

SCENTRE GROUP

ASX ANNOUNCEMENT

22 August 2023

SCENTRE GROUP (ASX: SCG)

Scentre Group Trust 1, Scentre Group Trust 2 and Scentre Group Trust 3 2023 Half Year Financial Reports

Attached are the Half Year Financial Reports for each of Scentre Group Trust 1, Scentre Group Trust 2, and Scentre Group Trust 3.

Authorised for release by the Company Secretary.

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Scentre Management Limited

ABN 41 001 670 579

AFS Licence No: 230329 as responsible
entity of Scentre Group Trust 1

ABN 55 191 750 378 ARSN 090 849 746

RE1 Limited

ABN 80 145 743 862

AFS Licence No: 380202 as responsible
entity of Scentre Group Trust 2

ABN 66 744 282 872 ARSN 146 934 536

RE2 Limited

ABN 41 145 744 065

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entity of Scentre Group Trust 3

ABN 11 517 229 138 ARSN 146 934 652

Scentre Group Trust 1

Half-Year Financial Report

For the half-year ended 30 June 2023

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SCENTRE GROUP TRUST 1
STATEMENT OF COMPREHENSIVE INCOME
For the half-year ended 30 June 2023

	Note	30 Jun 23 \$million	30 Jun 22 \$million
Revenue			
Property revenue		291.2	276.6
		<u>291.2</u>	<u>276.6</u>
Expenses			
Property expenses, outgoings and other costs		(77.0)	(81.9)
Overheads		(6.1)	(6.9)
		<u>(83.1)</u>	<u>(88.8)</u>
Share of after tax profits of equity accounted entities			
Property revenue		287.1	269.4
Property expenses, outgoings and other costs		(74.4)	(79.0)
Net interest income/(expense)		0.2	(0.3)
Gain in respect of capital transactions		-	2.4
Property revaluations		(118.4)	76.9
Tax expense		(3.3)	(5.0)
		<u>91.2</u>	<u>264.4</u>
Interest income		1.0	0.2
Currency loss		(4.3)	(7.3)
Financing costs	2(b)	(167.7)	(116.5)
Gain in respect of capital transactions		-	8.2
Property revaluations		(66.3)	66.1
Profit before tax		62.0	402.9
Tax expense		(1.3)	(0.7)
Profit after tax for the period		60.7	402.2
Other comprehensive loss			
<i>Movement in foreign currency translation reserve ⁽ⁱ⁾</i>			
– Currency movement on the translation of investment in foreign operations		(9.7)	(28.1)
Total comprehensive income for the period		51.0	374.1
Profit after tax for the period attributable to:			
– Members of Scentre Group Trust 1		59.8	382.7
– External non controlling interests		0.9	19.5
Profit after tax for the period		60.7	402.2
Total comprehensive income attributable to:			
– Members of Scentre Group Trust 1		50.1	354.6
– External non controlling interests		0.9	19.5
Total comprehensive income for the period		51.0	374.1

⁽ⁱ⁾ This may be subsequently transferred to the profit and loss depending on how the foreign operations are sold.

	Note	30 Jun 23 cents	30 Jun 22 cents
Basic and diluted earnings per unit attributable to members of Scentre Group Trust 1	7(a)	1.15	7.37

SCENTRE GROUP TRUST 1
BALANCE SHEET
As at 30 June 2023

	Note	30 Jun 23 \$million	31 Dec 22 \$million
Current assets			
Cash and cash equivalents		39.0	108.2
Trade debtors	3	9.9	14.4
Receivables	3	16.3	14.2
Interest receivable		83.4	57.4
Derivative assets		4.8	38.6
Other current assets		8.0	13.1
Total current assets		161.4	245.9
Non current assets			
Investment properties	4	8,465.4	8,531.2
Equity accounted investments		8,238.9	8,301.7
Derivative assets		610.3	499.2
Other non current assets		21.0	23.5
Total non current assets		17,335.6	17,355.6
Total assets		17,497.0	17,601.5
Current liabilities			
Trade creditors		73.0	79.5
Payables and other creditors	8	1,055.9	1,074.2
Interest payable		109.5	99.0
Interest bearing liabilities	9	3,293.1	3,626.0
Other financial liabilities		185.0	162.3
Lease liabilities		0.2	0.1
Derivative liabilities		-	0.2
Total current liabilities		4,716.7	5,041.3
Non current liabilities			
Interest bearing liabilities	9	5,224.3	4,690.8
Other financial liabilities		-	192.6
Lease liabilities		7.8	7.4
Derivative liabilities		283.4	347.9
Total non current liabilities		5,515.5	5,238.7
Total liabilities		10,232.2	10,280.0
Net assets		7,264.8	7,321.5
Equity attributable to members of Scentre Group Trust 1			
Contributed equity	10(b)	1,459.0	1,459.0
Reserves		7.6	17.3
Retained profits		5,611.3	5,655.3
Total equity attributable to members of Scentre Group Trust 1		7,077.9	7,131.6
Equity attributable to external non controlling interests			
Contributed equity		73.4	72.7
Retained profits		113.5	117.2
Total equity attributable to external non controlling interests		186.9	189.9
Total equity		7,264.8	7,321.5

SCENTRE GROUP TRUST 1
STATEMENT OF CHANGES IN EQUITY
For the half-year ended 30 June 2023

	Contributed Equity \$million	Reserves \$million	Retained Profits \$million	30 Jun 23 Total \$million	Contributed Equity \$million	Reserves \$million	Retained Profits \$million	30 Jun 22 Total \$million
Changes in equity attributable to members of Scentre Group Trust 1								
Balance at the beginning of the period	1,459.0	17.3	5,655.3	7,131.6	1,459.0	24.6	5,592.0	7,075.6
– Profit after tax for the period ⁽ⁱ⁾	-	-	59.8	59.8	-	-	382.7	382.7
– Other comprehensive loss ^{(i) (ii)}	-	(9.7)	-	(9.7)	-	(28.1)	-	(28.1)
Transactions with owners in their capacity as owners								
– Distributions paid or provided for	-	-	(103.8)	(103.8)	-	-	(111.1)	(111.1)
Closing balance of equity attributable to members of Scentre Group Trust 1	1,459.0	7.6	5,611.3	7,077.9	1,459.0	(3.5)	5,863.6	7,319.1
Changes in equity attributable to external non controlling interests								
Balance at the beginning of the period	72.7	-	117.2	189.9	71.4	-	104.3	175.7
– Profit after tax for the period attributable to external non controlling interests ⁽ⁱ⁾	-	-	0.9	0.9	-	-	19.5	19.5
– Distributions paid or provided for	-	-	(3.5)	(3.5)	-	-	(3.3)	(3.3)
– Increase/(decrease) in external non controlling interest	0.7	-	(1.1)	(0.4)	1.3	-	(1.5)	(0.2)
Closing balance of equity attributable to external non controlling interests	73.4	-	113.5	186.9	72.7	-	119.0	191.7
Total equity	1,532.4	7.6	5,724.8	7,264.8	1,531.7	(3.5)	5,982.6	7,510.8

⁽ⁱ⁾ Total comprehensive income for the period amounts to \$51.0 million (30 June 2022: \$374.1 million).

⁽ⁱⁱ⁾ Movement in reserves attributable to members of Scentre Group Trust 1 comprises currency loss on the translation of investment in foreign operations of \$9.7 million (30 June 2022: \$28.1 million).

SCENTRE GROUP TRUST 1
CASH FLOW STATEMENT
For the half-year ended 30 June 2023

	30 Jun 23 \$million	30 Jun 22 \$million
Cash flows from operating activities		
Receipts in the course of operations (including Goods and Services Tax (GST))	332.5	313.4
Payments in the course of operations (including GST)	(91.2)	(85.8)
Dividends/distributions received from equity accounted entities	174.7	172.6
Withholding taxes paid	(1.3)	(0.7)
GST paid	(20.8)	(18.9)
Payments of financing costs (excluding financing costs capitalised)	(186.4)	(140.3)
Interest received	1.0	0.2
Net cash inflow from operating activities	208.5	240.5
Cash flows from investing activities		
Capital expenditure	(35.3)	(18.9)
Net outflows for investments in equity accounted entities	(40.1)	(14.1)
Financing costs capitalised to qualifying development projects and construction in progress	(4.4)	(1.5)
Net cash outflow from investing activities	(79.8)	(34.5)
Cash flows from financing activities		
Repayment of borrowings and lease liabilities	(752.8)	(789.0)
Proceeds from borrowings	371.0	6.0
Funds received from related entities	452.8	743.9
Repayment of other financial liabilities	(162.3)	(243.3)
Distributions paid	(103.8)	(111.1)
Distributions paid by controlled entities to external non controlling interests	(2.8)	(2.7)
Net cash outflow from financing activities	(197.9)	(396.2)
Net decrease in cash and cash equivalents held	(69.2)	(190.2)
Add opening cash and cash equivalents brought forward	108.2	265.3
Cash and cash equivalents at the end of the period ⁽ⁱ⁾	39.0	75.1

⁽ⁱ⁾ Cash and cash equivalents comprises cash of \$39.0 million (30 June 2022: \$75.1 million) net of bank overdraft of nil (30 June 2022: nil).

SCENTRE GROUP TRUST 1

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2023

1 Basis of preparation of the Financial Report

(a) Corporate information

This financial report of Scentre Group Trust 1 (SGT1) and its controlled entities (collectively the Trust) for the half-year ended 30 June 2023 was approved in accordance with a resolution of the Board of Directors of Scentre Management Limited as Responsible Entity of SGT1.

The Trust is part of Scentre Group which is a stapled entity comprising Scentre Group Limited (SGL), SGT1, Scentre Group Trust 2 (SGT2), Scentre Group Trust 3 (SGT3) and their respective controlled entities. Scentre Group operates as a single coordinated economic entity, with a common Board of Directors and management team.

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

(b) Basis of preparation

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

This half-year financial report should be read in conjunction with the annual financial report of the Trust as at 31 December 2022.

It is also recommended that this half-year financial report be considered together with any public announcements made by Scentre Group during the half-year ended 30 June 2023 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001 (Cth)* (Corporations Act).

(c) Going concern

This half-year financial report has been prepared on a going concern basis. In making this assessment, the Directors have considered:

- The Trust forms part of Scentre Group and is party to Scentre Group's cross-guarantee arrangements in respect of Scentre Group's debt facilities and bonds; and
- Scentre Group's ability to meet its financial obligations over the next 12 months, using cash flow sensitivity analysis and having regard to debt maturities, funding requirements, operating cash earnings and available financing facilities. At 30 June 2023, \$3.4 billion (31 December 2022: \$4.2 billion) of external financing resources and intragroup facilities within Scentre Group were available to the Trust which are sufficient to cover short term liabilities.

