by impairment losses. Interest income and impairment losses are recognised in the income statement. The receivable is written off when there is no reasonable expectation of recovering the contractual cash flows. Any gain or loss on derecognition is also recognised in the income statement.

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

To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on outstanding balances, days past their due date and the corresponding historical credit losses experienced. Historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors (including GDP) affecting the ability of customers to settle their debts.

ii) Trade and other payables

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

(e) Recoverable amount of assets

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

	Note	31 Dec 19 Number of rights	31 Dec 18 Number of rights
NOTE 30 SHARE BASED PAYMENTS			
(a) Rights over Scentre Group stapled securities [(i)]			
– Performance rights – STAR	30(b)(i)	**3,378,968**	3,638,973
– Performance rights – LTAR	30(b)(ii)	**7,614,098**	7,334,982
		10,993,066	10,973,955

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

(b) Equity settled share based payments

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

	31 Dec 19 Number of rights	31 Dec 18 Number of rights
Movement in Performance rights – STAR		
Balance at the beginning of the year	**3,638,973**	4,289,143
Rights issued during the year	**1,911,442**	1,971,912
Rights exercised during the year	**(1,616,270)**	(2,110,228)
Rights forfeited during the year	**(555,177)**	(511,854)
Balance at the end of the year	**3,378,968**	3,638,973

Vesting profile	**31 Dec 19 Fair value granted $million**	**31 Dec 19 Number of rights** [(i)]	31 Dec 18 Fair value granted $million	31 Dec 18 Number of rights [(i)]
2019	**–**	**–**	6.7	1,790,086
2020	**6.1**	**1,665,206**	6.8	1,848,887
2021	**5.9**	**1,713,762**	–	–
	12.0	**3,378,968**	13.5	3,638,973

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

Accounting Policies

Performance rights – STAR

The Performance rights – STAR is a plan in which senior executives and high performing employees participate. The fair value of the rights issued is measured at each grant date using a Black Scholes option pricing model. The inputs include the Group's 10 day volume weighted average security price prior to the grant date, the risk free interest rate, expected volatility and expected dividend yield during the vesting period. Expected volatility is based on the historical security price volatility over the past 3 years. Executives are not able to call for early exercise of the rights, however there are provisions in the plan to allow for early vesting at the discretion of the Board. Vesting conditions such as the number of employees remaining in service is taken into account in determining the total amortisation for each reporting period. The terms of the Performance rights – STAR are described in section 11.7(c) of the Directors' Report.

NOTE 30 SHARE BASED PAYMENTS (CONTINUED)

(b) Equity settled share based payments (continued)

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

	31 Dec 19 Number of rights	31 Dec 18 Number of rights
Movement in Performance rights – LTAR		
Balance at the beginning of the year	**7,334,982**	6,662,710
Rights issued during the year	**3,657,645**	3,517,504
Rights exercised during the year	**(2,522,796)**	(2,845,232)
Rights forfeited during the year	**(855,733)**	–
Balance at the end of the year	**7,614,098**	7,334,982

Vesting profile	**31 Dec 19 Fair value granted $million**	**31 Dec 19 Number of rights**[i]	31 Dec 18 Fair value granted $million	31 Dec 18 Number of rights[i]
2019	**–**	**–**	9.6	2,646,917
2020	**10.0**	**2,749,979**	11.2	3,014,399
2021	**11.0**	**3,159,432**	6.1	1,673,666
2022	**5.5**	**1,704,687**	–	–
	26.5	**7,614,098**	26.9	7,334,982

[i] The exercise price for these rights is nil.

