

APPENDIX 4D

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Half Year Report
For the period ended 31 December 2017

Name of Entity: Shopping Centres Australasia Property Group (SCA Property Group).

The SCA Property Group comprises Shopping Centres Australasia Property Management Trust ARSN 160 612 626 and Shopping Centres Australasia Property Retail Trust ARSN 160 612 788. The Responsible Entity of Shopping Centres Australasia Property Management Trust and Shopping Centres Australasia Property Retail Trust is Shopping Centres Australasia Property Group RE Limited (ABN 47 158 809 851; AFSL 426603).

	6 months to 31 Dec 2017 \$m	6 months to 31 Dec 2016 \$m	Variance
Revenue from ordinary (continuing) activities	107.4	108.0	(0.6%)
Revenue from discontinued activities	-	2.9	(100.0%)
Net profit from ordinary (continuing) activities after tax attributable to members	69.6	206.0	(66.2%)
Net profit after tax for the period attributable to members from continuing and discontinued activities	69.6	204.7	(66.0%)
Funds from Operations (FFO) ¹	56.1	53.5	4.9%

	6 months to 31 Dec 2017 Cents per security	6 months to 31 Dec 2016 Cents per security	Variance
Earnings and Distribution per security			
Basic earnings per security	9.3	27.9	(66.7%)
Weighted average FFO per security ¹	7.5	7.3	2.7%
Interim distribution (cents per security)	6.8	6.4	6.3%
Record Date for determining entitlement to distribution	29 Dec 2017	30 Dec 2016	NA
Date on which distribution was paid	29 Jan 2018	30 Jan 2017	NA
Amount per security of interim distribution franked (cents per security)	-	-	No change

Notes:

1. The Group reports net profit attributable to members in accordance with Australian Accounting Standards (AAS). Funds from Operations (FFO) is a non-AAS measure that represents the Directors' view of underlying earnings for the period, being statutory net profit/loss after tax adjusted to exclude certain items including unrealised gains and losses and non-recurring items.

Net Tangible Assets

	31 Dec 2017 \$	31 Dec 2016 \$	Variance
Net tangible asset per security	2.23	2.12	5.2%

Details of entities over which control has been gained or lost during the period:

None.

Details of any associates and Joint Venture entities required to be disclosed:

SCA Property Group has a 24.4% interest in SCA Unlisted Retail Fund 1 and a 28.6% interest in SCA Unlisted Retail Fund 2. Refer to Interim Financial Report, note 9.

Accounting standards used by foreign entities

International Financial Reporting Standards.

Audit

The accounts have been subject to a review report with an unqualified review report conclusion. Refer attached Interim Financial Report.

Distribution Reinvestment Plan (DRP)

The Group has a Distribution Reinvestment Plan (DRP) under which unitholders may elect to have all or part of their distribution entitlements satisfied by the issue of new units rather than being paid in cash. The DRP was activated for the distribution in respect of the half year ended 31 December 2017. The cut-off for electing to participate or change an existing election to participate in the DRP was 5.00pm on 2 January 2018.

In accordance with the DRP Rules, the issue price is calculated as the arithmetic average of the daily volume weighted average price of all sales of Stapled Units sold through a Normal Trade recorded on ASX for the first 10 ASX Trading Days following the business day after the record date, less 1.0% (1.0% being the Board approved DRP discount for this distribution) and rounded to the nearest whole cent. On this basis the issue price of the DRP applying to the distribution in respect of the half year ended 31 December 2017 was \$2.25.

Other significant information and commentary on results

See attached ASX announcement and materials referred to below.

For all other information required by Appendix 4D, please refer to the following attached documents:

- Directors' report
- Interim Financial Report
- Results presentation

Mark Lamb
Company Secretary
5 February 2018



Shopping Centres Australasia Property Group

**Interim Financial Report
for the half year ended 31 December 2017**

Shopping Centres Australasia Property Group comprises two real estate investment trusts being Shopping Centres Australasia Property Management Trust (ARSN 160 612 626) and Shopping Centres Australasia Property Retail Trust (ARSN 160 612 788). The Responsible Entity of Shopping Centres Australasia Property Management Trust and Shopping Centres Australasia Property Retail Trust is Shopping Centres Australasia Property Group RE Limited (ABN 47 158 809 851; AFSL 426603) (Responsible Entity). The Responsible Entity is incorporated and domiciled in Australia. The registered office of the Responsible Entity is Level 5, 50 Pitt Street, Sydney, New South Wales.

Shopping Centres Australasia Property Group Directors' Report

For the half year ended 31 December 2017

Directors' Report

Shopping Centres Australasia Property Group (SCA Property Group (SCP) or the Group) comprises the stapled units in two Trusts, Shopping Centres Australasia Property Management Trust (Management Trust) and Shopping Centres Australasia Property Retail Trust (Retail Trust) (collectively the Trusts) and their controlled entities.

The Responsible Entity of the Trusts is Shopping Centres Australasia Property Group RE Limited, which now presents its report together with the Trusts' Interim Financial Reports for the half year ended 31 December 2017 (the half year or period) and the auditor's report thereon.

The Trusts' Interim Financial Report for the half year ended 31 December 2017 includes, where required, comparatives for the prior period.

In accordance with Accounting Standard AASB 3 *Business Combinations*, the stapling arrangement discussed above is regarded as a business combination and the Management Trust has been identified as the Parent for preparing the Interim Consolidated Financial Reports.

The Directors' report is a combined Directors' report that covers both Trusts. The financial information for the Group is taken from the Interim Consolidated Financial Reports and notes.

1. Directors

The Directors of the Responsible Entity at any time during the half year and up to the date of this report are:

Mr Philip Marcus Clark AM	Non-Executive Director and Chairman
Dr Kirstin Ferguson	Non-Executive Director
Mr James Hodgkinson OAM	Non-Executive Director
Dr Ian Pollard	Non-Executive Director
Mr Philip Redmond	Non-Executive Director
Ms Belinda Robson	Non-Executive Director
Mr Anthony Mellowes	Executive Director and CEO
Mr Mark Fleming	Executive Director and CFO

The Company Secretary at any time during the half year and up to the date of this report is Mr Mark Lamb.

2. Principal activities

The principal activity of the Group during the half year was investment in, and management of, shopping centres.

3. Property portfolio

The investment portfolio as at 31 December 2017 consisted of 77 shopping centres in Australia (30 June 2017: 75 shopping centres in Australia). The investment portfolio consists of sub-regional and neighbourhood retail shopping centres, with around half the portfolio located in new growth corridors and regions, and a strong weighting toward non-discretionary retail segments.

Additionally the Group has a funds management business comprising the management of SCA Unlisted Retail Fund 1 (SURF 1) and SCA Unlisted Retail Fund 2 (SURF 2). As a result the Group manages 5 properties for SURF 1 valued at \$69.0 million and 2 properties for SURF 2 valued at \$55.1 million at 31 December 2017.

Investment properties - acquisitions

SCP during the period completed the acquisition of one shopping centre, being Sugarworld Shopping Centre in Cairns QLD (acquired for \$24.8 million) and one development property, Shell Cove Town Centre in NSW (land acquired for \$1.5 million).

Additionally SCP completed the acquisition of the Belmont Bowling Club (strata) located above our Belmont Central Shopping Centre in NSW (acquired for \$4.8 million), and the Coorparoo Childcare Centre (strata), located above our Coorparoo Shopping Centre in QLD (acquired for \$7.2 million). As a result of these acquisitions, SCP now owns the entire respective sites at Belmont and Coorparoo.

Shopping Centres Australasia Property Group Directors' Report

For the half year ended 31 December 2017

Revaluations

During the half year ended 31 December 2017 independent valuations were completed for 21 investment properties in addition to all of the investment properties being internally valued. The weighted average capitalisation rate of the portfolio as at 31 December 2017 was 6.47% (30 June 2017: 6.47%).