(d) Basis of accounting

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

This half-year financial report has been prepared on a historical cost basis, except for investment properties, investment properties within equity accounted investments, derivative financial instruments, financial assets at fair value through profit and loss and other financial liabilities.

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

This half-year financial report has been prepared using the same accounting policies as used in the annual financial report for the year ended 31 December 2022 except for the changes required due to the adoption of accounting standards as disclosed in Note 1(e).

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

SCENTRE GROUP TRUST 1
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 30 June 2023

1 Basis of preparation of the Financial Report (continued)

(e) New accounting standards and interpretations

The Trust has adopted the following new or amended standards which became applicable on 1 January 2023:

- AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (effective from 1 January 2023)

This amends AASB 112 *Income Taxes* to clarify the accounting for deferred tax on transactions that at the time of the transaction give rise to equal taxable and deductible temporary differences. This amendment did not have a significant impact on the financial statements on application.

- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* (effective from 1 January 2023)

This amends:

- (i) AASB 7 *Financial Instruments: Disclosures*, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;
- (ii) AASB 101 *Presentation of Financial Statements*, to require entities to disclose their material accounting policy information rather than their significant accounting policies;
- (iii) AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates;
- (iv) AASB 134 *Interim Financial Reporting*, to identify material accounting policy information as a component of a complete set of financial statements; and
- (v) AASB Practice Statement 2 *Making Materiality Judgements*, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

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

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Trust for the half-year ended 30 June 2023. The impact of these new standards or amendments to the standards and interpretations (to the extent relevant to the Trust) is as follows:

- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current* (effective from 1 January 2024)

This amends AASB 101 *Presentation of Financial Statements* to clarify the requirements for classifying liabilities as current or non current. This amendment is not expected to have a significant impact on the financial statements on application.

- AASB 2022-6 *Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants* (effective from 1 January 2024)

This amends AASB 101 *Presentation of Financial Statements* to improve the information an entity provides in its financial statements about liabilities arising from loan arrangements for which the entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. This amendment is not expected to have a significant impact on the financial statements on application.

- AASB 2022-5 *Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback* (effective from 1 January 2024)

This amends AASB 16 *Leases* to add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in AASB 15 *Revenue from Contracts with Customers* to be accounted for as a sale. 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 2025)

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

In June 2023, the International Sustainability Standards Board (ISSB) issued its first two International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards: IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*. Shortly after, local regulators have commenced a consultation process that proposes to mandate the disclosure of climate-related financial information in the future. The Directors continue to monitor developments in relation to the local equivalents of these IFRS standards.

SCENTRE GROUP TRUST 1
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 30 June 2023

1 Basis of preparation of the Financial Report (continued)

(f) Comparative information

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

(g) Rounding

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

2 Segment reporting

Geographic segments

The Trust has investments in a portfolio of shopping centres across Australia and New Zealand.

The Trust's segment income and expenses as well as the details of segment assets have been prepared on a proportionate format on a geographic basis. The proportionate format presents the net income from and net assets in equity accounted properties on a gross format whereby the underlying components of net income and net assets are disclosed separately as revenues and expenses, assets and liabilities.

The proportionate format is used by management in assessing and understanding the performance and results of operations of the Trust as it allows management to observe and analyse revenue and expense results and trends on a portfolio-wide basis. The assets underlying both the consolidated and the equity accounted components of the statutory statement of comprehensive income 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.

(a) Geographic segment information

The following segment information comprises the earnings and assets of the Trust's Australian and New Zealand operations.

	Australia \$million	New Zealand \$million	30 Jun 23 \$million	Australia \$million	New Zealand \$million	30 Jun 22 \$million
Revenue						
Shopping centre base rent and other property income ⁽ⁱ⁾	562.3	34.4	596.7	530.1	31.7	561.8
Amortisation of tenant allowances	(18.7)	(1.0)	(19.7)	(17.4)	(0.9)	(18.3)
Straight-lining of rent	1.2	0.1	1.3	2.3	0.2	2.5
	544.8	33.5	578.3	515.0	31.0	546.0
Expenses						
Property expenses, outgoings and other costs	(141.6)	(9.8)	(151.4)	(151.3)	(9.6)	(160.9)
Segment income and expenses	403.2	23.7	426.9	363.7	21.4	385.1
	Australia \$million	New Zealand \$million	30 Jun 23 \$million	Australia \$million	New Zealand \$million	31 Dec 22 \$million
Shopping centre investments	16,051.1	678.1	16,729.2	16,138.1	689.7	16,827.8
Development projects and construction in progress	113.6	30.1	143.7	141.8	29.2	171.0
Segment assets ⁽ⁱⁱ⁾	16,164.7	708.2	16,872.9	16,279.9	718.9	16,998.8
Additions to segment non current assets during the period ⁽ⁱⁱⁱ⁾	70.7	1.3	72.0	187.8	20.0	207.8

⁽ⁱ⁾ Includes recoveries of outgoings from lessees of \$50.8 million (30 June 2022: \$50.5 million).

⁽ⁱⁱ⁾ Includes equity accounted segment assets of \$8,407.5 million (31 December 2022: \$8,467.6 million).

⁽ⁱⁱⁱ⁾ Additions are net of amortisation of tenant allowances of \$19.7 million (31 December 2022: \$37.7 million).

SCENTRE GROUP TRUST 1
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 30 June 2023

2 Segment reporting (continued)

(b) Reconciliation of segment information

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

	Consolidated \$million	Equity accounted \$million	30 Jun 23 \$million	Consolidated \$million	Equity accounted \$million	30 Jun 22 \$million
Property revenue	291.2	287.1	578.3	276.6	269.4	546.0
Property expenses, outgoings and other costs	(77.0)	(74.4)	(151.4)	(81.9)	(79.0)	(160.9)
Segment income and expenses	214.2	212.7	426.9	194.7	190.4	385.1
Overheads			(6.1)			(6.9)
Interest income			1.0			0.2
Currency loss			(4.3)			(7.3)
Financing costs						
– Net fair value movement and modification gain			24.3			30.3
– Other financial liabilities and lease liabilities			(5.2)			(8.8)
– Interest bearing liabilities			(191.2)			(139.5)
– Interest capitalised			4.4			1.5
			(167.7)			(116.5)
Equity accounted net interest income/(expense)			0.2			(0.3)
Gain in respect of capital transactions			-			10.6
Property revaluations			(184.7)			143.0
Tax expense			(4.6)			(5.7)
External non controlling interests			(0.9)			(19.5)
Net profit attributable to members of SGT1 ⁽ⁱ⁾			59.8			382.7

⁽ⁱ⁾ Net profit attributable to members of SGT1 was \$59.8 million (30 June 2022: \$382.7 million). Net profit after tax for the period which includes profit attributable to external non controlling interests of \$0.9 million (30 June 2022: \$19.5 million) was \$60.7 million (30 June 2022: \$402.2 million).

	Consolidated \$million	Equity accounted \$million	30 Jun 23 \$million	Consolidated \$million	Equity accounted \$million	31 Dec 22 \$million
Shopping centre investments	8,404.3	8,324.9	16,729.2	8,476.9	8,350.9	16,827.8
Development projects and construction in progress	61.1	82.6	143.7	54.3	116.7	171.0
Segment assets	8,465.4	8,407.5	16,872.9	8,531.2	8,467.6	16,998.8
Cash and cash equivalents	39.0	25.7	64.7	108.2	19.5	127.7
Trade debtors and receivables	64.8	68.3	133.1	74.4	87.6	162.0
Expected credit loss allowance	(38.6)	(44.3)	(82.9)	(45.8)	(56.3)	(102.1)
Other assets	727.5	4.1	731.6	631.8	3.7	635.5
Total assets	9,258.1	8,461.3	17,719.4	9,299.8	8,522.1	17,821.9
Interest bearing liabilities	8,517.4	-	8,517.4	8,316.8	-	8,316.8
Other financial liabilities	185.0	-	185.0	354.9	-	354.9
Deferred tax liabilities	-	60.2	60.2	-	59.1	59.1
Other liabilities	1,529.8	162.2	1,692.0	1,608.3	161.3	1,769.6
Total liabilities	10,232.2	222.4	10,454.6	10,280.0	220.4	10,500.4
Net assets	(974.1)	8,238.9	7,264.8	(980.2)	8,301.7	7,321.5

SCENTRE GROUP TRUST 1
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 30 June 2023

3 Trade debtors and receivables

	30 Jun 23 \$million	31 Dec 22 \$million
Trade debtors	9.9	14.4
Receivables	16.3	14.2
Total trade debtors and receivables	26.2	28.6
(a) Components of trade debtors and receivables		
Trade debtors and receivables	64.8	74.4
Expected credit loss allowance	(38.6)	(45.8)
Total trade debtors and receivables	26.2	28.6
(b) Movement in expected credit loss allowance		
Balance at the beginning of the period	(45.8)	(62.1)
Decrease/(increase) in expected credit loss allowance recognised in the statement of comprehensive income	0.8	(2.6)
Amounts written-off relating to COVID-19	6.4	18.9
Balance at the end of the period	(38.6)	(45.8)

Expected credit loss allowance

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

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

At 30 June 2023, approximately 77% of trade debtors are aged greater than 90 days and the expected credit loss allowance is 78% of trade debtors. An increase or decrease of 5% in the expected credit loss rate (after adjusting for GST and bank guarantees) would result in an increase or decrease in expected credit loss allowance of \$1.8 million respectively. At 31 December 2022, approximately 79% of trade debtors are aged greater than 90 days and the expected credit loss allowance is 75% of trade debtors. An increase or decrease of 5% in the expected credit loss rate (after adjusting for GST and bank guarantees) would result in an increase or decrease in expected credit loss allowance of \$2.2 million respectively.

4 Investment properties

	30 Jun 23 \$million	31 Dec 22 \$million
Shopping centre investments	8,404.3	8,476.9
Development projects and construction in progress	61.1	54.3
Total investment properties ⁽ⁱ⁾	8,465.4	8,531.2

⁽ⁱ⁾ The fair value of investment properties at the end of the period includes ground lease assets of \$8.0 million (31 December 2022: \$7.5 million).