Accounting Policies

Performance rights – LTAR

The senior leadership team of Scentre Group participate in the Performance rights – LTAR. The fair value of the rights issued is measured at each grant date using a Black Scholes option pricing model. The inputs include the Group's 10 day volume weighted average security price prior to the grant date, the risk free interest rate, expected volatility and expected dividend yield during the vesting period. Expected volatility is based on the historical security price volatility over the past 3 years. Other vesting conditions include meeting the performance hurdles applicable under the Performance rights – LTAR as determined annually by the Human Resources Committee. The hurdles chosen by the Human Resources Committee for the 2019 qualifying year are set out in section 11.7(c)(ii) of the Directors' Report. Vesting conditions such as number of employees remaining in service is taken into account in determining the total amortisation for each reporting period. In calculating the Black Scholes' value of rights granted it has been assumed that the performance hurdle conditions are met. The terms of the Performance rights – LTAR are described in section 11.7(c) of the Directors' Report.

Accounting for equity settled share based payments

During the year, $19.1 million (31 December 2018: $18.5 million) was charged to the income statement as gross amortisation in respect of equity settled share based payments and the corresponding entry is recorded against the employee share plan benefits reserve.

	Note	31 Dec 19 $million	31 Dec 18 $million
NOTE 31 LEASES			
(a) Right-of-use asset			
Balance at the beginning of the year		**–**	–
Additions[i]		**89.2**	–
Amortisation		**(6.8)**	–
Balance at the end of the year		**82.4**	–

Ground lease assets are included in investment properties as disclosed in Note 3.

	Note	31 Dec 19 $million	31 Dec 18 $million
(b) Lease liabilities			
Right-of-use asset[i]		**84.4**	–
Ground leases		**45.4**	40.4
Total lease liabilities		**129.8**	40.4
Current		**9.7**	0.5
Non current		**120.1**	39.9
		129.8	40.4
Total lease payments during the year comprise:			
Principal payments		**5.0**	0.9
Financing costs	12	**4.5**	2.3
		9.5	3.2

[i] In June 2019, the Group sold its interest in the Sydney Office Towers. Consequently, lease agreements for the right to use certain office spaces in the Sydney Office Towers were recognised as a lease liability and right-of-use asset.
The lease agreements include the option to renew four times, each for a period of five years after January 2027. The option to extend has not been included in the measurement of lease liabilities as at 31 December 2019.

	31 Dec 19 $million	31 Dec 18 $million
The maturity profile of lease liabilities including future interest payments is set out below:		
Due within one year	**15.7**	2.5
Due between one year and five years	**67.5**	9.8
Due after five years	**149.8**	109.7
	233.0	122.0

Accounting Policies

Leases (lessee accounting)

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

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

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

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

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

	31 Dec 19 $million	31 Dec 18 $million

NOTE 32 LEASE COMMITMENTS

Operating lease receivables

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

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

Future minimum rental revenues under non cancellable operating property leases:

	31 Dec 19 $million	31 Dec 18 $million
Due within one year	**1,618.7**	1,635.2
Due between one and two years	**1,349.0**	1,376.7
Due between two and three years	**1,110.9**	1,138.8
Due between three and four years	**878.7**	902.2
Due between four and five years	**640.5**	671.2
Due after five years	**2,235.7**	2,135.1
	7,833.5	7,859.2

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

	31 Dec 19 $million	31 Dec 18 $million

NOTE 33 CAPITAL EXPENDITURE COMMITMENTS

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

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

	31 Dec 19 $million	31 Dec 18 $million
Due within one year	**85.4**	223.4
Due between one and five years	**14.9**	17.0
	100.3	240.4