The total value of investment properties as at 31 December 2017 was \$2,437.7 million (30 June 2017: \$2,364.6 million). The change in value during the half year of the investment properties was due principally to:

- The acquisition during the period of Sugarworld Shopping Centre and Shell Cove, totalling \$26.3 million as discussed above (refer Investment properties – acquisitions);
- Acquisition of the Belmont Bowling Club and the Coorparoo Childcare Centre totalling \$12.0 million as discussed above (refer Investment properties – acquisitions);
- Completion of the Kwinana Centre to add a third anchor (Coles). Coles commenced trading during the period and the Kwinana valuation increased by \$15.3 million (including development expenditure of \$5.0 million); and
- \$16.7 million in our existing centres mainly from increases in NOI.

4. Operating and financial review

A summary of the Group and the Retail Trust's results for the half year is set out below:

	SCA Property Group		Retail Trust	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
Net profit after tax including discontinued operation (\$m)	69.6	204.7	69.3	204.7
Funds from Operations (\$m)	56.1	53.5	55.8	53.5
Distributions payable to security holders (\$m)	50.7	47.0	50.7	47.0
Basic earnings per security for net profit after tax including discontinued operation (cents per security)	9.3	27.9	9.3	27.9
Diluted earnings per security for net profit after tax including discontinued operation (cents per security)	9.3	27.8	9.3	27.8
Funds from Operations per security (weighted for securities on issue during the year) (cents per security)	7.5	7.3	7.5	7.3
Distributions (cents per security)	6.8	6.4	6.8	6.4
Net tangible assets (\$ per security)	2.23	2.12	2.22	2.11

Measurement of results

The Group reports net profit after tax (statutory) attributable to unitholders in accordance with Australian Accounting Standards (AAS). The Responsible Entity considers the non-AAS measure, Funds from Operations (FFO) an important indicator of the underlying earnings of the Group. Regard is also given to Adjusted Funds from Operations (AFFO).

The table below provides a reconciliation from the net profit after tax to FFO and AFFO.

Shopping Centres Australasia Property Group

Directors' Report

For the half year ended 31 December 2017

	SCA Property Group		Retail Trust	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	\$m	\$m	\$m	\$m
Net profit after tax (statutory) including discontinued operation	69.6	204.7	69.3	204.7
Adjustments for non cash items included in statutory profit				
Reverse: Straight-lining of rental income and amortisation of incentives	1.6	(0.1)	1.6	(0.1)
Reverse: Fair value unrealised adjustments				
- Investment properties	(16.7)	(150.6)	(16.7)	(150.6)
- Derivatives	4.9	13.3	4.9	13.3
- Foreign exchange	(3.2)	6.1	(3.2)	6.1
- Share of net profit from associates	(1.0)	(0.7)	(1.0)	(0.7)
Other adjustments				
Reverse: Realised foreign exchange gain	-	(17.0)	-	(17.0)
Whitsunday Insurance funds				
- Reverse amount received included in statutory profit	-	(6.1)	-	(6.1)
- Add: insurance for loss of income	0.3	0.6	0.3	0.6
Add: Distribution received / receivable from associates	0.6	0.3	0.6	0.3
Reverse: Debt restructure costs	-	3.0	-	3.0
Funds from operations	56.1	53.5	55.8	53.5
Less: Maintenance capital expenditure	(1.5)	(1.7)	(1.5)	(1.7)
Less: Capital leasing incentives and leasing costs	(3.0)	(2.8)	(3.0)	(2.8)
Adjusted funds from operations	51.6	49.0	51.3	49.0

Group FFO for the half year to 31 December 2017 increased to \$56.1 million (31 December 2016: \$53.5 million) primarily due to a full period effect of additional property income from net acquisitions, and growth in comparable net operating income. Group AFFO for the same period increased to \$51.6 million (31 December 2016: \$49.0 million) due to increased FFO.

5. Contributed equity

The Group has a DRP under which unitholders may elect to have their distribution entitlements satisfied by the issue of new securities at the time of the payment of the distribution rather than being paid in cash. The DRP was in place for the distribution declared in June 2017 (paid in August 2017) and the distribution declared in December 2017 (paid in January 2018).

The distribution declared in June 2017 resulted in \$6.2 million being raised by the DRP through the issue of 2.9 million securities at \$2.13 in August 2017. The distribution declared in December 2017 resulted in \$6.5 million being raised by the DRP through the issue of 2.9 million securities at \$2.25 in January 2018.

Additionally during the period 615,923 securities were issued in respect of executive and staff incentive plans.

6. Significant changes and developments during the half year

Investment properties – acquisitions

During the half year ended 31 December 2017 the Group completed the acquisitions of Sugarworld, Shell Cove (development asset), the Belmont Bowling Club (strata) and the Coorparoo Childcare Centre (strata). Additional details of these are above under the **Property portfolio** section.

Capital Management

During the period \$190.0 million of bilateral debt facilities with expiries between November 2018 and December 2018 were cancelled and replaced with \$125.0 million of facilities expiring in November 2022 and December 2022. The next expiries are \$25.0 million in February 2019 followed by \$230.0 million in December 2019. The total bilateral facilities available at 31 December 2017 were \$380.0 million (30 June 2017: \$445.0 million). As at 31 December 2017 the Group had cash and undrawn debt facilities of \$144.0 million (30 June 2017: \$264.6 million).

Shopping Centres Australasia Property Group Directors' Report

For the half year ended 31 December 2017

7. Subsequent events

Since the end of the period, the Directors of the Responsible Entity are not aware of any matter or circumstance not otherwise dealt with in this report or the interim consolidated financial statements that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial periods.

8. Rounding of amounts

In accordance with Legislative Instrument 2016/191 issued by the Australian Securities and Investments Commission relating to the rounding off of amounts in the financial statements amounts in the financial statements have been rounded to the nearest hundred thousand dollars in accordance with that Legislative Instrument, unless otherwise indicated.

9. Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of the Directors.



Chair
Sydney
5 February 2018

The Board of Directors
Shopping Centres Australasia Property Group RE Limited as Responsible
Entity for Shopping Centres Australasia Property Management Trust and
Shopping Centres Australasia Property Retail Trust
Level 5, 50 Pitt Street
Sydney NSW 2000

5 February 2018

Dear Directors

Shopping Centres Australasia Property Management Trust and
Shopping Centres Australasia Property Retail Trust

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Shopping Centres Australasia Property Group RE Limited in its capacity as Responsible Entity for Shopping Centres Australasia Property Management Trust and Shopping Centres Australasia Property Retail Trust

As lead audit partner for the review of the financial statements of Shopping Centres Australasia Property Management Trust and Shopping Centres Australasia Property Retail Trust for the half-year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

DELOITTE TOUCHE TOHMATSU.