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

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

SCENTRE GROUP TRUST 1
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 30 June 2023

4 Investment properties (continued)

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

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

5 Details of shopping centre investments

	30 Jun 23 \$million	31 Dec 22 \$million
Consolidated Australian shopping centres	8,404.3	8,476.9
Total consolidated shopping centres	8,404.3	8,476.9
Equity accounted Australian shopping centres	7,646.8	7,661.2
Equity accounted New Zealand shopping centres	678.1	689.7
Total equity accounted shopping centres	8,324.9	8,350.9
	16,729.2	16,827.8

Valuation inputs

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

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

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

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

	30 Jun 23	31 Dec 22
Australian portfolio		
Retail capitalisation rate	4.50%-6.75%	4.25%-6.25%
Weighted average capitalisation rate ⁽ⁱ⁾	5.08%	4.88%
Retail discount rate	6.00%-7.50%	5.75%-7.25%
New Zealand portfolio		
Retail capitalisation rate	6.00%-7.50%	6.00%-7.38%
Weighted average capitalisation rate ⁽ⁱ⁾	6.65%	6.63%
Retail discount rate	7.50%-8.88%	7.50%-8.75%

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

Changes to key inputs would result in changes to the fair value of investment properties. An increase in capitalisation rate and/or discount rate would result in lower fair value, while a decrease in capitalisation rate and/or discount rate will result in higher fair value (with all other factors held constant). The discount rates have increased in-line with the increase in capitalisation rates compared to 31 December 2022. The capitalisation rate sensitivity analysis is detailed below.

	30 Jun 23 \$million	31 Dec 22 \$million
The sensitivity of shopping centre valuations to changes in capitalisation rates is as follows:	Capitalisation rate movement	Increase/(decrease) in fair value
	-50 bps	1,800.8
	-25 bps	854.4
	+25 bps	(775.2)
	+50 bps	(1,481.8)

SCENTRE GROUP TRUST 1
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 30 June 2023

6 Distributions

	30 Jun 23 \$million	30 Jun 22 \$million
(a) Interim distribution		
4.125 cents per unit (30 June 2022: 3.75 cents per unit)	214.1	194.6

Details of the full year components of distributions will be provided in the Annual Tax Statement which will be sent to members in March 2024.

The interim distribution will be paid on 31 August 2023. The record date for determining entitlement to this distribution was 18 August 2023. Scentre Group does not operate a Distribution Reinvestment Plan.

	30 Jun 23 \$million	30 Jun 22 \$million
(b) Distributions paid		
Distribution in respect of the six months to 31 December 2022	103.8	-
Distribution in respect of the six months to 31 December 2021	-	111.1
	103.8	111.1

7 Statutory earnings per unit

	30 Jun 23 cents	30 Jun 22 cents
(a) Summary of earnings per unit attributable to members of Scentre Group Trust 1		
Basic and diluted earnings per unit	1.15	7.37

There are no potential ordinary units which are dilutive.

In calculating basic and diluted earnings per unit attributable to Scentre Group Trust 1, net profit attributable to members of Scentre Group Trust 1 of \$59.8 million (30 June 2022: \$382.7 million) was divided by the weighted average number of ordinary units of 5,190,378,339 (30 June 2022: 5,190,378,339).

(b) Conversions, calls, subscriptions, issues or buy-back after 30 June 2023

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

8 Payables and other creditors

	30 Jun 23 \$million	31 Dec 22 \$million
Payables and other creditors	95.1	113.4
Non interest bearing loans payable to related entities	960.8	960.8
	1,055.9	1,074.2

SCENTRE GROUP TRUST 1
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 30 June 2023

9 Interest bearing liabilities

	30 Jun 23 \$million	31 Dec 22 \$million
Current		
Interest bearing liabilities	-	785.7
Interest bearing loans payable to related entities	3,293.1	2,840.3
	3,293.1	3,626.0
Non current		
Interest bearing liabilities	5,224.3	4,690.8
	5,224.3	4,690.8
Total interest bearing liabilities	8,517.4	8,316.8

10 Contributed equity

	30 Jun 23 Number of units	31 Dec 22 Number of units
(a) Units on issue		
Number of units on issue	5,190,378,339	5,190,378,339

There were no changes to the number of units on issue during the periods ended 30 June 2023 and 31 December 2022.

Holders of Scentre Group stapled securities have the right to receive declared dividends from SGL and distributions from SGT1, SGT2 and SGT3 and, in the event of winding up SGL, SGT1, SGT2 and SGT3, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on Scentre Group stapled securities held.

Holders of Scentre Group 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 SGL, SGT1, SGT2 and SGT3 (as the case may be).

	30 Jun 23 \$million	31 Dec 22 \$million
(b) Amount of contributed equity		
Contributed equity	1,459.0	1,459.0

There were no changes to the amount of contributed equity during the periods ended 30 June 2023 and 31 December 2022.

SCENTRE GROUP TRUST 1
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 30 June 2023

11 Fair value of financial assets and liabilities

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

		Fair value		Carrying amount	
	Fair value hierarchy	30 Jun 23 \$million	31 Dec 22 \$million	30 Jun 23 \$million	31 Dec 22 \$million
Consolidated assets					
Cash and cash equivalents		39.0	108.2	39.0	108.2
Trade debtors and receivables ⁽ⁱ⁾		26.2	28.6	26.2	28.6
Interest receivable ⁽ⁱ⁾		83.4	57.4	83.4	57.4
Derivative assets ⁽ⁱⁱ⁾	Level 2	615.1	537.8	615.1	537.8
Consolidated liabilities					
Trade and other payables ⁽ⁱ⁾		1,128.9	1,153.7	1,128.9	1,153.7
Interest payable ⁽ⁱ⁾		109.5	99.0	109.5	99.0
Interest bearing liabilities ⁽ⁱⁱ⁾					
– Fixed rate debt	Level 2	4,360.5	4,941.7	4,612.8	5,228.5
– Floating rate debt	Level 2	3,904.6	3,088.3	3,904.6	3,088.3
Other financial liabilities ⁽ⁱ⁾	Level 3	185.0	354.9	185.0	354.9
Derivative liabilities ⁽ⁱⁱ⁾	Level 2	283.4	348.1	283.4	348.1

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

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

Determination of fair value

The Responsible Entity 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 Trust's financial instruments, consideration is given to available market data and if the market for a financial instrument changes then the valuation technique applied will change accordingly.

During the half-year ended 30 June 2023, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

	30 Jun 23 \$million	31 Dec 22 \$million
Level 3 fair value movement - Property linked notes ⁽ⁱ⁾		
Balance at the beginning of the period	354.9	612.0
Repayment of other financial liabilities	(162.3)	(243.3)
Net fair value gain included in financing costs in the statement of comprehensive income	(7.6)	(13.8)
Balance at the end of the period	185.0	354.9

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

Investment properties are considered Level 3.

SCENTRE GROUP TRUST 1 DIRECTORS' DECLARATION

The Directors of Scentre Management Limited, the Responsible Entity of Scentre Group Trust 1 (Trust) declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the Financial Statements and notes thereto are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
 - (ii) giving a true and fair view of the financial position as at 30 June 2023 and the performance of the consolidated entity for the half-year ended on that date in accordance with section 305 of the Corporations Act 2001.

Made on 22 August 2023 in accordance with a resolution of the Board of Directors.



Brian Schwartz AM
Chair



Michael Ihlein
Director

Independent Auditor's Review Report to the Members of Scentre Group Trust 1

Conclusion

We have reviewed the accompanying half-year financial report of Scentre Group Trust 1 and its controlled entities (the Trust), which comprises the balance sheet as at 30 June 2023, statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- Giving a true and fair view of the consolidated financial position of the Trust as at 30 June 2023 and of its consolidated financial performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Trust in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

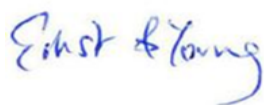
Directors' Responsibility for the Half-year Financial Report

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

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Trust's financial position as at 30 June 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



Ernst & Young

Sydney, 22 August 2023



Mike Wright
Partner

SCENTRE GROUP TRUST 1

DIRECTORS' REPORT

The Directors of Scentre Management Limited (the Responsible Entity), the responsible entity of Scentre Group Trust 1 (the Trust) submit the following report for the half-year ended 30 June 2023 (Financial Period).

The Trust is part of Scentre Group (the Group) which is a stapled entity comprising Scentre Group Limited, the Trust, Scentre Group Trust 2, Scentre Group Trust 3 and their respective controlled entities. Scentre Group operates as a single coordinated economic entity, with a common Board of Directors and management team.

1. Operating and Financial Review

1.1 Operating overview

Scentre Group owns and operates a leading portfolio of 42 Westfield destinations with 37 located in Australia and five in New Zealand encompassing more than 12,000 outlets. Our Westfield destinations are strategically located in the heart of the local communities we serve. Our centres are considered community hubs that connect people with services and experiences that enrich their daily lives. The Trust has a joint interest in 39 Westfield destinations.

Customer visitation has increased to 314 million, 9.8% more than the same period in 2022. This has been driven by the Group's unique customer activation program, including partnerships with Disney and Netball Australia, to create extraordinary experiences for our customers at our Westfield destinations.

During the Financial Period, the Group's business partners achieved sales of \$13.1 billion, an increase of 9.1%. When compared to the same period in 2019, business partner sales are 13.6% higher.

Demand for space in our Westfield destinations continues to be strong, with occupancy increasing to 99.0% compared to 98.8% at 30 June 2022. During the Financial Period, the Group completed 1,567 leasing deals and welcomed 585 new merchants including 125 new brands to the portfolio.

On average, specialty rent escalations increased by 8.1% and new lease spreads improved to +2.6%.

Progress continues on our pathway to achieve net zero by 2030 with the recent completion of rooftop solar installations at Westfield Fountain Gate and Westfield Knox. Rooftop solar installations at Westfield Hornsby and Westfield Tuggerah will be completed by the end of the year. Together these installations will more than double the Group's solar generation capacity from 5.9MW to 12.2MW.

1.2 Economic performance

The statutory profit after tax attributable to members of the Trust for the Financial Period, including an unrealised property revaluation decrease of \$184.7 million, was \$59.8 million.

As at 30 June 2023, the Trust had available financing resources of \$3.4 billion after deducting facilities utilised by its borrowings.

The distribution attributable to members of the Trust for the Financial Period is \$214.1 million (being 4.125 cents per unit) and forms part of the Group's distribution of 8.25 cents per security which will be made to members on 31 August 2023. Basic earnings per unit attributable to members of the Trust for the Financial Period is 1.15 cents per unit.

In June 2023, the Group successfully opened Stage 2 of the \$355 million (Trust share: \$89 million) investment in Westfield Knox, with visitation in the month following opening 13% higher than 2019. The remaining stages are due to open by the end of 2023.

Pre-development work on the Group's pipeline of future opportunities continues.

1.3 Outlook

Subject to no material change in conditions, the Group reconfirms that it expects Funds From Operations (FFO) to be in the range of 20.75 to 21.25 cents per security for 2023, representing 3.4% to 5.9% growth for the year. This equates to growth in FFO for the second half of 2023 of between 5.6% to 10.9%.

The Group's distributions are expected to be at least 16.50 cents per security for 2023, representing at least 4.8% growth for the year.

2. Risk management

The Group assesses risk from a number of perspectives and these risks are subject to continuous assessment and review.

A number of important strategic risks and how such risks are managed and monitored are outlined in the Directors' Report in each of the Scentre Group 2022 Annual Financial Report and 2023 Half-Year Financial Report, which are available at www.scentregroup.com.