NOTE 34 CONTINGENT LIABILITIES

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

	31 Dec 19 $million	31 Dec 18 $million
Performance guarantees	**80.2**	79.9
	80.2	79.9

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

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

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

NOTE 35 PARENT COMPANY

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

	31 Dec 19 $million	31 Dec 18 $million
(a) Assets		
Current assets	**967.7**	977.5
Non current assets	**4,679.1**	4,808.2
Total assets	**5,646.8**	5,785.7
(b) Liabilities		
Current liabilities	**1,643.0**	1,663.5
Non current liabilities	**55.0**	55.0
Total liabilities	**1,698.0**	1,718.5
(c) Equity		
Contributed equity	**360.2**	370.0
Employee share plan benefits reserve	**3.0**	3.0
Asset revaluation reserve	**3,451.9**	3,587.6
Reserves [i]	**184.7**	157.6
Accumulated losses	**(51.0)**	(51.0)
Total equity	**3,948.8**	4,067.2
(d) Comprehensive income		
Profit after tax for the period	**184.5**	142.6
Other comprehensive income	**(135.7)**	44.9
Total comprehensive income for the period	**48.8**	187.5
(e) Contingent liabilities		
Guaranteed borrowings of controlled entities [ii]	**13,912.9**	14,774.7
Total contingent liabilities	**13,912.9**	14,774.7

(i) During the year, the Directors of the Parent Company approved the transfer of $184.5 million of the Parent Company's profit for the 2019 financial year to reserves. In 2018, the Directors of the Parent Company approved the transfer of $142.6 million of the Parent Company's profit for the 2018 financial year to reserves.

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

NOTE 36 SUBSIDIARIES

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

Scentre Group Trust 1

As at 31 December 2019, SGT1 held current assets of $0.3 billion, non current assets of $19.1 billion, current liabilities of $2.8 billion and non current liabilities of $7.2 billion (31 December 2018: current assets of $0.4 billion, non current assets of $20.2 billion, current liabilities of $3.0 billion and non current liabilities of $8.1 billion).

As at 31 December 2019, the total equity held by SGT1 was $9.4 billion (31 December 2018: $9.5 billion).

The profit after tax for the period was $519.1 million and total comprehensive income was $520.5 million (31 December 2018: profit after tax for the period was $962.0 million and total comprehensive income was $974.0 million). The revenue for the period was $600.6 million (31 December 2018: $616.7 million).

Scentre Group Trust 2

As at 31 December 2019, SGT2 held current assets of $0.2 billion, non current assets of $19.1 billion, current liabilities of $1.0 billion and non current liabilities of $4.9 billion (31 December 2018: current assets of $0.2 billion, non current assets of $19.1 billion, current liabilities of $1.1 billion and non current liabilities of $4.6 billion).

As at 31 December 2019, the total equity held by SGT2 was $13.4 billion (31 December 2018: $13.6 billion).

The profit after tax for the period was $498.1 million and total comprehensive income was $499.5 million (31 December 2018: profit after tax for the period was $1,129.6 million and total comprehensive income was $1,141.6 million). The revenue for the period was $596.6 million (31 December 2018: $580.0 million).

NOTE 37 DEED OF CROSS GUARANTEE

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

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

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

Statement of Comprehensive Income and Accumulated Losses	31 Dec 19 $million
Revenue	323.2
Expenses excluding financing costs	(165.8)
Financing costs	(11.9)
Profit before tax	**145.5**
Income tax expense	(21.6)
Profit after tax	**123.9**
Other comprehensive income	(79.3)
Total comprehensive income	**44.6**
Accumulated losses at the beginning of the year	(61.0)
Profit after tax	123.9
Transfers to reserves	(115.1)
Accumulated losses at the end of the year	**(52.2)**

Balance Sheet	31 Dec 19 $million
Current assets	
Cash and cash equivalents	53.1
Trade debtors	23.6
Receivables	1,004.9
Other current assets	71.8
Total current assets	**1,153.4**
Non current assets	
Investment in controlled entities	4,477.1
Right-of-use asset	82.4
Plant and equipment	62.0
Other non current assets	14.2
Total non current assets	**4,635.7**
Total assets	**5,789.1**
Current liabilities	
Trade creditors	26.7
Payables and other creditors	1,363.5
Interest bearing liabilities	280.0
Lease liabilities	9.1
Tax payable	9.3
Total current liabilities	**1,688.6**
Non current liabilities	
Payables and other creditors	23.4
Lease liabilities	75.3
Deferred tax liabilities	51.3
Total non current liabilities	**150.0**
Total liabilities	**1,838.6**
Net assets	**3,950.5**
Equity	
Contributed equity	360.2
Reserves	3,642.5
Accumulated losses	(52.2)
Total equity	**3,950.5**