DELOITTE TOUCHE TOHMATSU

A. COLEMAN.

Andrew J Coleman
Partner
Chartered Accountants

Shopping Centres Australasia Property Group

Consolidated Statements of Profit or Loss

For the half year ended 31 December 2017

	Notes	SCA Property Group		Retail Trust	
		31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
		\$m	\$m	\$m	\$m
Continuing operations					
Revenue					
Rental income		104.2	98.9	104.2	98.9
Funds management revenue		0.4	0.2	-	-
Insurance income		-	6.1	-	6.1
Distribution income	10	2.8	2.8	2.8	2.8
		107.4	108.0	107.0	107.8
Expenses					
Property expenses		(32.4)	(30.1)	(32.4)	(30.1)
Corporate costs		(6.1)	(5.9)	(6.1)	(5.9)
		68.9	72.0	68.5	71.8
Unrealised gain/(loss) including change in fair value through profit or loss					
- Investment properties		16.7	150.6	16.7	150.6
- Derivatives		(4.9)	(13.3)	(4.9)	(13.3)
- Foreign exchange		3.2	(6.1)	3.2	(6.1)
- Share of net profit from associate		1.0	0.7	1.0	0.7
Realised foreign exchange gain		-	17.0	-	17.0
Earnings before interest and tax (EBIT)		84.9	220.9	84.5	220.7
Interest income		0.1	0.2	0.1	0.2
Finance costs		(15.3)	(14.9)	(15.3)	(14.9)
Net profit before tax		69.7	206.2	69.3	206.0
Tax		(0.1)	(0.2)	-	-
Net profit after tax from continuing operations		69.6	206.0	69.3	206.0
Discontinued operation					
Net loss after tax from discontinued operation		-	(1.3)	-	(1.3)
Net profit after tax		69.6	204.7	69.3	204.7
Net profit after tax attributable to unitholders of:					
SCA Property Management Trust		0.3	-		
SCA Property Retail Trust (non-controlling interest)		69.3	204.7		
		69.6	204.7		
Distributions per stapled unit					
	3	6.8	6.4	6.8	6.4
Basic earnings per stapled unit					
		9.3	27.9	9.3	27.9
Diluted earnings per stapled unit					
		9.3	27.8	9.3	27.8
Basic earnings per stapled unit of each Trust					
SCA Property Management Trust		-	-		
SCA Property Retail Trust		9.3	27.9		
Diluted earnings per stapled unit of each Trust					
SCA Property Management Trust		-	-		
SCA Property Retail Trust		9.3	27.8		

The above Consolidated Statements of Profit or Loss should be read in conjunction with the accompanying notes.

Shopping Centres Australasia Property Group

Consolidated Statements of Comprehensive Income

For the half year ended 31 December 2017

	Notes	SCA Property Group		Retail Trust	
		31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
		\$m	\$m	\$m	\$m
Net profit after tax for the period		69.6	204.7	69.3	204.7
Other comprehensive income					
<i>Items that may be classified subsequently to profit or loss</i>					
Movement in foreign currency translation reserves:					
Net exchange differences on translation of foreign operations up to date of disposal		-	1.7	-	1.7
Reclassification of foreign currency translation reserve		-	(17.0)	-	(17.0)
Gain on revaluation of Investment - available for sale		1.8	0.4	1.8	0.4
Total comprehensive income		71.4	189.8	71.1	189.8
Total comprehensive profit for the period attributable to unitholders of:					
SCA Property Management Trust		0.3	-		
SCA Property Retail Trust (non-controlling interest)		71.1	189.8		
Total comprehensive income		71.4	189.8		

The above Consolidated Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

Shopping Centres Australasia Property Group

Consolidated Balance Sheets

As at 31 December 2017

		SCA Property Group		Retail Trust	
	Notes	31 Dec 2017	30 Jun 2017	31 Dec 2017	30 Jun 2017
		\$m	\$m	\$m	\$m
Current assets					
Cash and cash equivalents		3.0	3.6	2.2	2.0
Receivables		24.4	22.4	23.3	21.4
Derivative financial instruments	8	0.2	0.3	0.2	0.3
Other assets		4.0	1.5	4.0	1.5
Total current assets		31.6	27.8	29.7	25.2
Non-current assets					
Investment properties	4	2,437.7	2,364.6	2,437.7	2,364.6
Derivative financial instruments	8	51.6	56.5	51.6	56.5
Investment in associates	9	17.5	17.2	17.5	17.2
Investment - available for sale	10	82.8	81.0	82.8	81.0
Total non-current assets		2,589.6	2,519.3	2,589.6	2,519.3
Total assets		2,621.2	2,547.1	2,619.3	2,544.5
Current liabilities					
Payables		38.8	43.4	46.0	50.0
Distribution payable	3	50.7	49.8	50.7	49.8
Derivative financial instruments	8	-	0.1	-	0.1
Provisions		1.9	2.4	-	-
Total current liabilities		91.4	95.7	96.7	99.9
Non-current liabilities					
Interest bearing liabilities	5	867.9	817.4	867.9	817.4
Provisions		0.4	0.3	-	-
Total non-current liabilities		868.3	817.7	867.9	817.4
Total liabilities		959.7	913.4	964.6	917.3
Net assets		1,661.5	1,633.7	1,654.7	1,627.2
Equity					
Contributed equity	6	7.5	7.5	1,241.5	1,235.3
Reserves		-	-	2.9	0.2
Accumulated profit/(loss)		(0.7)	(1.0)	410.3	391.7
Non-controlling interest		1,654.7	1,627.2	-	-
Total Equity		1,661.5	1,633.7	1,654.7	1,627.2

The above Consolidated Balance Sheets should be read in conjunction with the accompanying note

Shopping Centres Australasia Property Group

Consolidated Statements of Changes in Equity

As at 31 December 2017

Notes	SCA Property Group				
	Contributed equity ¹	Accumulated profit/(loss)	Attributable to owners of parent	Non-controlling interests	Total
	\$m	\$m	\$m	\$m	\$m
Balance at 1 July 2017	7.5	(1.0)	6.5	1,627.2	1,633.7
Net profit after tax	-	0.3	0.3	69.3	69.6
Other comprehensive income for the period, net of tax	-	-	-	1.8	1.8
Total comprehensive income	-	0.3	0.3	71.1	71.4
Transactions with unitholders in their capacity as equity holders:					
Employee share based payments	-	-	-	0.9	0.9
Equity issued	-	-	-	6.2	6.2
Distributions paid and payable	3	-	-	(50.7)	(50.7)
	-	-	-	(43.6)	(43.6)
Balance as at 31 December 2017	7.5	(0.7)	6.8	1,654.7	1,661.5
Balance at 1 July 2016	7.4	(1.2)	6.2	1,402.9	1,408.9
Net profit after tax	-	-	-	204.7	204.7
Other comprehensive income for the period, net of tax	-	-	-	(14.9)	(14.9)
Total comprehensive income	-	-	-	189.8	189.8
Transactions with unitholders in their capacity as equity holders:					
Employee share based payments	-	-	-	1.1	1.1
Equity issued	-	-	-	-	-
Distributions paid and payable	3	-	-	(47.0)	(47.0)
	-	-	-	(45.9)	(45.9)
Balance as at 31 December 2016	7.4	(1.2)	6.2	1,546.8	1,552.8

		Retail Trust					
	Contributed equity ¹	Reserves			Accumulated profit/(loss)	Total	
		Available for sale	Foreign currency translation	Share based payments			
Notes	\$m	\$m	\$m	\$m	\$m	\$m	

Balance at 1 July 2017		1,235.3	(2.8)	-	3.0	391.7	1,627.2
Net profit after tax		-	-	-	-	69.3	69.3
Other comprehensive income for the period, net of tax		-	1.8	-	-	-	1.8
Total comprehensive income		-	1.8	-	-	69.3	71.1
Transactions with unitholders in their capacity as equity holders:							
Employee share based payments		-	-	-	0.9	-	0.9
Equity issued		6.2	-	-	-	-	6.2
Distributions paid and payable	3	-	-	-	-	(50.7)	(50.7)
		6.2	-	-	0.9	(50.7)	(43.6)
Balance as at 31 December 2017		1,241.5	(1.0)	-	3.9	410.3	1,654.7

Balance at 1 July 2016		1,216.6	-	15.3	1.7	169.1	1,402.7
Net profit after tax		-	-	-	-	204.7	204.7
Other comprehensive income for the period, net of tax		-	0.4	(15.3)	-	-	(14.9)
Total comprehensive income		-	0.4	(15.3)	-	204.7	189.8
Transactions with unitholders in their capacity as equity holders:							
Employee share based payments		-	-	-	1.1	-	1.1
Equity issued		-	-	-	-	-	-
Distributions paid and payable	3	-	-	-	-	(47.0)	(47.0)
		-	-	-	1.1	(47.0)	(45.9)
Balance as at 31 December 2016		1,216.6	0.4	-	2.8	326.8	1,546.6

¹ Contributed equity is gross equity raised less equity raising costs.