SCENTRE GROUP TRUST 1

DIRECTORS' REPORT (continued)

3. Directors

As of the date of this report, the Board of the Responsible Entity of the Trust comprised the following Directors. Each non-executive Director is classified as independent.

Name	Position	Date of appointment
Brian Schwartz AM	Non-executive Chair	6 May 2009
Elliott Rusanow	Managing Director / Chief Executive Officer	1 October 2022
Ilana Atlas AO	Non-executive Director	28 May 2021
Catherine Brenner	Non-executive Director	1 March 2022
Michael Ihlein	Non-executive Director	30 June 2014
Carolyn Kay	Non-executive Director	24 February 2016
Stephen McCann	Non-executive Director	1 November 2022
Guy Russo	Non-executive Director	1 September 2020
Margaret Seale	Non-executive Director	24 February 2016
Michael Wilkins AO	Non-executive Director	8 April 2020

Scentre Group was established on 30 June 2014. Scentre Management Limited (previously Westfield Management Limited) formed part of the prior Westfield Group. Mr Schwartz's appointment predates the formation of the Group.

Andrew Harmos (appointed on 30 June 2014) retired from the Board on 5 April 2023. All other Directors held office for the entire Financial Period.

As announced to the Australian Securities Exchange on 5 April 2023, Brian Schwartz intends to retire from the Board on 30 September 2023 and Ilana Atlas has been appointed Chair, effective 1 October 2023.

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

4. Principal activity

The principal activity of the Trust during the Financial Period was the long term ownership of shopping centres. There was no significant change in the nature of the principal activity during the Financial Period.

5. Events after the reporting period

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

6. Rounding

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

7. Synchronisation of financial year

By an order dated 5 November 2001 made by the Australian Securities and Investments Commission, the Directors have been relieved from compliance with the requirement to ensure that the financial year of Carindale Property Trust is synchronised with the financial year of the Trust. Although the financial year of Carindale Property Trust ends on 30 June, the financial statements of the Trust have been prepared to include accounts for Carindale Property Trust for a period coinciding with the financial year of the Trust.

8. ASX listing

ASX reserves the right (but without limiting its absolute discretion) to remove Scentre Group Limited, the Trust, 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.

SCENTRE GROUP TRUST 1
DIRECTORS' REPORT (continued)

9. Auditor's independence declaration

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



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

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
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Auditor's Independence Declaration to the Directors of Scentre Management Limited

As lead auditor for the review of the half-year financial report of Scentre Group Trust 1 for the half-year ended 30 June 2023, I declare to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Scentre Group Trust 1 and the entities it controlled during the Financial Period.

Ernst & Young

Mike Wright
Partner

22 August 2023

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

This report is made on 22 August 2023 in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.

Brian Schwartz AM
Chair

Michael Ihlein
Director

DIRECTORY

Scentre Group
Scentre Group Limited
ABN 66 001 671 496

Scentre Group Trust 1
ARSN 090 849 746
(responsible entity Scentre Management Limited
ABN 41 001 670 579, AFS Licence No 230329)

Scentre Group Trust 2
ARSN 146 934 536
(responsible entity RE1 Limited
ABN 80 145 743 862, AFS Licence No 380202)

Scentre Group Trust 3
ARSN 146 934 652
(responsible entity RE2 Limited
ABN 41 145 744 065, AFS Licence No 380203)

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Paul F Giugni

Auditor
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Website: www.computershare.com

Listing
Australian Securities Exchange – SCG

Website
www.scentregroup.com

Scentre Group Trust 2

Half-Year Financial Report

For the half-year ended 30 June 2023

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SCENTRE GROUP TRUST 2
STATEMENT OF COMPREHENSIVE INCOME
For the half-year ended 30 June 2023

	Note	30 Jun 23 \$million	30 Jun 22 \$million
Revenue			
Property revenue		308.6	293.0
		<u>308.6</u>	<u>293.0</u>
Expenses			
Property expenses, outgoings and other costs		(81.8)	(85.3)
Overheads		(3.6)	(4.3)
		<u>(85.4)</u>	<u>(89.6)</u>
Share of after tax profits of equity accounted entities			
Property revenue		283.2	265.4
Property expenses, outgoings and other costs		(72.9)	(77.8)
Net interest income/(expense)		0.2	(0.3)
Gain in respect of capital transactions		-	2.4
Property revaluations		(118.1)	78.2
Tax expense		(3.3)	(5.0)
		<u>89.1</u>	<u>262.9</u>
Interest income		78.6	21.8
Currency loss		(13.2)	(16.4)
Financing costs	2(b)	(240.5)	(477.6)
Property revaluations		(88.5)	58.9
Profit before tax		48.7	53.0
Tax expense		(1.3)	(0.7)
Profit after tax for the period		47.4	52.3
Other comprehensive loss			
<i>Movement in foreign currency translation reserve ⁽ⁱ⁾</i>			
- Currency movement on the translation of investment in foreign operations		(9.7)	(28.1)
Total comprehensive income for the period		37.7	24.2

⁽ⁱ⁾ This may be subsequently transferred to the profit and loss depending on how the foreign operations are sold.

	Note	30 Jun 23 cents	30 Jun 22 cents
Basic and diluted earnings per unit	7(a)	0.91	1.01

SCENTRE GROUP TRUST 2
BALANCE SHEET
As at 30 June 2023

	Note	30 Jun 23 \$million	31 Dec 22 \$million
Current assets			
Cash and cash equivalents		36.9	360.9
Trade debtors	3	11.7	16.2
Receivables	3	3,316.9	2,855.6
Interest receivable		126.0	111.4
Derivative assets		115.7	60.9
Other current assets		10.8	16.6
Total current assets		3,618.0	3,421.6
Non current assets			
Investment properties	4	9,423.5	9,492.2
Equity accounted investments		8,148.6	8,215.0
Derivative assets		253.7	262.5
Other non current assets		22.0	25.0
Total non current assets		17,847.8	17,994.7
Total assets		21,465.8	21,416.3
Current liabilities			
Trade creditors		79.6	85.3
Payables and other creditors	8	99.8	121.9
Interest payable		220.2	208.2
Interest bearing liabilities			
– Senior borrowings	9	1,447.0	1,388.6
Lease liabilities		0.2	0.1
Total current liabilities		1,846.8	1,804.1
Non current liabilities			
Interest bearing liabilities			
– Senior borrowings	9	4,017.7	3,849.1
– Subordinated notes	9	4,526.3	4,403.3
Lease liabilities		7.9	7.4
Derivative liabilities		558.1	806.9
Total non current liabilities		9,110.0	9,066.7
Total liabilities		10,956.8	10,870.8
Net assets		10,509.0	10,545.5
Equity			
Contributed equity	10(b)	7,868.4	7,868.4
Reserves		5.1	14.8
Retained profits		2,635.5	2,662.3
Total equity		10,509.0	10,545.5

SCENTRE GROUP TRUST 2
STATEMENT OF CHANGES IN EQUITY
For the half-year ended 30 June 2023

	Contributed Equity \$million	Reserves \$million	Retained Profits \$million	30 Jun 23 Total \$million	Contributed Equity \$million	Reserves \$million	Retained Profits \$million	30 Jun 22 Total \$million
Changes in equity								
Balance at the beginning of the period	7,868.4	14.8	2,662.3	10,545.5	7,868.4	22.2	3,077.2	10,967.8
– Profit after tax for the period ⁽ⁱ⁾	-	-	47.4	47.4	-	-	52.3	52.3
– Other comprehensive loss ^{(i) (ii)}	-	(9.7)	-	(9.7)	-	(28.1)	-	(28.1)
Transactions with owners in their capacity as owners								
– Distributions paid or provided for	-	-	(74.2)	(74.2)	-	-	(111.1)	(111.1)
Total equity	7,868.4	5.1	2,635.5	10,509.0	7,868.4	(5.9)	3,018.4	10,880.9

⁽ⁱ⁾ Total comprehensive income for the period amounts to \$37.7 million (30 June 2022: \$24.2 million).

⁽ⁱⁱ⁾ Movement in reserves comprises currency loss on the translation of investment in foreign operations of \$9.7 million (30 June 2022: \$28.1 million).

SCENTRE GROUP TRUST 2
CASH FLOW STATEMENT
For the half-year ended 30 June 2023

	30 Jun 23 \$million	30 Jun 22 \$million
Cash flows from operating activities		
Receipts in the course of operations (including Goods and Services Tax (GST))	352.1	333.0
Payments in the course of operations (including GST)	(91.2)	(83.8)
Dividends/distributions received from equity accounted entities	173.2	170.6
Withholding taxes paid	(1.3)	(0.7)
GST paid	(22.4)	(19.5)
Payments of financing costs (excluding financing costs capitalised)	(255.1)	(161.5)
Interest received	78.6	21.8
Net cash inflow from operating activities	233.9	259.9
Cash flows from investing activities		
Capital expenditure	(54.1)	(46.4)
Net outflows for investments in equity accounted entities	(37.0)	(14.9)
Financing costs capitalised to qualifying development projects and construction in progress	(13.8)	(8.5)
Net cash outflow from investing activities	(104.9)	(69.8)
Cash flows from financing activities		
Repayment of borrowings and lease liabilities	(49.9)	(26.5)
Proceeds from borrowings	74.5	187.8
Funds paid to related entities	(451.8)	(747.6)
Funds received from related entities	47.0	254.8
Distributions paid	(74.2)	(111.1)
Net cash outflow from financing activities	(454.4)	(442.6)
Net decrease in cash and cash equivalents held	(325.4)	(252.5)
Add opening cash and cash equivalents brought forward	360.9	342.4
Effects of exchange rate changes on cash and cash equivalents	1.4	-
Cash and cash equivalents at the end of the period ⁽ⁱ⁾	36.9	89.9

⁽ⁱ⁾ Cash and cash equivalents comprise cash of \$36.9 million (30 June 2022: \$89.9 million) net of bank overdraft of nil (30 June 2022: nil).

SCENTRE GROUP TRUST 2

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2023

1 Basis of preparation of the Financial Report

(a) Corporate information

This financial report of Scentre Group Trust 2 (SGT2) and its controlled entities (collectively the Trust) for the half-year ended 30 June 2023 was approved in accordance with a resolution of the Board of Directors of RE1 Limited as Responsible Entity of SGT2.

The Trust is part of Scentre Group which is a stapled entity comprising Scentre Group Limited (SGL), Scentre Group Trust 1 (SGT1), SGT2, Scentre Group Trust 3 (SGT3) and their respective controlled entities. Scentre Group operates as a single coordinated economic entity, with a common Board of Directors and management team.

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

(b) Basis of preparation

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

This half-year financial report should be read in conjunction with the annual financial report of the Trust as at 31 December 2022.