	31 Dec 19 $000	31 Dec 18 $000
NOTE 38 AUDITOR'S REMUNERATION		
Amounts received or due and receivable by the auditor of the Parent Company and any other entity in the Group for:		
– Auditing the statutory financial report of the Parent Company covering the Group [(i)]	**2,755**	2,421
– Auditing the statutory financial reports of any controlled entities	**95**	165
– Fees for assurance services that are required by legislation to be provided by the auditor [(ii)]	**153**	241
– Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements [(iii)]	**1,072**	1,028
– Fees for other services	**–**	30
	4,075	3,885
Amounts received or due and receivable by affiliates of the auditor of the Parent Company for:		
– Auditing the statutory financial report of the Parent Company covering the Group	**55**	58
– Auditing the statutory financial reports of any controlled entities	**169**	170
– Fees for assurance services that are required by legislation to be provided by the auditor	**–**	–
– Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements [(iii)]	**41**	32
– Fees for other services	**–**	–
	265	260
	4,340	4,145

(i) Includes stapled trusts, SGT1, SGT2 and SGT3.

(ii) Includes Australian Financial Services Licence, Compliance Plan and Comfort Letters issued in respect of corporate note issuances.

(iii) Includes assurance services such as real estate trust audits, outgoings audits, promotional fund audits and other assurance engagements.

NOTE 39 SUPERANNUATION COMMITMENTS

The Group sponsors accumulation style superannuation funds to provide retirement benefits to its employees. There are no unfunded liabilities in respect of these superannuation funds and plans. The Group does not sponsor defined benefits style superannuation funds and plans.

NOTE 40 RELATED PARTY DISCLOSURES

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

Nature of relationship with related parties

Key Management Personnel of the entity

Refer to Note 41 and the Remuneration Report in the Directors' Report for details of Key Management Personnel (KMP).

Other Related Parties

LFG Services Pty Limited and The Lowy Institute for International Policy (LFG), their related entities and other entities controlled by members of the Lowy family were considered to be related parties of the Group. This was due to LFG being under the control or significant influence of Mr Steven Lowy, a non-executive Director of the Group. Mr Lowy retired from the Board on 4 April 2019, and all disclosures relate to 1 January 2019 to 4 April 2019.

Transactions and their terms and conditions with related parties

Transactions with Key Management Personnel of the entity

Refer to Note 41 and the Remuneration Report in the Directors' Report for remuneration of KMP.

Transactions with Other Related Parties

During the period Mr Lowy was a KMP (i.e. from 1 January to 4 April 2019), the Group had an agreement with LFG to provide office space and other services and charged LFG $683,410 (31 December 2018: $3,180,208) which were on commercial arm's length terms.

There were no amounts payable to or receivable from LFG as at 31 December 2019 (31 December 2018: nil).

No provision for doubtful debts has been recognised or bad debts incurred with respect to amounts payable or receivable from LFG for the year ended 31 December 2019 (31 December 2018: nil).

The Group has established protocols governing transactions with related parties which are monitored and reviewed by the Audit and Risk Committee.

NOTE 41 DETAILS AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

Key Management Personnel are those individuals having the authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly. The non-executive Directors, Chief Executive Officer and other senior executives are considered Key Management Personnel.

(a) Key Management Personnel

As at 31 December 2019, the Board comprises the following directors:

Brian Schwartz AM	Non-Executive Chairman
Peter Allen	Chief Executive Officer/Executive Director
Andrew Harmos	Non-Executive Director
Michael Ihlein	Non-Executive Director
Carolyn Kay	Non-Executive Director
Aliza Knox	Non-Executive Director
Steven Leigh	Non-Executive Director
Margaret Seale	Non-Executive Director

Steven Lowy retired from the Board on 4 April 2019 and Steven Leigh was appointed as a Director on that date.