The above Consolidated Statements of Changes in Equity should be read in conjunction with the accompanying notes.

Shopping Centres Australasia Property Group

Consolidated Statements of Cash Flows

For the half year ended 31 December 2017

Notes	SCA Property Group		Retail Trust	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	\$m	\$m	\$m	\$m
Cash flows from operating activities				
Property and other income received (inclusive of GST)	116.6	112.4	116.4	112.2
Insurance proceeds	-	6.1	-	6.1
Property expenses paid (inclusive of GST)	(36.0)	(36.3)	(36.0)	(36.3)
Corporate costs paid (inclusive of GST)	(7.7)	(7.5)	(7.1)	(7.5)
Interest received	0.1	0.2	0.1	0.2
Finance costs paid	(14.9)	(15.7)	(14.9)	(15.7)
Taxes paid including GST	(5.2)	(6.9)	(4.8)	(7.2)
Net cash flow from operating activities	52.9	52.2	53.7	51.8
Cash flows from investing activities				
Payments for investment properties purchased and developments	(64.4)	(161.9)	(64.4)	(161.9)
Distribution received from associate	0.5	0.3	0.5	0.3
Payments for investments	-	(83.8)	-	(83.8)
Net proceeds from investment properties sold	-	255.9	-	255.9
Net cash flow from investing activities	(63.9)	10.5	(63.9)	10.5
Cash flow from financing activities				
Proceeds from equity raising	6.2	-	6.2	-
Net proceeds from borrowings	157.0	249.0	157.0	249.0
Repayment of borrowings	(103.0)	(264.9)	(103.0)	(264.9)
Distributions paid	(49.8)	(45.5)	(49.8)	(45.5)
Net cash flow from financing activities	10.4	(61.4)	10.4	(61.4)
Net (decrease) / increase in cash and cash equivalents held	(0.6)	1.3	0.2	0.9
Cash and cash equivalents at the beginning of the half year	3.6	4.5	2.0	3.4
Cash and cash equivalents at the end of the half year	3.0	5.8	2.2	4.3

The above Consolidated Statements of Cash Flows should be read in conjunction with the accompanying notes

Shopping Centres Australasia Property Group

Notes to the Consolidated Financial Statements

For the half year ended 31 December 2017

1. Corporate information

Shopping Centres Australasia Property Group (the Group or SCA Property Group) comprises the units in two Australian Managed Investment Schemes, Shopping Centres Australasia Property Management Trust (Management Trust) (ARSN 160 612 626) and Shopping Centres Australasia Property Retail Trust (Retail Trust) (ARSN 160 612 788) (collectively the Trusts). The Group's ASX code is SCP. The units in the Trusts are stapled.

The Responsible Entity of both Trusts is Shopping Centres Australasia Property Group RE Limited (ABN 47 158 809 851; AFSL 426603) (Responsible Entity).

The Interim Financial Statements of the Group comprise the consolidated Interim Financial Statements of the Management Trust and its controlled entities including the Retail Trust and its controlled entities. The Interim Financial Statements of the Retail Trust comprise the consolidated Interim Financial Statements of the Retail Trust and its controlled entities.

The Directors of the Responsible Entity approved the Interim Financial Report on 5 February 2018.

2. Significant accounting policies

(a) Statement of compliance

The Interim Financial Report has been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

(b) Basis of preparation

This Interim Financial Report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Going concern

The Interim Financial Report is prepared on a going concern basis. In preparing the Interim Financial Report it is noted that the Group and the Retail Trust are in a net current asset deficiency position. This is due mainly to the Group's preference to hold minimal cash and cash equivalents, as it is the policy of the Group and the Retail Trust to use surplus cash to repay revolving bilateral debt and to the provision for distribution and other payables. The Group and the Retail Trust have sufficient funds available from cash and undrawn debt facilities to meet the current liabilities (and additional funds are also expected to become available from the regular collection of property income). Additional information on the unused financing resources available to the Group are at **note 5**.

Rounding

In accordance with Legislative Instrument 2016/191 issued by the Australian Securities and Investments Commission relating to the rounding off of amounts in the financial statements amounts in the financial statements have been rounded to the nearest hundred thousand dollars in accordance with that Legislative Instrument, unless otherwise indicated.

New and amended accounting standards and interpretations

The accounting policies and methods of computation adopted in the preparation of the half year Financial Statements are consistent with those adopted and disclosed in the Group's 2017 annual financial report for the year ended 30 June 2017, except for the impact of the new and revised Accounting Standards and Interpretations described below. The accounting policies and methods of computation adopted in the preparation of the half year Financial Statements are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Shopping Centres Australasia Property Group

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Application of new and revised Accounting Standards not yet effective

At the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not yet effective are listed below. The potential impact of these Standards and Interpretations has not yet been fully determined. The Group does not intend to adopt any of these announcements before their effective dates.

Standard/Interpretation and nature of the change and impact	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments' (and the relevant amending standards) (AASB 9): The standard introduces a number of new and revised classifications of financial assets and liabilities compared to AASB 139 'Financial Instruments: Recognition and Measurement' and addresses the classification, measurement and de recognition of these financial assets and financial liabilities. AASB 9 introduces new rules for hedge accounting and a new methodology for measurement of impairment of financial assets including accounting for expected credit loss. The Group does not apply hedge accounting, recognises financial assets and liabilities to which AASB 9 will apply at amortised cost under AASB 139, derivatives at fair value through profit or loss, and investments - available for sale at fair value through Other Comprehensive Income. The Group has commenced an assessment of the impact of this change on the recognition and measurement of financial assets and liabilities and related disclosures in the financial statements. The preliminary assessment of these changes on the Group's existing financial assets and financial liabilities is that these changes are not expected to have a material impact on the recognition and measurement of the Group's financial assets and financial liabilities.	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers', AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15', AASB 2015-8 'Amendments to Australian Accounting Standards – Effective date of AASB 15' (AASB 15): AASB 15 will replace AASB 118 'Revenue' which covers revenue arising from the sale of goods and the rendering of services and AASB 111 'Construction Contracts' which covers construction contracts. The new standard introduces a five-step model to determine when and how much revenue should be recognised. The standard permits either a full retrospective or a modified retrospective approach for the adoption. The Group has commenced an assessment of the impact of this change on the recognition and measurement of revenues of the Group and related disclosures in the financial statements. At the date of this report this assessment is not yet complete. The preliminary assessment of the existing contractual arrangements that deal with revenue indicate that the changes from the new standard are not expected to have a material impact on the Group.	1 January 2018	30 June 2019
AASB 16 'Leases' (AASB 16): AASB 16 introduces new requirements in relation to lease classification and recognition, measurement and presentation and disclosures of leases for lessees and lessors. For lessees a (right-of-use) asset and a lease liability will be recognised on the balance sheet in respect of all leases subject to limited exceptions. The accounting for lessors will not significantly change. Given that the Group is not a party to any significant lease agreements (as lessee), and on the basis that this remains the same, the new standard is not expected to have a material impact on the recognition and measurement of lease-related revenues, assets or liabilities.	1 January 2019	30 June 2020

(c) Significant accounting estimates, judgements and assumptions

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The significant judgements and estimates used in the preparation of these financial statements are outlined below:

Judgement - Selection of parent entity

In determining the parent entity of the SCA Property Group, the Directors considered various factors including asset ownership, debt obligation, management and day to day responsibilities. The Directors concluded that management activities were more relevant in determining the parent.