It is also recommended that this half-year financial report be considered together with any public announcements made by Scentre Group during the half-year ended 30 June 2023 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001 (Cth)* (Corporations Act).

(c) Going concern

This half-year financial report has been prepared on a going concern basis. In making this assessment, the Directors have considered:

- The Trust forms part of Scentre Group and is party to Scentre Group's cross guarantee arrangements in respect of Scentre Group's debt facilities and bonds; and
- Scentre Group's ability to meet its financial obligations over the next 12 months, using cash flow sensitivity analysis and having regard to debt maturities, funding requirements, operating cash earnings and available financing facilities.

(d) Basis of accounting

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

This half-year financial report has been prepared on a historical cost basis, except for investment properties, investment properties within equity accounted investments, derivative financial instruments and financial assets at fair value through profit and loss.

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

This half-year financial report has been prepared using the same accounting policies as used in the annual financial report for the year ended 31 December 2022 except for the changes required due to the adoption of accounting standards as disclosed in Note 1(e).

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

(e) New accounting standards and interpretations

The Trust has adopted the following new or amended standards which became applicable on 1 January 2023:

- AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (effective from 1 January 2023)

This amends AASB 112 *Income Taxes* to clarify the accounting for deferred tax on transactions that at the time of the transaction give rise to equal taxable and deductible temporary differences. This amendment did not have a significant impact on the financial statements on application.

SCENTRE GROUP TRUST 2
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 30 June 2023

1 Basis of preparation of the Financial Report (continued)

(e) New accounting standards and interpretations (continued)

- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* (effective from 1 January 2023)

This amends:

- (i) AASB 7 *Financial Instruments: Disclosures*, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;
- (ii) AASB 101 *Presentation of Financial Statements*, to require entities to disclose their material accounting policy information rather than their significant accounting policies;
- (iii) AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates;
- (iv) AASB 134 *Interim Financial Reporting*, to identify material accounting policy information as a component of a complete set of financial statements; and
- (v) AASB Practice Statement 2 *Making Materiality Judgements*, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

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

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Trust for the half-year ended 30 June 2023. The impact of these new standards or amendments to the standards and interpretations (to the extent relevant to the Trust) is as follows:

- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current* (effective from 1 January 2024)

This amends AASB 101 *Presentation of Financial Statements* to clarify the requirements for classifying liabilities as current or non current. This amendment is not expected to have a significant impact on the financial statements on application.

- AASB 2022-6 *Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants* (effective from 1 January 2024)

This amends AASB 101 *Presentation of Financial Statements* to improve the information an entity provides in its financial statements about liabilities arising from loan arrangements for which the entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. This amendment is not expected to have a significant impact on the financial statements on application.

- AASB 2022-5 *Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback* (effective from 1 January 2024)

This amends AASB 16 *Leases* to add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in AASB 15 *Revenue from Contracts with Customers* to be accounted for as a sale. 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 2025)

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

In June 2023, the International Sustainability Standards Board (ISSB) issued its first two International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards: IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*. Shortly after, local regulators have commenced a consultation process that proposes to mandate the disclosure of climate-related financial information in the future. The Directors continue to monitor developments in relation to the local equivalents of these IFRS standards.

SCENTRE GROUP TRUST 2
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 30 June 2023

1 Basis of preparation of the Financial Report (continued)

(f) Comparative information

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

(g) Rounding

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

2 Segment reporting

Geographic segments

The Trust has investments in a portfolio of shopping centres across Australia and New Zealand.

The Trust's segment income and expenses as well as the details of segment assets have been prepared on a proportionate format on a geographic basis. The proportionate format presents the net income from and net assets in equity accounted properties on a gross format whereby the underlying components of net income and net assets are disclosed separately as revenues and expenses, assets and liabilities.

The proportionate format is used by management in assessing and understanding the performance and results of operations of the Trust as it allows management to observe and analyse revenue and expense results and trends on a portfolio-wide basis. The assets underlying both the consolidated and the equity accounted components of the statutory statement of comprehensive income 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.

(a) Geographic segment information

The following segment information comprises the earnings and assets of the Trust's Australian and New Zealand operations.

	Australia \$million	New Zealand \$million	30 Jun 23 \$million	Australia \$million	New Zealand \$million	30 Jun 22 \$million
Revenue						
Shopping centre base rent and other property income ⁽ⁱ⁾	575.5	34.4	609.9	542.2	31.7	573.9
Amortisation of tenant allowances	(18.4)	(1.0)	(19.4)	(17.2)	(0.9)	(18.1)
Straight-lining of rent	1.2	0.1	1.3	2.4	0.2	2.6
	558.3	33.5	591.8	527.4	31.0	558.4
Expenses						
Property expenses, outgoings and other costs	(144.9)	(9.8)	(154.7)	(153.5)	(9.6)	(163.1)
Segment income and expenses	413.4	23.7	437.1	373.9	21.4	395.3
	Australia \$million	New Zealand \$million	30 Jun 23 \$million	Australia \$million	New Zealand \$million	31 Dec 22 \$million
Shopping centre investments	16,580.7	678.1	17,258.8	16,681.1	689.7	17,370.8
Development projects and construction in progress	450.8	30.1	480.9	470.9	29.2	500.1
Segment assets ⁽ⁱⁱ⁾	17,031.5	708.2	17,739.7	17,152.0	718.9	17,870.9
Additions to segment non current assets during the period ⁽ⁱⁱⁱ⁾	85.3	1.3	86.6	245.9	20.0	265.9

⁽ⁱ⁾ Includes recoveries of outgoings from lessees of \$51.5 million (30 June 2022: \$51.1 million).

⁽ⁱⁱ⁾ Includes equity accounted segment assets of \$8,316.2 million (31 December 2022: \$8,378.7 million).

⁽ⁱⁱⁱ⁾ Additions are net of amortisation of tenant allowances of \$19.4 million (31 December 2022: \$37.0 million).

SCENTRE GROUP TRUST 2
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 30 June 2023

2 Segment reporting (continued)

(b) Reconciliation of segment information

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

	Consolidated	Equity accounted	30 Jun 23	Consolidated	Equity accounted	30 Jun 22
	\$million	\$million	\$million	\$million	\$million	\$million
Property revenue	308.6	283.2	591.8	293.0	265.4	558.4
Property expenses, outgoings and other costs	(81.8)	(72.9)	(154.7)	(85.3)	(77.8)	(163.1)
Segment income and expenses	226.8	210.3	437.1	207.7	187.6	395.3
Overheads			(3.6)			(4.3)
Interest income			78.6			21.8
Currency loss			(13.2)			(16.4)
Financing costs						
– Net fair value movement and modification gain/(loss)			26.1			(306.2)
– Lease liabilities			(0.2)			(0.2)
– Senior borrowings			(122.1)			(76.9)
– Subordinated notes coupon			(158.1)			(102.8)
– Interest capitalised			13.8			8.5
			(240.5)			(477.6)
Equity accounted net interest income/(expense)			0.2			(0.3)
Gain in respect of capital transactions			-			2.4
Property revaluations			(206.6)			137.1
Tax expense			(4.6)			(5.7)
Net profit			47.4			52.3

	Consolidated	Equity accounted	30 Jun 23	Consolidated	Equity accounted	31 Dec 22
	\$million	\$million	\$million	\$million	\$million	\$million
Shopping centre investments	9,021.9	8,236.9	17,258.8	9,106.9	8,263.9	17,370.8
Development projects and construction in progress	401.6	79.3	480.9	385.3	114.8	500.1
Segment assets	9,423.5	8,316.2	17,739.7	9,492.2	8,378.7	17,870.9
Cash and cash equivalents	36.9	25.5	62.4	360.9	19.4	380.3
Trade debtors and receivables	3,370.2	67.8	3,438.0	2,923.3	86.8	3,010.1
Expected credit loss allowance	(41.6)	(44.0)	(85.6)	(51.5)	(56.0)	(107.5)
Other assets	528.2	4.0	532.2	476.4	3.7	480.1
Total assets	13,317.2	8,369.5	21,686.7	13,201.3	8,432.6	21,633.9
Interest bearing liabilities						
– Senior borrowings	5,464.7	-	5,464.7	5,237.7	-	5,237.7
– Subordinated notes	4,526.3	-	4,526.3	4,403.3	-	4,403.3
Deferred tax liabilities	-	60.2	60.2	-	59.1	59.1
Other liabilities	965.8	160.7	1,126.5	1,229.8	158.5	1,388.3
Total liabilities	10,956.8	220.9	11,177.7	10,870.8	217.6	11,088.4
Net assets	2,360.4	8,148.6	10,509.0	2,330.5	8,215.0	10,545.5

SCENTRE GROUP TRUST 2
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 30 June 2023

3 Trade debtors and receivables

	30 Jun 23 \$million	31 Dec 22 \$million
Trade debtors	11.7	16.2
Receivables		
– Other receivables	23.8	15.3
– Interest bearing loans receivable from related entities	3,293.1	2,840.3
Total trade debtors and receivables	3,328.6	2,871.8
(a) Components of trade debtors and receivables		
Trade debtors and receivables	3,370.2	2,923.3
Expected credit loss allowance	(41.6)	(51.5)
Total trade debtors and receivables	3,328.6	2,871.8
(b) Movement in expected credit loss allowance		
Balance at the beginning of the period	(51.5)	(70.7)
Decrease/(increase) in expected credit loss allowance recognised in the statement of comprehensive income	1.5	(3.6)
Amounts written-off relating to COVID-19	8.4	22.8
Balance at the end of the period	(41.6)	(51.5)

Expected credit loss allowance

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

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

At 30 June 2023, approximately 77% of trade debtors are aged greater than 90 days and the expected credit loss allowance is 77% of trade debtors. An increase or decrease of 5% in the expected credit loss rate (after adjusting for GST and bank guarantees) would result in an increase or decrease in expected credit loss allowance of \$2.0 million respectively. At 31 December 2022, approximately 79% of trade debtors are aged greater than 90 days and the expected credit loss allowance is 75% of trade debtors. An increase or decrease of 5% in the expected credit loss rate (after adjusting for GST and bank guarantees) would result in an increase or decrease in expected credit loss allowance of \$2.5 million respectively.

4 Investment properties

	30 Jun 23 \$million	31 Dec 22 \$million
Shopping centre investments	9,021.9	9,106.9
Development projects and construction in progress	401.6	385.3
Total investment properties ⁽ⁱ⁾	9,423.5	9,492.2

⁽ⁱ⁾ The fair value of investment properties at the end of the period includes ground lease assets of \$8.1 million (31 December 2022: \$7.5 million).