In addition to the Chief Executive Officer, during the year the following executives were Key Management Personnel (KMP):

Elliott Rusanow	Chief Financial Officer (appointed 4 April 2019)
Mark Bloom	Chief Financial Officer (until 4 April 2019)
Greg Miles	Chief Operating Officer (until 16 October 2019)
Cynthia Whelan	Chief Strategy and Business Development Officer (between 19 February 2019 – 14 October 2019)

(b) Remuneration of Key Management Personnel

The amounts below represent the total remuneration amounts for Key Management Personnel (KMP). A detailed discussion on KMP remuneration is in the Directors' Report rather than the financial report so as to avoid duplication of information. As such, refer to the Remuneration Report (which has been audited) in the Directors' Report for further details concerning disclosure of KMP remuneration.

The aggregate remuneration for the twelve months was:

	Short term benefits				Post Employment	Termination Benefits	Share Based	TOTAL
Key Management Personnel	Fixed remuneration[(i)] $	Cash STAR $	Non-monetary benefits $	Other short term employee benefits[(ii)] $	Other post employment benefits $	Termination benefits $	Amortisation of cash and equity settled share based payments[(iii)] $	$
Directors								
31 December 2019	**4,268,250**	**1,642,200**	**–**	**25,769**	**–**	**–**	**3,489,812**	**9,426,031**
31 December 2018	4,258,250	1,695,750	–	102,692	–	–	3,937,901	9,994,593
Non directors								
31 December 2019	**3,100,415**	**2,471,314**	**–**	**43,771**	**–**	**1,000,548**	**4,780,180**	**11,396,228**
31 December 2018	2,600,000	2,077,250	–	1,577	–	–	3,448,199	8,127,026
Total								
31 December 2019	**7,368,665**	**4,113,514**	**–**	**69,540**	**–**	**1,000,548**	**8,269,992**	**20,822,259**
31 December 2018	6,858,250	3,773,000	–	104,269	–	–	7,386,100	18,121,619

(i) Fixed remuneration is inclusive of statutory superannuation benefits.

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

(iii) Refer to the Remuneration Report in the Directors' Report for further details regarding the operation of share based payments.

(c) Rights held by Key Management Personnel

Rights held by executive Key Management Personnel under the Group's equity-linked incentive plans are disclosed in the Remuneration Report.

(d) Other transactions and balances with Key Management Personnel

During the financial year, transactions occurred between the Group and Key Management Personnel which were within normal employee/non-executive Director relationships being the performance of contracts of employment/services, including the reimbursement of expenses, and the payment of dividends/distributions by the Group in respect of stapled securities held in the Group.

NOTE 42 DETAILS OF MATERIAL AND SIGNIFICANT ENTITIES

Name of entity	31 Dec 19 – Interest Beneficial [i] Parent Company %	31 Dec 19 – Interest Beneficial [i] Scentre Group %	31 Dec 19 – Interest Consolidated or Equity accounted %	31 Dec 18 – Interest Beneficial [i] Parent Company %	31 Dec 18 – Interest Beneficial [i] Scentre Group %	31 Dec 18 – Interest Consolidated or Equity accounted %
ENTITIES INCORPORATED IN AUSTRALIA						
Parent Company						
Scentre Group Limited	**100.0**	**100.0**	**100.0**	100.0	100.0	100.0
Consolidated Controlled Entities						
Scentre Group Trust 1	**–**	**100.0**	**100.0**	–	100.0	100.0
Scentre Group Trust 2	**–**	**100.0**	**100.0**	–	100.0	100.0
Scentre Group Trust 3	**–**	**100.0**	**100.0**	–	100.0	100.0
Scentre Finance (Aust) Limited	**100.0**	**100.0**	**100.0**	100.0	100.0	100.0
Scentre Limited	**100.0**	**100.0**	**100.0**	100.0	100.0	100.0
ENTITIES INCORPORATED IN NEW ZEALAND						
Consolidated Controlled Entities						
RE (NZ) Finance Limited	**–**	**100.0**	**100.0**	–	100.0	100.0
Scentre NZ Holdings Limited	**–**	**100.0**	**100.0**	–	100.0	100.0
SCG1 Finance (NZ) Limited	**–**	**100.0**	**100.0**	–	100.0	100.0