Shopping Centres Australasia Property Group

Notes to the Consolidated Financial Statements

For the half year ended 31 December 2017

Shopping Centres Australasia Property Management Trust has been determined as the parent of the SCA Property Group.

Judgement – Classification and carrying value of investments

The SCA Property Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Critical judgements are made in assessing whether an investee entity is controlled or subject to significant influence or joint control. These judgements include an assessment of the nature, extent and financial effects of the Group's interest in joint arrangements and associates, including the nature and effects of its contractual relationship with the entity or with other investors. Associates are entities over which the Group has significant influence but not control.

Estimate - Valuation of property investments

Critical judgements are made by the Directors in respect of the fair value of investment properties including properties under construction and those that are classified as assets held for sale. The fair value of these investments are reviewed regularly by management with reference to independent property valuations, recent open market transactions and market conditions existing at the reporting date, using generally accepted market practices. The major critical assumptions underlying estimates of fair values are those relating to the capitalisation rate and the discount rate adopted for each property.

Other assumptions include retail trading environment, gross market rent, net market rent, average market rental growth, operating expenses, capital expenditure and terminal yield.

If there is any change in the assumptions used or economic conditions, a change in the fair value of the investment properties may occur.

Estimate - Valuation of financial instruments

The fair value of derivative assets and liabilities are based on assumptions of future events and involve significant estimates. The value of derivatives may differ in future reporting periods due to the passing of time and / or changes in market rates including interest rates, foreign exchange rates and market volatility.

3. Distributions paid and payable

	Cents per unit	Total amount \$m	Date of payment
6 months to 31 December 2017			
SCA Property Group & Retail Trust			
Interim distribution ¹	6.8	50.7	29 January 2018
6 months to 31 December 2016			
SCA Property Group & Retail Trust			
Interim distribution	6.4	47.0	30 January 2017

¹ The interim distribution of 6.8 cents per stapled unit was declared on 13 December 2017 and paid on 29 January 2018.

The Management Trust has not declared or paid any distributions. The Group has a Distribution Reinvestment Plan (DRP) in place which was operating for the distribution paid on 29 January 2018. Under the DRP 2.9 million securities were issued at \$2.25 on 29 January 2018.

Shopping Centres Australasia Property Group

Notes to the Consolidated Financial Statements

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4. Investment properties

The Group and the Retail Trust's ownership interest in all investment properties is 100% (30 June 2017: 100%). All the investment properties are located in Australia.

	SCA Property Group & Retail Trust	
	31 Dec 2017	30 Jun 2017
	\$m	\$m
Movement in total investment properties		
Opening balance	2,364.6	1,888.0
Acquisitions and development expenditure	53.5	313.7
Disposals	-	(54.9)
Additions including tenant incentives, leasing fees and straight-lining of rental income net of amortisation	2.9	6.2
Unrealised gain on property valuations	16.7	211.6
Closing balance	2,437.7	2,364.6

Investment properties - Australia

Property	State	Property Type	Book value cap rate ¹ 31 Dec 2017 %	Book value discount rate 31 Dec 2017 %	Book value 31 Dec 2017 \$m	Book value 30 June 2017 \$m
Sub-Regional						
Lilydale Marketplace	VIC	Sub-Regional	6.00%	7.25%	110.0	109.0
Pakenham Marketplace	VIC	Sub-Regional	6.00%	7.00%	90.8	89.0
Central Highlands	QLD	Sub-Regional	7.25%	7.75%	63.5	66.0
Mt Gambier	SA	Sub-Regional	6.48%	7.68%	74.5	73.3
Murray Bridge	SA	Sub-Regional	7.00%	8.50%	68.7	70.5
Kwinana Marketplace	WA	Sub-Regional	6.50%	7.75%	145.0	129.7
Total Sub-Regional					552.5	537.5
Neighbourhood						
Belmont Central ³	NSW	Neighbourhood	7.00%	8.00%	33.5	28.5
Berala	NSW	Neighbourhood	5.75%	7.00%	27.0	24.7
Cabarita	NSW	Neighbourhood	6.25%	7.50%	21.8	21.8
Cardiff	NSW	Neighbourhood	6.25%	7.00%	24.0	24.0
Clemton Park	NSW	Neighbourhood	6.00%	7.00%	52.0	55.5
Goonellabah	NSW	Neighbourhood	6.75%	7.50%	20.4	21.4
Greystanes	NSW	Neighbourhood	6.00%	7.50%	56.9	52.6
Griffin Plaza	NSW	Neighbourhood	7.00%	7.50%	26.0	26.0
Lane Cove	NSW	Neighbourhood	5.75%	7.50%	59.5	58.5
Leura	NSW	Neighbourhood	5.75%	7.00%	18.0	18.0
Lismore	NSW	Neighbourhood	6.75%	7.25%	34.4	34.6
Macksville	NSW	Neighbourhood	5.75%	6.75%	13.8	13.0
Merimbula	NSW	Neighbourhood	6.50%	7.25%	18.7	18.7
Moama Marketplace	NSW	Neighbourhood	7.00%	7.25%	14.0	13.8
Morisset	NSW	Neighbourhood	7.00%	7.25%	18.8	18.8
Muswellbrook Fair	NSW	Neighbourhood	6.50%	7.50%	31.2	29.3
North Orange	NSW	Neighbourhood	6.50%	7.25%	30.3	29.5
Northgate	NSW	Neighbourhood	6.50%	7.25%	16.5	16.5
Shell Cove ^{2,4}	NSW	Neighbourhood	n/a	n/a	1.5	-
Swansea	NSW	Neighbourhood	6.25%	6.50%	14.6	14.5
Ulladulla	NSW	Neighbourhood	6.50%	7.25%	20.6	20.3
West Dubbo	NSW	Neighbourhood	6.50%	7.25%	17.8	16.9