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

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

SCENTRE GROUP TRUST 2
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 30 June 2023

4 Investment properties (continued)

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

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

5 Details of shopping centre investments

	30 Jun 23 \$million	31 Dec 22 \$million
Consolidated Australian shopping centres	9,021.9	9,106.9
Total consolidated shopping centres	9,021.9	9,106.9
Equity accounted Australian shopping centres	7,558.8	7,574.2
Equity accounted New Zealand shopping centres	678.1	689.7
Total equity accounted shopping centres	8,236.9	8,263.9
	17,258.8	17,370.8

Valuation inputs

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

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

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

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

	30 Jun 23	31 Dec 22
Australian portfolio		
Retail capitalisation rate	4.50% - 6.75%	4.25% - 6.25%
Weighted average capitalisation rate ⁽ⁱ⁾	5.05%	4.85%
Retail discount rate	6.00% - 7.50%	5.75% - 7.25%
New Zealand portfolio		
Retail capitalisation rate	6.00% - 7.50%	6.00% - 7.38%
Weighted average capitalisation rate ⁽ⁱ⁾	6.65%	6.63%
Retail discount rate	7.50% - 8.88%	7.50% - 8.75%

⁽ⁱ⁾ The weighted average capitalisation rate including non-retail assets.

Changes to key inputs would result in changes to the fair value of investment properties. An increase in capitalisation rate and/or discount rate would result in lower fair value, while a decrease in capitalisation rate and/or discount rate will result in higher fair value (with all other factors held constant). The discount rates have increased in-line with the increase in capitalisation rates compared to 31 December 2022. The capitalisation rate sensitivity analysis is detailed below.

	30 Jun 23 \$million	31 Dec 22 \$million
The sensitivity of shopping centre valuations to changes in capitalisation rates is as follows:	Capitalisation rate movement	Increase/(decrease) in fair value
	-50 bps	1,869.3
	-25 bps	886.6
	+25 bps	(804.0)
	+50 bps	(1,536.4)

SCENTRE GROUP TRUST 2
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 30 June 2023

6 Distributions

	30 Jun 23 \$million	30 Jun 22 \$million
(a) Interim distribution		
4.125 cents per unit (30 June 2022: 3.75 cents per unit)	214.1	194.6

Details of the full year components of distributions will be provided in the Annual Tax Statement which will be sent to members in March 2024.

The interim distribution will be paid on 31 August 2023. The record date for determining entitlement to this distribution was 18 August 2023. Scentre Group does not operate a Distribution Reinvestment Plan.

	30 Jun 23 \$million	30 Jun 22 \$million
(b) Distributions paid		
Distribution in respect of the six months to 31 December 2022	74.2	-
Distribution in respect of the six months to 31 December 2021	-	111.1
	74.2	111.1

7 Statutory earnings per unit

	30 Jun 23 cents	30 Jun 22 cents
(a) Summary of earnings per unit		
Basic and diluted earnings per unit	0.91	1.01

There are no potential ordinary units which are dilutive.

In calculating basic and diluted earnings per unit, net profit of \$47.4 million (30 June 2022: \$52.3 million) was divided by the weighted average number of ordinary units of 5,190,378,339 (30 June 2022: 5,190,378,339).

(b) Conversions, calls, subscriptions, issues or buy-back after 30 June 2023

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

8 Payables and other creditors

	30 Jun 23 \$million	31 Dec 22 \$million
Payables and other creditors	86.0	109.0
Non interest bearing loans payable to related entities	13.8	12.9
	99.8	121.9

SCENTRE GROUP TRUST 2
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 30 June 2023

9 Interest bearing liabilities

	30 Jun 23 \$million	31 Dec 22 \$million
Senior borrowings		
Current	1,447.0	1,388.6
Non current	4,017.7	3,849.1
Total senior borrowings	5,464.7	5,237.7
Subordinated notes		
Non current	4,526.3	4,403.3
Total subordinated notes	4,526.3	4,403.3
Total interest bearing liabilities	9,991.0	9,641.0

10 Contributed equity

	30 Jun 23 Number of units	31 Dec 22 Number of units
(a) Units on issue		
Number of units on issue	5,190,378,339	5,190,378,339

There were no changes to the number of units on issue during the periods ended 30 June 2023 and 31 December 2022.

Holders of Scentre Group stapled securities have the right to receive declared dividends from SGL and distributions from SGT1, SGT2 and SGT3 and, in the event of winding up SGL, SGT1, SGT2 and SGT3, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on Scentre Group stapled securities held.

Holders of Scentre Group 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 SGL, SGT1, SGT2 and SGT3 (as the case may be).

	30 Jun 23 \$million	31 Dec 22 \$million
(b) Amount of contributed equity		
Contributed equity	7,868.4	7,868.4

There were no changes to the amount of contributed equity during the periods ended 30 June 2023 and 31 December 2022.

SCENTRE GROUP TRUST 2
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 30 June 2023

11 Fair value of financial assets and liabilities

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

		Fair value		Carrying amount	
	Fair value hierarchy	30 Jun 23 \$million	31 Dec 22 \$million	30 Jun 23 \$million	31 Dec 22 \$million
Consolidated assets					
Cash and cash equivalents		36.9	360.9	36.9	360.9
Trade debtors and receivables					
– Trade debtors and receivables ⁽ⁱ⁾		35.5	31.5	35.5	31.5
– Interest bearing loan receivables ⁽ⁱⁱ⁾	Level 2	3,293.1	2,840.3	3,293.1	2,840.3
Interest receivable ⁽ⁱ⁾		126.0	111.4	126.0	111.4
Derivative assets ⁽ⁱⁱ⁾	Level 2	369.4	323.4	369.4	323.4
Consolidated liabilities					
Trade and other payables ⁽ⁱ⁾		179.4	207.2	179.4	207.2
Interest payable ⁽ⁱ⁾		220.2	208.2	220.2	208.2
Interest bearing liabilities ⁽ⁱⁱ⁾					
– Fixed rate debt	Level 2	3,992.6	3,792.7	4,344.1	4,191.8
– Fixed rate subordinated notes	Level 2	3,951.2	3,830.7	4,526.3	4,403.3
– Floating rate debt	Level 2	1,120.6	1,045.9	1,120.6	1,045.9
Derivative liabilities ⁽ⁱⁱ⁾	Level 2	558.1	806.9	558.1	806.9

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

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

Determination of fair value

The Responsible Entity 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 Trust's financial instruments, consideration is given to the available market data and if the market for a financial instrument changes then the valuation technique applied will change accordingly.

During the half-year ended 30 June 2023, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

Investment properties are considered Level 3.

SCENTRE GROUP TRUST 2 DIRECTORS' DECLARATION

The Directors of RE1 Limited, the Responsible Entity of Scentre Group Trust 2 (Trust) declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the Financial Statements and notes thereto are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
 - (ii) giving a true and fair view of the financial position as at 30 June 2023 and the performance of the consolidated entity for the half-year ended on that date in accordance with section 305 of the Corporations Act 2001.

Made on 22 August 2023 in accordance with a resolution of the Board of Directors.



Brian Schwartz AM
Chair



Michael Ihlein
Director

Independent Auditor's Review Report to the Members of Scentre Group Trust 2

Conclusion

We have reviewed the accompanying half-year financial report of Scentre Group Trust 2 and its controlled entities (the Trust), which comprises the balance sheet as at 30 June 2023, statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- a. Giving a true and fair view of the consolidated financial position of the Trust as at 30 June 2023 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Trust in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' Responsibility for the Half-year Financial Report

The directors of RE1 Limited, the Responsible Entity of the Trust, are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Trust's financial position as at 30 June 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



Ernst & Young

Sydney, 22 August 2023



Mike Wright
Partner

SCENTRE GROUP TRUST 2 DIRECTORS' REPORT

The Directors of RE1 Limited (the Responsible Entity), the responsible entity of Scentre Group Trust 2 (the Trust) submit the following report for the half-year ended 30 June 2023 (Financial Period).

The Trust is part of Scentre Group (the Group) which is a stapled entity comprising Scentre Group Limited, Scentre Group Trust 1, the Trust, Scentre Group Trust 3 and their respective controlled entities. Scentre Group operates as a single coordinated economic entity, with a common Board of Directors and management team.

1. Operating and Financial Review

1.1 Operating overview

Scentre Group owns and operates a leading portfolio of 42 Westfield destinations with 37 located in Australia and five in New Zealand encompassing more than 12,000 outlets. Our Westfield destinations are strategically located in the heart of the local communities we serve. Our centres are considered community hubs that connect people with services and experiences that enrich their daily lives. The Trust has a joint interest in 40 Westfield destinations.

Customer visitation has increased to 314 million, 9.8% more than the same period in 2022. This has been driven by the Group's unique customer activation program, including partnerships with Disney and Netball Australia, to create extraordinary experiences for our customers at our Westfield destinations.

During the Financial Period, the Group's business partners achieved sales of \$13.1 billion, an increase of 9.1%. When compared to the same period in 2019, business partner sales are 13.6% higher.

Demand for space in our Westfield destinations continues to be strong, with occupancy increasing to 99.0% compared to 98.8% at 30 June 2022. During the Financial Period, the Group completed 1,567 leasing deals and welcomed 585 new merchants including 125 new brands to the portfolio.

On average, specialty rent escalations increased by 8.1% and new lease spreads improved to +2.6%.

Progress continues on our pathway to achieve net zero by 2030 with the recent completion of rooftop solar installations at Westfield Fountain Gate and Westfield Knox. Rooftop solar installations at Westfield Hornsby and Westfield Tuggerah will be completed by the end of the year. Together these installations will more than double the Group's solar generation capacity from 5.9MW to 12.2MW.

1.2 Economic performance

The statutory profit after tax for the Financial Period, including an unrealised property revaluation decrease of \$206.6 million, was \$47.4 million.

As at 30 June 2023, the Trust had available financing resources of \$3.4 billion after deducting facilities utilised by its borrowings.

The distribution attributable to members of the Trust for the Financial Period is \$214.1 million (being 4.125 cents per unit) and forms part of the Group's distribution of 8.25 cents per security which will be made to members on 31 August 2023. Basic earnings per unit for the Financial Period is 0.91 cents per unit.

In June 2023, the Group successfully opened Stage 2 of the \$355 million (Trust share: \$89 million) investment in Westfield Knox, with visitation in the month following opening 13% higher than 2019. The remaining stages are due to open by the end of 2023.

In July 2023, the Group agreed to exit the Central Barangaroo consortium.

Pre-development work on the Group's pipeline of future opportunities continues including Westfield Booragoon in Perth.

1.3 Outlook

Subject to no material change in conditions, the Group reconfirms that it expects Funds From Operations (FFO) to be in the range of 20.75 to 21.25 cents per security for 2023, representing 3.4% to 5.9% growth for the year. This equates to growth in FFO for the second half of 2023 of between 5.6% to 10.9%.

The Group's distributions are expected to be at least 16.50 cents per security for 2023, representing at least 4.8% growth for the year.

2. Risk management

The Group assesses risk from a number of perspectives and these risks are subject to continuous assessment and review.