(i) Beneficial interest in underlying controlled and equity accounted entities reflects the Parent Company being Scentre Group Limited and its subsidiaries (excluding SGT1, SGT2 and SGT3) and Scentre Group's ownership interest as determined under International Financial Reporting Standards (IFRS).

Directors' Declaration

FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors of Scentre Group Limited (Company) declare that:

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

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

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

(ii) giving a true and fair view of the financial position as at 31 December 2019 and the performance of the consolidated entity for the year ended on that date in accordance with section 297 of the Corporations Act 2001;

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

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

Made on 18 February 2020 in accordance with a resolution of the Board of Directors.

Brian Schwartz AM
Chairman

Michael Ihlein
Director

18 February 2020

Investor Relations

Scentre Group is listed on the Australian Securities Exchange (ASX) under the code "SCG".

Please visit our website at *www.scentregroup.com/investors* for a variety of investor information.

Scentre Group securities

A Scentre Group stapled security comprises:

- 1 Scentre Group Limited share
- 1 Scentre Group Trust 1 unit
- 1 Scentre Group Trust 2 unit
- 1 Scentre Group Trust 3 unit

and trade together as one security.

Scentre Group Website

- About Scentre Group
- News & Insights
- Our Portfolio
- Investor Information

Electronic Information

By becoming an electronic investor and registering your email address, you can receive via email, news, notifications and announcements, dividend/distribution statements, taxation statements and annual reports.

Secure Access to Your Securityholding Online

You can go to *www.scentregroup.com/investors* to access your securityholding information by clicking on 'My SCG Securities' as well as extensive information on the Group including the latest press releases, results announcements, presentations and more.

To view your securityholding, you will need your Holder Number (SRN/HIN) and will be asked to verify your registered postcode (inside Australia) or your country of residence (outside Australia).

Phone – you can confirm your holding balance, request forms and access distribution and trading information by phoning:

1300 730 458 or call +61 3 9946 4471 (outside Australia) then, pressing 1. You will be asked to enter your Holder Number (SRN/HIN).

Scentre Group Distribution Details

Your interim distribution will be paid at the end of August and your final distribution paid at the end of February. Details of the 2019 year distributions are provided in the table to the right. To ensure timely receipt of your distribution, please consider the following:

Direct Credit

You can receive your distribution payment efficiently and safely by having it direct credited to your bank account. If you wish to register for direct credit, please complete the form and return it to the registry. This form can be downloaded from https://www.scentregroup.com/investors/security-holder-forms or by phoning our Registry on 1300 730 458 (Please have your Holder Number (SRN/HIN) available to quote). Alternatively, you can update your details directly online at www scentregroup.com/investors and by clicking on "My SCG Securities".

	Ordinary Securities (cents per security)
* Dividends/distributions for the year ended 31 December 2019	22.60
Dividend/distribution for the six months ended 30 June 2019 paid on 30 August 2019	**11.30**
Dividend in respect of a Scentre Group Limited share	Nil
Distribution in respect of a Scentre Group Trust 1 unit	5.70
Distribution in respect of a Scentre Group Trust 2 unit	5.60
Distribution in respect of a Scentre Group Trust 3 unit	Nil
Dividend/distribution for the six months ended 31 December 2019 to be paid on 28 February 2020	**11.30**
Dividend in respect of a Scentre Group Limited share	Nil
Distribution in respect of a Scentre Group Trust 1 unit	6.85
Distribution in respect of a Scentre Group Trust 2 unit	4.45
Distribution in respect of a Scentre Group Trust 3 unit	Nil

Note: The Group does not operate a distribution reinvestment plan.