Shopping Centres Australasia Property Group

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Property	State	Property Type	Book value cap rate ¹ 31 Dec 2017 %	Book value discount rate 31 Dec 2017 %	Book value 31 Dec 2017 \$m	Book value 30 June 2017 \$m
Neighbourhood						
Albury	VIC	Neighbourhood	6.75%	7.00%	22.0	22.0
Ballarat	VIC	Neighbourhood	7.00%	6.50%	18.6	18.4
Cowes	VIC	Neighbourhood	6.75%	7.50%	19.2	19.2
Drouin	VIC	Neighbourhood	5.75%	5.25%	15.7	14.9
Epping North	VIC	Neighbourhood	5.50%	6.00%	30.5	30.4
Highett	VIC	Neighbourhood	5.50%	6.00%	31.5	30.0
Langwarrin	VIC	Neighbourhood	5.50%	6.50%	25.0	25.0
Ocean Grove	VIC	Neighbourhood	6.50%	7.00%	35.5	35.3
Warrnambool East	VIC	Neighbourhood	6.25%	6.75%	16.0	14.8
Warrnambool Target	VIC	Neighbourhood	7.75%	7.75%	18.2	18.2
Wonthaggi	VIC	Neighbourhood	6.75%	7.50%	45.4	45.4
Wyndham Vale	VIC	Neighbourhood	6.00%	7.00%	23.5	22.6
Annandale Central	QLD	Neighbourhood	7.25%	8.50%	33.5	33.5
Ayr	QLD	Neighbourhood	7.00%	8.25%	19.0	19.4
Brookwater Village	QLD	Neighbourhood	6.25%	7.25%	35.2	35.2
Bushland Beach ⁴	QLD	Neighbourhood	n/a	n/a	19.8	12.8
Carrara	QLD	Neighbourhood	6.50%	6.75%	18.6	18.1
Chancellor Park Marketplace	QLD	Neighbourhood	6.25%	6.50%	44.4	44.4
Collingwood Park	QLD	Neighbourhood	6.50%	7.75%	11.2	11.2
Coorparoo ³	QLD	Neighbourhood	5.95%	7.00%	34.5	26.0
Gladstone	QLD	Neighbourhood	7.00%	7.25%	25.1	27.5
Greenbank	QLD	Neighbourhood	6.25%	7.75%	23.0	23.7
Jimboomba Junction	QLD	Neighbourhood	6.75%	7.75%	28.2	27.5
Lillybrook Shopping Village	QLD	Neighbourhood	6.25%	7.25%	28.4	26.5
Mackay	QLD	Neighbourhood	6.75%	6.75%	25.0	23.6
Marian Town Centre	QLD	Neighbourhood	7.00%	8.00%	32.3	33.0
Mission Beach	QLD	Neighbourhood	6.50%	7.75%	12.0	11.4
Mt Warren Park	QLD	Neighbourhood	6.25%	7.00%	15.5	16.4
Mudgeeraba Market	QLD	Neighbourhood	6.00%	7.50%	35.8	35.8
Sugarworld ²	QLD	Neighbourhood	6.75%	7.50%	24.8	-
The Markets	QLD	Neighbourhood	6.75%	6.75%	31.0	33.0
Whitsunday	QLD	Neighbourhood	7.00%	8.25%	36.0	38.3
Woodford	QLD	Neighbourhood	6.25%	6.25%	12.6	12.3
Worongary Town Centre	QLD	Neighbourhood	6.00%	7.00%	46.3	46.3
Blakes Crossing	SA	Neighbourhood	6.75%	6.75%	22.1	22.1
Walkerville	SA	Neighbourhood	6.00%	7.00%	24.3	24.0
Busselton	WA	Neighbourhood	6.25%	6.75%	25.8	24.9
Treendale	WA	Neighbourhood	6.50%	7.75%	33.5	34.4
Burnie Plaza	TAS	Neighbourhood	7.50%	8.00%	21.8	21.0
Claremont Plaza	TAS	Neighbourhood	6.78%	8.03%	34.0	34.0
Glenorchy Central	TAS	Neighbourhood	7.00%	7.50%	24.9	25.8
Greenpoint Plaza	TAS	Neighbourhood	7.50%	8.25%	15.2	15.0
Kingston Plaza	TAS	Neighbourhood	6.54%	8.27%	26.7	26.6
Meadow Mews	TAS	Neighbourhood	6.75%	8.00%	55.0	55.0
New Town Plaza	TAS	Neighbourhood	7.00%	7.50%	37.0	37.0
Prospect Vale	TAS	Neighbourhood	6.75%	7.75%	29.3	27.7
Riverside Plaza	TAS	Neighbourhood	7.50%	7.00%	8.3	8.3
Shoreline Plaza	TAS	Neighbourhood	6.50%	7.00%	35.9	35.9
Sorell Plaza	TAS	Neighbourhood	6.50%	7.50%	26.8	26.4
Total Neighbourhood					1,885.2	1,827.1
Total investment properties Australia					2,437.7	2,364.6

¹ Capitalisation rate (or cap rate) is an approximation of the investment property's net operating income divided by its fair value.

² Properties acquired during the half year ended 31 December 2017.

³ Properties include additional adjacent acquisitions during the half year ended 31 December 2017.

⁴ Property under development.

Shopping Centres Australasia Property Group

Notes to the Consolidated Financial Statements

For the half year ended 31 December 2017

5. Interest bearing liabilities

	SCA Property Group & Retail Trust	
	31 Dec 2017	30 Jun 2017
	\$m	\$m
Unsecured Bank bilateral facilities		
- A\$ denominated	228.0	174.0
Unsecured A\$ Medium term note (A\$ MTN)		
- A\$ denominated	400.0	400.0
Unsecured US Notes		
- A\$ denominated	50.0	50.0
- US\$ denominated (converted to A\$)	192.2	195.4
Total unsecured debt outstanding	870.2	819.4
Less: unamortised establishment fees	(2.3)	(2.0)
Interest bearing liabilities	867.9	817.4

Financing facilities and financing resources

Drawn debt is carried at amortised cost. The debt facilities are made up of Bank bilateral facilities, A\$ medium term notes and US Notes. The Bank bilateral facilities are partially drawn and the A\$ medium term notes and US Notes are fully drawn. Additional details of these debt facilities are below.

Bank bilateral facilities

To reduce liquidity risk, the unsecured bilateral facilities are with three banks and are made up of six debt facilities. The bilateral terms have been negotiated to achieve a balance between capital availability and the cost of debt including unused debt. The facilities are unsecured, revolving, multi-use, and can be used interchangeably.

One of the bilateral facilities can also be used for bank guarantees. As at 31 December 2017 in addition to the bilateral debt facilities drawn above, \$11.0 million of the bilateral debt facilities available was used to support bank guarantees (30 June 2017: \$10.0 million). The bank guarantees assists with the Group's compliance with its Australian Financial Services Licences obligations.

Bilateral debt facility extension – During the period \$190.0 million of bilateral debt facilities with expiries between November 2018 and December 2018 were cancelled and replaced with \$125 million of facilities expiring in November 2022 and December 2022. The next expiries are \$25.0 million in February 2019 followed by \$230.0 million in December 2019. The total bilateral facilities available were \$380.0 million (30 June 2017: \$445.0 million). The expiry of \$25.0 million in February 2019 is fully drawn at 31 December 2017 and is intended to be repaid by the unused financing available (refer table below) or extended. The financing capacity available under the bilateral facilities, including cash, is in the table below.

	SCA Property Group		Retail Trust	
	31 Dec 2017	30 Jun 2017	31 Dec 2017	30 Jun 2017
	\$m	\$m	\$m	\$m
Bilateral facilities and financing resources				
Committed financing facilities available	380.0	445.0	380.0	445.0
Less: amounts drawn down	(228.0)	(174.0)	(228.0)	(174.0)
Less: amounts utilised for bank guarantee	(11.0)	(10.0)	(11.0)	(10.0)
Net Bilateral facilities available	141.0	261.0	141.0	261.0
Add: Cash and cash equivalents	3.0	3.6	2.2	2.0
Financing resources available	144.0	264.6	143.2	263.0

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A\$ medium term notes (A\$ MTN)

The Group has on issue A\$ MTN's with a face value of \$400.0 million. Details of these notes are below:

Details of A\$ MTN's

A\$ MTN	Tranche	Issue date	Maturity	Tenor at issue (yrs)	Coupon	Face value \$m	Issue consideration \$m	Discount / (premium) on issue \$m
Series 1	Tranche 1	Apr-15	Apr-21	6.0	3.75%	175.0	174.8	0.2
	Tranche 2	Jul-16	Apr-21	4.8	3.75%	50.0	50.6	(0.6)
Series 2	Tranche 1	Jun-17	Jun-24	7.0	3.90%	175.0	174.5	0.5
						400.0		0.1

The discount or premium with respect to each Tranche is amortised from the issue date to the maturity.

US Notes

In August 2014 the Group issued unsecured notes with aggregate face value of US\$150.0 million and A\$50.0 million (equivalent at the date of issue in total to A\$209.8 million) to US institutional investors (US Notes). These US Notes are rated Baa1 by Moody's Investor Services (Moody's). The US Notes principal and coupon obligations have been fully economically swapped back to Australian dollars (floating interest rates) through cross currency interest rate swaps.

The maturity profile of the notes is US\$100.0 million expiring August 2027, and US\$50.0 million and A\$50.0 million expiring August 2029.