A number of important strategic risks and how such risks are managed and monitored are outlined in the Directors' Report in each of the Scentre Group 2022 Annual Financial Report and 2023 Half-Year Financial Report, which are available at www.scentregroup.com.

SCENTRE GROUP TRUST 2

DIRECTORS' REPORT (continued)

3. Directors

As of the date of this report, the Board of the Responsible Entity of the Trust comprised the following Directors. Each non-executive Director is classified as independent.

Name	Position	Date of appointment
Brian Schwartz AM	Non-executive Chair	30 June 2014
Elliott Rusanow	Managing Director / Chief Executive Officer	1 October 2022
Ilana Atlas AO	Non-executive Director	28 May 2021
Catherine Brenner	Non-executive Director	1 March 2022
Michael Ihlein	Non-executive Director	21 December 2010
Carolyn Kay	Non-executive Director	24 February 2016
Stephen McCann	Non-executive Director	1 November 2022
Guy Russo	Non-executive Director	1 September 2020
Margaret Seale	Non-executive Director	24 February 2016
Michael Wilkins AO	Non-executive Director	8 April 2020

Andrew Harnos (appointed on 21 December 2010) retired from the Board on 5 April 2023. All other Directors held office for the entire Financial Period.

Scentre Group was established on 30 June 2014. RE1 Limited formed part of the prior Westfield Retail Trust. Mr Ihlein's and Mr Harnos' appointments predate the formation of the Group.

As announced to the Australian Securities Exchange on 5 April 2023, Brian Schwartz intends to retire from the Board on 30 September 2023 and Ilana Atlas has been appointed Chair, effective 1 October 2023.

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

4. Principal activity

The principal activity of the Trust during the Financial Period was the long term ownership of shopping centres. There was no significant change in the nature of the principal activity during the Financial Period.

5. Events after the reporting period

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

6. Rounding

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

7. ASX listing

ASX reserves the right (but without limiting its absolute discretion) to remove Scentre Group Limited, Scentre Group Trust 1, the Trust 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.

SCENTRE GROUP TRUST 2
DIRECTORS' REPORT (continued)

8. Auditor's independence declaration

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



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

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
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Auditor's Independence Declaration to the Directors of RE1 Limited

As lead auditor for the review of the half-year financial report of Scentre Group Trust 2 for the half year-ended 30 June 2023, I declare to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Scentre Group Trust 2 and the entities it controlled during the Financial Period.

Ernst & Young

22 August 2023

Mike Wright
Partner

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

This report is made on 22 August 2023 in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.

Brian Schwartz AM
Chair

Michael Ihlein
Director

DIRECTORY

Scentre Group
Scentre Group Limited
ABN 66 001 671 496

Scentre Group Trust 1
ARSN 090 849 746
(responsible entity Scentre Management Limited
ABN 41 001 670 579, AFS Licence No 230329)

Scentre Group Trust 2
ARSN 146 934 536
(responsible entity RE1 Limited
ABN 80 145 743 862, AFS Licence No 380202)

Scentre Group Trust 3
ARSN 146 934 652
(responsible entity RE2 Limited
ABN 41 145 744 065, AFS Licence No 380203)

Registered Office
Level 30
85 Castlereagh Street
Sydney NSW 2000

New Zealand Office
Level 5, Office Tower
277 Broadway
Newmarket, Auckland 1023

Secretaries
Maureen T McGrath
Paul F Giugni

Auditor
Ernst & Young
200 George Street
Sydney NSW 2000

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85 Castlereagh Street
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Telephone: +61 2 9358 7877
Facsimile: +61 2 9358 7881
E-mail: investor@scentregroup.com
Website: www.scentregroup.com/investors

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

Listing
Australian Securities Exchange – SCG

Website
www.scentregroup.com

Scentre Group Trust 3
Half-Year Financial Report
For the half-year ended 30 June 2023

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SCENTRE GROUP TRUST 3
STATEMENT OF COMPREHENSIVE INCOME
For the half-year ended 30 June 2023

	Note	30 Jun 23 \$000	30 Jun 22 \$000
Revenue and other income			
Property and property related revenue		1,345	1,774
		1,345	1,774
Expenses			
Property and property related expenses		(522)	(643)
Overheads		(152)	(161)
		(674)	(804)
Interest income	3	76	10
Financing costs		(1)	(0)
Profit before tax		746	980
Tax expense		(218)	(290)
Profit after tax for the period		528	690
Other comprehensive loss			
<i>Movement in foreign currency translation reserve⁽ⁱ⁾</i>			
- Net exchange difference on translation of foreign operations		(53)	(143)
Total comprehensive income for the period		475	547

⁽ⁱ⁾ This item may be subsequently transferred to the profit and loss.

	Note	cents	cents
Basic and diluted earnings per unit	5(a)	0.01	0.01

SCENTRE GROUP TRUST 3
BALANCE SHEET
As at 30 June 2023

	Note	30 Jun 23 \$000	31 Dec 22 \$000
Current assets			
Cash and cash equivalents		3,622	3,600
Receivables	6	14,177	13,980
Total current assets		17,799	17,580
Total assets		17,799	17,580
Current liabilities			
Payables and other creditors	7	157	413
Total current liabilities		157	413
Total liabilities		157	413
Net assets		17,642	17,167
Equity			
Contributed equity	8(b)	11,133	11,133
Reserves		(50)	3
Retained profits		6,559	6,031
Total equity		17,642	17,167

SCENTRE GROUP TRUST 3
STATEMENT OF CHANGES IN EQUITY
For the half-year ended 30 June 2023

	Contributed Equity \$000	Reserves \$000	Retained Profits \$000	30 Jun 23 Total \$000	Contributed Equity \$000	Reserves \$000	Retained Profits \$000	30 Jun 22 Total \$000
Changes in equity								
Balance at the beginning of the year	11,133	3	6,031	17,167	11,133	38	8,292	19,463
- Profit after tax for the period	-	-	528	528	-	-	690	690
- Other comprehensive loss	-	(53)	-	(53)	-	(143)	-	(143)
Transactions with owners in their capacity as owners								
- Distributions paid or provided for	-	-	-	-	-	-	(4,152)	(4,152)
Total Equity	11,133	(50)	6,559	17,642	11,133	(105)	4,830	15,858

SCENTRE GROUP TRUST 3
CASH FLOW STATEMENT
For the half-year ended 30 June 2023

	30 Jun 23 \$000	30 Jun 22 \$000
Cash flows from operating activities		
Receipts in the course of operations (including Goods and Services Tax (GST))	1,486	1,961
Payments in the course of operations (including GST)	(703)	(837)
Income and withholding taxes paid	(446)	(971)
GST paid	(140)	(154)
Payments of financing costs	(1)	(0)
Interest received	76	10
Net cash inflow from operating activities	272	9
Cash flows from financing activities		
Funds received from related entities	-	4,075
Funds paid to related entities	(197)	-
Distributions paid	-	(4,152)
Net cash outflow from financing activities	(197)	(77)
Net increase/(decrease) in cash and cash equivalents held	75	(68)
Add: opening cash and cash equivalents brought forward	3,600	4,263
Effects of exchange rate changes on cash and cash equivalents	(53)	(167)
Cash and cash equivalents at the end of the period ⁽ⁱ⁾	3,622	4,028

⁽ⁱ⁾ Cash and cash equivalents comprises cash of \$3,622,000 (30 June 2022: \$4,028,000) net of bank overdraft of nil (30 June 2022: nil).

SCENTRE GROUP TRUST 3

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2023

1 Corporate information

This financial report of Scentre Group Trust 3 (SGT3) and its controlled entities (collectively the Trust), for the half-year ended 30 June 2023, was approved in accordance with a resolution of the Board of Directors of RE2 Limited as Responsible Entity of SGT3.

The Trust is part of Scentre Group which is a stapled entity comprising Scentre Group Limited (SGL), Scentre Group Trust 1 (SGT1), Scentre Group Trust 2 (SGT2), SGT3 and their respective controlled entities. Scentre Group operates as a single coordinated economic entity, with a common Board of Directors and management team.

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

2 Basis of preparation

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

This half-year financial report should be read in conjunction with the annual financial report of the Trust as at 31 December 2022.

It is also recommended that this half-year financial report be considered together with any public announcements made by Scentre Group during the half-year ended 30 June 2023 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001 (Cth)* (Corporations Act).

(a) Going concern

This half-year financial report has been prepared on a going concern basis. In making this assessment, the Directors have considered Scentre Group's ability to meet its financial obligations over the next 12 months, using cash flow sensitivity analysis and having regard to debt maturities, funding requirements, operating cash earnings and available financing facilities.

(b) Basis of accounting

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

This half-year financial report has been prepared on a historical cost basis.

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

This half-year financial report has been prepared using the same accounting policies as used in the annual financial report for the year ended 31 December 2022 except for the changes required due to amendments to the accounting standards as disclosed in Note 2(c).

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

SCENTRE GROUP TRUST 3
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 30 June 2023

2 Basis of preparation (continued)

(c) New accounting standards and interpretations

The Trust has adopted the following standard which became applicable on 1 January 2023:

- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* (effective from 1 January 2023)

This amends:

- (i) AASB 7 *Financial Instruments: Disclosures*, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;
- (ii) AASB 101 *Presentation of Financial Statements*, to require entities to disclose their material accounting policy information rather than their significant accounting policies;
- (iii) AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates;
- (iv) AASB 134 *Interim Financial Reporting*, to identify material accounting policy information as a component of a complete set of financial statements; and
- (v) AASB Practice Statement 2 *Making Materiality Judgements*, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

These amendments are not expected to have a significant impact on the financial statements on application.

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Trust for the half-year ended 30 June 2023. The impact of these new standards or amendments to the standards and interpretations (to the extent relevant to the Trust) is as follows:

- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non current* (effective from 1 January 2024)

This amends AASB 101 *Presentation of Financial Statements* to clarify the requirements for classifying liabilities as current or non current. This amendment is not expected to have a significant impact on the financial statements on application.

- AASB 2022-6 *Amendments to Australian Accounting Standards - Non current Liabilities with Covenants* (effective from 1 January 2024)

This amends AASB 101 *Presentation of Financial Statements* to improve the information an entity provides in its financial statements about liabilities arising from loan arrangements for which the entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. 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 2025)

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

In June 2023, the International Sustainability Standards Board (ISSB) issued its first two International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards: IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*. Shortly after, local regulators have commenced a consultation process that proposes to mandate the disclosure of climate-related financial information in the future. The Directors continue to monitor developments in relation to the local equivalents of these IFRS standards.

(d) Comparative information

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

(e) Rounding

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts shown in this half-year financial report have, unless otherwise indicated, been rounded to the nearest thousand dollars. Amounts shown as 0 represent amounts less than \$500 that have been rounded down.