Tax File Number (TFN)

You are not required by law to provide your Tax File Number (TFN), Australian Business Number (ABN) or Exemption.

However, if you do not provide your TFN, ABN or Exemption, withholding tax at the highest marginal rate, currently 47% for Australian resident members, may be deducted from distributions paid to you. If you have not supplied this information and wish to do so, please advise our Registry or your sponsoring broker.

Alternatively, you can update your details directly online at www.scentregroup.com/investors and by clicking on "My SCG Securities".

Annual Tax Statement and 2020 Tax Guide

The Annual Tax Statement and Tax Guide are dispatched to securityholders in March.

Unpresented Cheques & Unclaimed Funds

Scentre Group is required to remit to the NSW Office of State Revenue amounts greater than $100 held in an account that has been inactive for at least 6 years. If you believe you have unpresented cheques please contact the Registry which will be able to check the records and assist you in recovering any funds. Record checks can be made for the prior 7 years. For any enquiries beyond 7 years, you will need to contact the NSW Office of State Revenue (www.osr.nsw.gov.au) to check for unclaimed money.

Australian Capital Gains Tax Considerations

A Scentre Group stapled security comprises four separate assets for capital gains tax purposes. For capital gains tax purposes you need to apportion the cost of each stapled security and the proceeds on sale of each stapled security over the separate assets that make up the stapled security. This apportionment should be done on a reasonable basis. One possible method of apportionment is on the basis of the relative Net Tangible Assets (NTAs) of the individual entities.

These are set out by entity in the table below.

Relative Net tangible Assets (NTA) of entities in Scentre Group	30 Jun 19	31 Dec 19
Scentre Group Limited	3.23%	3.86%
Scentre Group Trust 1	39.36%	39.00%
Scentre Group Trust 2	57.35%	57.07%
Scentre Group Trust 3	0.06%	0.07%

Contact Details

All changes of name, address, tax file number, payment instructions and document requests should be directed to the Registry or alternatively, you can update your details directly online at www.scentregroup.com/investors and by clicking on "My SCG Securities".

Principal Share Registry

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000
GPO Box 2975
Melbourne VIC 3001
Telephone: +61 3 9946 4471
Toll Free: 1300 730 458 (Australia Only)
Facsimile: +61 3 9473 2500
Contact: www.investorcentre.com/contact
Website: www.computershare.com

All other queries should be directed to Scentre Group Investor Relations:

Level 30, 85 Castlereagh Street
Sydney NSW 2000, Australia
GPO Box 4004
Sydney NSW 2001
Telephone +61 2 9358 7877
Email: investor@scentregroup.com
Website: www.scentregroup.com/investors

Investor Feedback

If you have any complaints or feedback, please direct these in writing to Scentre Group Investor Relations at GPO Box 4004, Sydney NSW 2001.

Scentre Group Calendar

February

- 18 Feb 2020: Full-year results released
- 28 Feb 2020: Payment Distribution for 6 months ending December

March

- Annual Financial Reports for Scentre Group Trust 1, Scentre Group Trust 2 and Scentre Group Trust 3 released
- Annual Tax Statements released

April

- 8 Apr 2020: Scentre Group Limited: Annual General Meeting

May

- 1st Quarter Update

August

- Half-year results released
- Payment of Distribution for the 6 months ending June