Debt covenants

The Group is required to comply with certain financial covenants or obligations in respect of the interest bearing liabilities. The major financial covenants or obligations which are common across all types of interest bearing liabilities are summarised as follows:

- (a) Interest cover ratio (EBITDA to net interest expense) is more than 2.00 times;
- (b) Gearing ratio (finance debt net of cash and cross currency swaps divided by total tangible assets net of cash and derivatives) does not exceed 50%;
- (c) Priority indebtedness ratio (priority debt to total tangible assets) does not exceed 10%; and
- (d) Aggregate of the total tangible assets held by the Obligors represents not less than 90% of the total tangible assets of the Group.

The Group was in compliance with all of the financial covenants and obligations for the period ended and as at 31 December 2017.

Capital Management – management gearing

The Group manages its capital, including its debt, by having regard to a number of factors including the gearing of the Group. The Group's definition of gearing for management purposes is:

- Net finance debt, where the US notes US\$ denominated debt is recorded as the A\$ amount received and economically hedged in A\$, net of cash, divided by
- Net total assets, being total assets net of cash and derivatives.

As the US notes USD denominated debt has been fully economically hedged, for the purpose of the management determination of gearing US\$ denominated debt of US\$150.0 million is recorded at its economically hedged value of A\$209.8 million. This also results in management gearing being on a constant currency basis.

The Group's gearing was 32.5% as at 31 December 2017 (30 June 2017: 31.4%). The Group's target gearing range is within 30% to 40%. The Group's preference is for gearing to remain below 35% at this point in the cycle. The Group's gearing calculation is below.

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Gearing (management)	31 Dec 2017 \$m	30 Jun 2017 \$m
Bilateral and A\$ notes		
Unsecured Bank bilateral facilities drawn	228.0	174.0
Unsecured A\$ medium term notes	400.0	400.0
	628.0	574.0
US Notes		
US\$ denominated notes - USD face value	150.0	150.0
Economically hedged exchange rate / spot rate	0.9387	0.9387
US\$ denominated notes - AUD equivalent	159.8	159.8
A\$ denominated notes	50.0	50.0
Total US Notes	209.8	209.8
Total debt used and drawn AU\$ equivalent	837.8	783.8
Less: cash and cash equivalents	(3.0)	(3.6)
Net finance debt for gearing	834.8	780.2
Total assets	2,621.2	2,547.1
Less: cash and cash equivalents	(3.0)	(3.6)
Less: value of derivatives included in total assets	(51.8)	(56.8)
Net total assets for gearing	2,566.4	2,486.7
Gearing (management)¹	32.5%	31.4%

¹ As noted above under Bank bilateral facilities, the Group also has \$11.0 million (30 June 2017: \$10.0 million) used to support bank guarantees. The bank guarantees assist with the Group's compliance with its Australian Financial Services Licences obligations. The value of these guarantees has been excluded from management's net finance debt used for gearing which is consistent with the approach taken by the Group's credit rating agency to determine net debt.

6. Contributed equity

	SCA Property Group		Retail Trust	
	31 Dec 2017 \$m	30 Jun 2017 \$m	31 Dec 2017 \$m	30 Jun 2017 \$m
Equity	1,277.4	1,271.2	1,269.8	1,263.6
Issue costs	(28.4)	(28.4)	(28.3)	(28.3)
	1,249.0	1,242.8	1,241.5	1,235.3
	Management Trust		Retail Trust	
Opening balance	7.5	7.4	1,235.3	1,216.6
Equity raised through Distribution Reinvestment Plan January 2017	-	0.1	-	18.7
Equity raised through Distribution Reinvestment Plan August 2017	-	-	6.2	-
Closing balance	7.5	7.5	1,241.5	1,235.3
Balance at the end of the period is attributable to unit holders of:				
Shopping Centres Australasia Property Management Trust	7.5	7.5		
Shopping Centres Australasia Property Retail Trust	1,241.5	1,235.3		
	1,249.0	1,242.8		

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	SCA Property Group & Retail Trust	
	31 Dec 2017	30 Jun 2017
	No. of units	No. of units
Opening balance	742,752,189	733,390,134
Equity issued for executive security based compensation arrangements - 24 August 2016	-	734,092
Equity issued for staff security based compensation arrangements - 20 December 2016	-	11,112
Equity raised through Distribution Reinvestment Plan - 30 January 2017	-	8,616,851
Equity issued for executive security based compensation arrangements - 3 July 2017	471,157	-
Equity issued for executive security based compensation arrangements -10 August 2017	133,696	-
Equity raised through Distribution Reinvestment Plan - 31 August 2017	2,920,576	-
Equity issued for staff incentive plan arrangements - 21 December 2017	11,070	-
Closing balance	746,288,688	742,752,189

There were 615,923 securities issued during the period ended 31 December 2017 in respect of executive compensation plans and staff incentive plans for nil consideration.

As long as Shopping Centres Australasia Property Group remains jointly quoted, the number of units in each of the Trusts shall be equal and the unitholders identical.

7. Segment reporting table

The Group and the Retail Trust invest in shopping centres located in Australia and, prior to the divestment of the New Zealand portfolio (which has been classified as a discontinued operation). The divestment of the New Zealand portfolio was completed in the period ended 31 December 2016 and as such there are no assets or liabilities associated with New Zealand at 31 December 2017.

The chief decision makers of the Group (the Board of Directors) base their decisions on these segments. The Management Trust operates within one segment, Australia.

	Australia		New Zealand		Total	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	\$m	\$m	\$m	\$m	\$m	\$m
Revenue						
Rental income ¹	104.2	96.0	-	2.9	104.2	98.9
Funds management revenue	0.4	0.2	-	-	0.4	0.2
Insurance income	-	6.1	-	-	-	6.1
Distribution income	2.8	2.8	-	-	2.8	2.8
NZ management fee	-	2.9	-	(2.9)	-	-
	107.4	108.0	-	-	107.4	108.0
Expenses						
Property expenses	(32.4)	(30.1)	-	(0.2)	(32.4)	(30.3)
Corporate costs	(6.1)	(5.9)	-	-	(6.1)	(5.9)
	(38.5)	(36.0)	-	(0.2)	(38.5)	(36.2)
Segment result	68.9	72.0	-	(0.2)	68.9	71.8
Fair value adjustments on investment properties	16.7	150.6	-	-	16.7	150.6
Fair value adjustments on derivatives	(4.9)	(13.3)	-	-	(4.9)	(13.3)
Foreign exchange losses	3.2	(6.1)	-	-	3.2	(6.1)
Share of net profit from investments accounted for using the equity method	1.0	0.7	-	-	1.0	0.7
Realised foreign exchange gain	-	17.0	-	-	-	17.0
Interest income	0.1	0.2	-	-	0.1	0.2
Financing costs	(15.3)	(14.9)	-	(1.1)	(15.3)	(16.0)
Tax	(0.1)	(0.2)	-	-	(0.1)	(0.2)
Net profit / (loss) after tax for the year attributable to unitholders	69.6	206.0	-	(1.3)	69.6	204.7

¹ For the purposes of segment reporting \$39.9 million in rental income (31 December 2016: \$44.1 million) was from a single customer.

Shopping Centres Australasia Property Group

Notes to the Consolidated Financial Statements

For the half year ended 31 December 2017

8. Derivative financial instruments

The fair values of interest rate and cross currency derivatives are determined using a generally accepted pricing model based on discounted cash flow analysis using assumptions supported by observable market rates.