SCENTRE GROUP TRUST 3
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 30 June 2023

3 Interest income

	30 Jun 23 \$000	30 Jun 22 \$000
Interest income	76	10

4 Distributions

	30 Jun 23 \$000	30 Jun 22 \$000
(a) Interim distribution Nil (30 June 2022: nil)	-	-

Details of the full year components of distributions will be provided in the Annual Tax Statements which will be sent to members in March 2024.

The Trust will not pay an interim distribution for the half year ended 30 June 2023. The record date for the interim distribution was 18 August 2023. Scentre Group does not operate a Distribution Reinvestment Plan.

	30 Jun 23 \$000	30 Jun 22 \$000
(b) Distributions paid		
Distribution in respect of the six months to 31 December 2022	-	-
Distribution in respect of the six months to 31 December 2021	-	4,152
	-	4,152

5 Statutory earnings per unit

	30 Jun 23 cents	30 Jun 22 cents
(a) Summary of earnings per unit		
Basic and diluted earnings per unit	0.01	0.01

There are no potential ordinary units which are dilutive.

In calculating basic and diluted earnings per unit, net profit of \$528,000 (30 June 2022: \$690,000) was divided by the weighted average number of ordinary units of 5,190,378,339 (30 June 2022: 5,190,378,339).

(b) Conversions, calls, subscriptions, issues or buy-back after 30 June 2023

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

SCENTRE GROUP TRUST 3
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 30 June 2023

6 Receivables

	30 Jun 23	31 Dec 22
	\$000	\$000
Current		
Non interest bearing loans receivable from related entities	14,177	13,980

Loans receivable from related entities have been assessed for impairment at 30 June 2023. The related entities are members of Scentre Group which is a stapled group operating as a single economic entity with a common Board of Directors and management team. As the related entities are also members of Scentre Group's cross guarantee arrangements, it is highly unlikely that the related entities will default on its contractual obligations to the Trust. Therefore, the expected credit losses on these loans receivable are immaterial.

7 Payables and other creditors

	30 Jun 23	31 Dec 22
	\$000	\$000
Payables and other creditors	39	68
Tax payable	118	345
	157	413

8 Contributed equity

	30 Jun 23	31 Dec 22
	Number of units	Number of units
(a) Number of units on issue		
Balance at the beginning and end of the period	5,190,378,339	5,190,378,339

There were no changes to the number of units on issue during the periods ended 30 June 2023 and 31 December 2022.

Holders of Scentre Group stapled securities have the right to receive declared dividends from SGL and distributions from SGT1, SGT2 and SGT3 and, in the event of winding up of SGL, SGT1, SGT2 and SGT3, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on Scentre Group stapled securities held.

Holders of Scentre Group 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 SGL, SGT1, SGT2 and SGT3 (as the case may be).

	30 Jun 23	31 Dec 22
	\$000	\$000
(b) Amount of contributed equity		
Balance at the beginning and end of the period	11,133	11,133

SCENTRE GROUP TRUST 3
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 30 June 2023

9 Segment information

The Trust operates in one operating segment predominantly in Australia and earns property advertising and promotional income.

10 Fair value of financial assets and liabilities

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

	Fair value		Carrying amount	
	30 Jun 23 \$000	31 Dec 22 \$000	30 Jun 23 \$000	31 Dec 22 \$000
Consolidated assets				
Cash and cash equivalents	3,622	3,600	3,622	3,600
Receivables ⁽ⁱ⁾	14,177	13,980	14,177	13,980
Consolidated liabilities				
Payables and other creditors ⁽ⁱ⁾	39	68	39	68

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

SCENTRE GROUP TRUST 3 DIRECTORS' DECLARATION

The Directors of RE2 Limited, the Responsible Entity of Scentre Group Trust 3 (Trust), declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the Financial Statements and notes thereto are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - (ii) giving a true and fair view of the financial position as at 30 June 2023 and the performance of the consolidated entity for the half-year ended on that date in accordance with section 305 of the Corporations Act 2001.

Made on 22 August 2023 in accordance with a resolution of the Board of Directors.



Brian Schwartz AM
Chair



Michael Ihlein
Director

Independent Auditor's Review Report to the Members of Scentre Group Trust 3

Conclusion

We have reviewed the accompanying half-year financial report of Scentre Group Trust 3 and its controlled entities (the Trust), which comprises the balance sheet as at 30 June 2023, statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- Giving a true and fair view of the consolidated financial position of the Trust as at 30 June 2023 and of its consolidated financial performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Trust in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

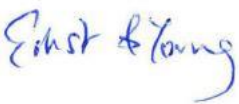
Directors' Responsibility for the Half-year Financial Report

The directors of RE2 Limited, the Responsible Entity of the Trust, are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Trust's financial position as at 30 June 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



Ernst & Young



Mike Wright
Partner

Sydney, 22 August 2023

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

SCENTRE GROUP TRUST 3 DIRECTORS' REPORT

The Directors of RE2 Limited (the Responsible Entity), the responsible entity of Scentre Group Trust 3 (the Trust) submit the following report for the half-year ended 30 June 2023 (Financial Period).

The Trust is part of Scentre Group which is a stapled entity comprising Scentre Group Limited (SGL), Scentre Group Trust 1 (SGT1), Scentre Group Trust 2 (SGT2), the Trust and their respective controlled entities. Scentre Group operates as a single coordinated economic entity, with a common Board of Directors and management team.

1. Operating and Financial Review

1.1 Economic performance

Profit after tax for the Financial Period was \$528,000 (30 June 2022: \$690,000). The decrease in profit after tax is primarily due to disposal of Superscreen assets. As at 30 June 2023, the Trust had net assets of \$17,642,000 (31 December 2022: \$17,167,000) comprising total assets of \$17,799,000 (31 December 2022: \$17,580,000) and total liabilities of \$157,000 (31 December 2022: \$413,000).

On 31 August 2023, a distribution of 8.25 cents per security will be made to members of Scentre Group in respect of the Financial Period. This comprises an aggregate distribution from SGT1 and SGT2. SGL has not determined to pay a dividend for the Financial Period. The Trust has not determined to pay a distribution for the Financial Period.

1.2 Outlook

Subject to no material change in conditions, Scentre Group reconfirms that it expects Funds From Operations (FFO) to be in the range of 20.75 to 21.25 cents per security for 2023, representing 3.4% to 5.9% growth for the year. This equates to growth in FFO for the second half of 2023 of between 5.6% to 10.9%.

Scentre Group's distributions are expected to be at least 16.50 cents per security for 2023, representing at least 4.8% growth for the year.

2. Risk management

Scentre Group assesses risk from a number of perspectives and these risks are subject to continuous assessment and review.

A number of important strategic risks and how such risks are managed and monitored are outlined in the Directors' Report in each of the Scentre Group 2022 Annual Financial Report and 2023 Half-Year Financial Report, which are available at www.scentregroup.com.

3. Directors

As of the date of this report, the Board of the Responsible Entity of the Trust comprised the following Directors. Each non-executive Director is classified as independent.

Name	Position	Date of appointment
Brian Schwartz, AM	Non-executive Chair	30 June 2014
Elliott Rusanow	Managing Director / Chief Executive Officer	1 October 2022
Ilana Atlas, AO	Non-executive Director	28 May 2021
Catherine Brenner	Non-executive Director	1 March 2022
Michael Ihlein	Non-executive Director	21 December 2010
Carolyn Kay	Non-executive Director	24 February 2016
Stephen McCann	Non-executive Director	1 November 2022
Guy Russo	Non-executive Director	1 September 2020
Margaret Seale	Non-executive Director	24 February 2016
Michael Wilkins, AO	Non-executive Director	8 April 2020

Andrew Harmos (appointed on 21 December 2010) retired from the Board on 5 April 2023. All other Directors held office for the entire Financial Period.

Scentre Group was established on 30 June 2014. RE2 Limited formed part of the prior Westfield Retail Trust. Mr Ihlein's and Mr Harmos' appointments predate the formation of Scentre Group.

As announced to the Australian Securities Exchange on 5 April 2023, Brian Schwartz intends to retire from the Board on 30 September 2023 and Ilana Atlas has been appointed Chair, effective 1 October 2023.

The Board of Scentre Group Limited and the Boards of Scentre Management Limited, RE1 Limited and RE2 Limited (as Responsible Entities of SGT1, SGT2 and the Trust, respectively) are identical. If a Director ceases to be a Director of Scentre Group Limited for any reason, they must also retire as a Director of each Responsible Entity.

SCENTRE GROUP TRUST 3

DIRECTORS' REPORT (continued)

4. Principal activity

The principal activity of the Trust during the Financial Period was the holding of interests in long term brand alliance agreements with various third parties in respect of a number of properties. These agreements provide for the licensing of space in the relevant properties for the display of advertising in consideration for the payment of licence fees. There was no significant change in the nature of the principal activity during the Financial Period.

5. Events after the reporting period

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

6. Rounding

The Trust is of a kind referred to in the 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 thousand dollars, unless otherwise indicated. Amounts shown as 0 represent amounts less than \$500 that have been rounded down.

7. ASX listing

ASX reserves the right (but without limiting its absolute discretion) to remove SGL, SGT1, SGT2 and the Trust from the official list of ASX if any of the shares or units comprising those stapled securities cease to be stapled together, or any equity securities are issued by a Scentre Group entity which are not stapled to the equivalent securities in the other entities.

SCENTRE GROUP TRUST 3
DIRECTORS' REPORT (continued)

8. Auditor's independence declaration

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



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

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
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Auditor's Independence Declaration to the Directors of RE2 Limited

As lead auditor for the review of the half-year financial report of Scentre Group Trust 3 for the half-year ended 30 June 2023, I declare to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Scentre Group Trust 3 and the entities it controlled during the Financial Period.

Ernst & Young

22 August 2023

Mike Wright
Partner

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

This report is made on 22 August 2023 in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.

Brian Schwartz AM
Chair

Michael Ihlein
Director

DIRECTORY

Scentre Group
Scentre Group Limited
ABN 66 001 671 496

Scentre Group Trust 1
ARSN 090 849 746
(responsible entity Scentre Management Limited
ABN 41 001 670 579, AFS Licence No 230329)

Scentre Group Trust 2
ARSN 146 934 536
(responsible entity RE1 Limited
ABN 80 145 743 862, AFS Licence No 380202)

Scentre Group Trust 3
ARSN 146 934 652
(responsible entity RE2 Limited
ABN 41 145 744 065, AFS Licence No 380203)

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Sydney NSW 2000

New Zealand Office
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Newmarket, Auckland 1023

Secretaries
Maureen T McGrath
Paul F Giugni

Auditor
Ernst & Young
200 George Street
Sydney NSW 2000

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Contact: www.investorcentre.com/contact
Website: www.computershare.com

Listing
Australian Securities Exchange – SCG

Website
www.scentregroup.com