November

- 3rd Quarter Update

Members' Information

FOR THE YEAR ENDED 31 DECEMBER 2019

Twenty Largest Holders of Stapled Securities in Scentre Group*

		Number of Securities
1	HSBC Custody Nominees (Australia) Limited	1,916,669,357
2	J P Morgan Nominees Australia Pty Limited	1,136,919,386
3	BNP Paribas Nominees Pty Ltd <AGENCY LENDING DRP A/C>	607,998,750
4	Citicorp Nominees Pty Limited	581,134,099
5	National Nominees Limited	271,690,253
6	BNP Paribas Noms Pty Ltd <DRP>	70,692,567
7	Citicorp Nominees Pty Limited <COLONIAL FIRST STATE INV A/C>	59,426,882
8	HSBC Custody Nominees (Australia) Limited <NT-COMNWLTH SUPER CORP A/C>	34,970,326
9	AMP Life Limited	24,398,160
10	Australian Foundation Investment Company Limited	12,950,000
11	HSBC Custody Nominees (Australia) Limited	11,693,541
12	Warbont Nominees Pty Ltd <UNPAID ENTREPOT A/C>	10,222,681
13	CS Third Nominees Pty Limited <HSBC CUST NOM AU LTD 13 A/C>	8,473,514
14	Argo Investments Limited	7,526,662
15	BNP Paribas Noms (NZ) Ltd <DRP>	7,464,824
16	Navigator Australia Ltd <SMA ANTARES INV DV BUILD A/C>	6,619,040
17	Australian Executor Trustees Limited <IPS SUPER A/C>	5,998,341
18	Milton Corporation Limited	5,589,474
19	Amondi Pty Ltd <W E O P T A/C>	5,388,133
20	Pechal Pty Ltd <THE ALLEN FAMILY A/C>	4,528,996
		4,790,354,986

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

Voting Rights

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

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

Distribution Schedule

Category	Number of stapled securities*	Number of securityholders	% of securities in each category
1 – 1,000	11,561,153	27,577	0.22
1,001 – 5,000	84,425,746	34,119	1.61
5,001 – 10,000	65,269,099	9,199	1.25
10,001 – 100,000	145,303,483	6,763	2.77
100,001 and over	4,932,198,451	307	94.15
Total	**5,238,757,932**	**77,965**	**100.00**

As at 06 February 2020, 6,672 securityholders hold less than a marketable parcel (being 131 securities at the closing price of $3.82) of quoted securities in Scentre Group.

* There are 9,577,913 performance rights on issue to a total of 88 Scentre Group employees. These rights may be satisfied by either the transfer of Scentre Group securities to employees or settled by way of cash payout which amount is calculated by reference to the market price of Scentre Group securities at the time of vesting. Under the stapling arrangement, in the case of the issue of securities, each of the Company, Scentre Group Trust 1, Scentre Group Trust 2 and Scentre Group Trust 3 is required to issue securities on the vesting of a performance right.

** During FY19, no securities were purchased on-market for the purposes of, or to satisfy the entitlements of executives on the vesting of rights under the Group's equity-linked plans. Scentre Group securities held by a Scentre Group employee incentive scheme trust which had been acquired on-market prior to FY19 were transferred to executives to satisfy the entitlements on the vesting of rights under the Group's equity-linked plans.

Buy-back

On 27 June 2019, the Group announced an on-market buy-back program of up to $800 million of securities.

The Group has bought back and cancelled 78,239,274 securities (1.47%).

Substantial securityholders

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

UniSuper Limited as trustee for UniSuper and UniSuper Management Pty Limited	507,458,956
BlackRock Group	496,793,754
The Vanguard Group	493,780,757
State Street	344,111,816

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
Telephone: +61 2 9358 7000
Facsimile: +61 2 9028 8500

New Zealand Office
Level 2, Office Tower
277 Broadway
Newmarket, Auckland 1023
Telephone: +64 9 978 5050
Facsimile: +64 9 978 5070

Secretaries
Maureen T McGrath
Paul F Giugni

Auditor
Ernst & Young
200 George Street
Sydney NSW 2000

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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

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