The following table represents financial assets and liabilities that were measured and recognised at fair value:

	SCA Property Group & Retail Trust	
	31 Dec 2017	30 Jun 2017
	\$m	\$m
Current assets		
Interest rate swap contracts	0.1	-
Cross currency interest rate swap contracts	0.1	0.3
	0.2	0.3
Non-current assets		
Interest rate swap contracts	10.2	10.2
Cross currency interest rate swap contracts	41.4	46.3
	51.6	56.5
Current liabilities		
Interest rate swap contracts	-	0.1

Interest Rate Swaps and Cross Currency Interest Rate Swaps

The cross currency interest rate swaps are taken out to economically hedge the foreign currency exposure US dollar denominated Notes issued by the Group. Refer **note 5**. The cross currency interest rate swaps are fair valued separately to the US Notes.

The interest rate swaps are to hedge Australian dollar denominated financing facilities.

Movements in the market value of the interest rate and cross currency interest rate swaps are included in the Group's profit and loss though changes in fair value.

The Directors consider that the carrying amounts of other financial assets and financial liabilities, which are recognised at amortised cost in the Interim Financial Report, approximates their fair values apart from the US notes and the A\$ medium term notes.

The amortised cost of the US Notes, converted to AUD for the USD denominated Notes at the prevailing foreign exchange rate at 31 December 2017 (which was AUD 1.00 = USD 0.7803) (30 June 2017: AUD 1.00 = USD 0.7678), is \$242.2 million (30 June 2017: \$245.4 million) (refer **note 5**). The amortised cost of the A\$ medium term notes is \$400.0 million (30 June 2017: \$400.0 million). The fair value of the US Notes and A\$ medium term notes can be different to their carrying value. The fair value takes into account movements in the underlying base interest rates and credit spreads for similar instruments including extrapolated yield curves over the tenor of the notes. On this basis the estimated fair value of the US Notes and the A\$ medium term notes is \$255.7 million and \$405.1 million respectively (30 June 2017: \$257.1 million and \$398.4 million respectively).

The foreign currency principal and interest amounts payable on the USD denominated US Notes have been fully hedged economically to floating Australian interest rates by the use of cross currency interest rate swaps.

Fair value hierarchy

The table below analyses the cross currency interest rate and interest rate swaps carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs from the asset or liability that are not based on observable market data (unobservable inputs).

Shopping Centres Australasia Property Group

Notes to the Consolidated Financial Statements

For the half year ended 31 December 2017

For financial instruments not quoted in active markets, the Group uses valuation techniques such as present value, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

Interest rate derivatives are financial instruments that use valuation techniques with only observable market inputs and are classified as Level 2 instruments.

The Group's Investment – available for sale is a level 1 fair value measurement financial asset being derived from inputs based on quoted prices that are observable. Refer also **note 10**.

The Group's only Level 3 financial instruments is a nominal amount (\$10.00) paid in respect of a call option associated with the acquisition of the Greenbank neighbourhood shopping centre, acquired by the Group in January 2016. Under the call option the Group can acquire ten hectares of adjacent land to the Greenbank neighbourhood centre for \$10.0 million exercisable at any time until late December 2020; and the vendor has a put option on the same terms which is exercisable in late December 2020 if the call option is not exercised by that time. The fair value of this option has been assessed at its carrying value of \$10.00. There were no transfers between levels during the half year.

9. Investment in associates

The Group and Retail Trust's Investment in associates comprises of:

- SURF 1: 7,959,000 units in SCA Unlisted Retail Fund 1 (SURF 1) at \$1.00 each acquired on 1 October 2015. The total units on issue of SURF 1 are 32,600,000; and
- SURF 2: 8,447,000 units in the SCA Unlisted Retail Fund 2 (SURF 2) at \$1.00 each acquired on 2 June 2017. The total units on issue of SURF 2 are 29,500,000.

SURF 1 and 2 are unlisted closed end property funds. The Group recognises its 24.4% interest in SURF 1 and its 28.6% in SURF 2 as Investment in associates using the equity method of accounting.

	SCA Property Group & Retail Trust	
	31 Dec 2017	30 Jun 2017
	\$m	\$m
Movement in investment in associates		
Opening balance	17.2	8.1
Additions to equity accounted investment	-	8.5
Share of profits after income tax	1.0	1.3
Distributions received or receivable	(0.6)	(0.7)
Closing balance	17.5	17.2

The Group is not a guarantor to the debt facilities or other liabilities of SURF 1 or SURF 2.

10. Investment - available for sale

Investment – available for sale relates to the Group and the Retail Trust's 4.9% interest in Charter Hall Retail Trust (ASX: CQR). This interest equates to 19.9 million units (30 June 2017: 19.9 million units). The cost of this interest (including transactions costs) was \$83.8 million. As at 31 December 2017 this interest is valued at \$82.8 million (based on the ASX closing share price of CQR on the last trading day in December 2017 of \$4.16) (30 June 2017: \$81.0 million and \$4.07 respectively).

The Investment – available for sale is classified as a level 1 fair value measurement financial asset being derived from inputs based on quoted prices that are observable. Refer also to the fair value hierarchy at **note 8**.

Additionally the Group is entitled to a distribution on its investment of 14.0 cents per unit or \$2.8 million. This distribution was declared by the Responsible Entity of CQR on 5 December 2017 and is included in the Group's and Retail Trust's Consolidated Statements of Profit and Loss as Distribution income.

11. Subsequent events

Since the end of the period, the Directors of the Responsible Entity are not aware of any matter or circumstance not otherwise dealt with in this report or the Interim Consolidated Financial Statements that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in the financial periods subsequent to 31 December 2017.

Shopping Centres Australasia Property Group Directors' Declaration

For the half year ended 31 December 2017

In the opinion of the Directors of Shopping Centres Australasia Property Group RE Limited, the Responsible Entity of Shopping Centres Australasia Property Management Trust and Shopping Centres Australasia Property Retail Trust (the "Retail Trust"):

- (a) The Financial Statements and Notes, of Shopping Centres Australasia Property Management Trust and its controlled entities, including Shopping Centres Australasia Property Retail Trust and its controlled entities, (the "Group"), set out on pages 6 to 21 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's and the Retail Trust's financial position as at 31 December 2017 and of their performance, for the half year ended 31 December 2017; and
 - (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- (b) There are reasonable grounds to believe that both the Group and the Retail Trust will be able to pay their debts as and when they become due and payable.

The Directors have been given the declaration in a form similar to that required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the half year ended 31 December 2017.

Signed in accordance with a resolution of the Directors:



Chair
Sydney
5 February 2018

Independent Auditor's Review Report to the Stapled Security Holders of Shopping Centres Australasia Property Management Trust and Shopping Centres Australasia Property Retail Trust

We have reviewed the accompanying interim financial report of:

- Shopping Centres Australasia Property Management Trust ("SCA Property Management Trust") and its controlled entities ("SCA Property Group") which comprises the condensed consolidated balance sheet as at 31 December 2017, and the condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year then ended, selected explanatory notes and the directors' declaration; and
- Shopping Centres Australasia Property Retail Trust and its controlled entities ("SCA Property Retail Trust") which comprises the condensed consolidated balance sheet as at 31 December 2017, and the condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year then ended, selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Interim Financial Report

The directors of SCA Property Group RE Limited, the Responsible Entity of SCA Property Management Trust and SCA Property Retail Trust ("the directors"), are responsible for the preparation of the interim 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 interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of SCA Property Group and SCA Property Retail Trust's financial position as at 31 December 2017 and their performance for the half-year then ended; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of SCA Property Group and SCA Property Retail Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.



A review of an interim 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.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of SCA Property Group and SCA Property Retail Trust is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the SCA Property Group and SCA Property Retail Trust's financial position as at 31 December 2017 and of their performance for the half-year then ended; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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DELOITTE TOUCHE TOHMATSU

A. COLEMAN.

Andrew J Coleman
Partner
Chartered Accountants
Sydney, 5 February 2018