APPENDIX 4E - Results for announcement to the market

Full Year Report
For the year ended 30 June 2019

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

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

For the year ended	30 June 2019 $m	30 June 2018 $m	Variance
Revenue from ordinary activities ($m)	270.0	215.4	25.3%
Profit from ordinary activities after tax attributable to members ($m)	109.6	175.2	(37.4)%
Net profit for the period attributable to members ($m)	109.6	175.2	(37.4)%
Funds from Operations (FFO)[1] ($m)	141.8	114.3	24.1%

For the year ended	30 June 2019	30 June 2018	Variance
Basic earnings per security (cents per unit)	12.6	23.5	(46.4)%
Weighted average FFO per security[1] (cents per unit)	16.33	15.30	6.7%

Distributions

For the year 1 July 2018 to 30 June 2019	Record date	Amount per unit	Franked amount per unit
Final distribution	28 June 2019	7.45 cents	0.0 cents
Interim distribution	31 December 2018	7.25 cents	0.0 cents
The total distribution per stapled unit is 14.70 cents. The Final distribution of 7.45 cents was declared on 12 June 2019 and will be paid on or about 30 August 2019. The Interim distribution of 7.25 cents was declared on 13 December 2018 and paid on 29 January 2019.			

Net Tangible Assets

For the year ended	30 June 2019	30 June 2018	Variance
Net tangible asset backing per stapled unit ($ per stapled unit)	2.27	2.30	(1.3)%

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 from ongoing operating activities for the period, being statutory net profit/loss after tax adjusted to exclude certain items including unrealised gains and losses and non recurring items.

Details of entities over which control has been gained or lost during the period:
Refer Financial Report, note 28.

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, 28.6% interest in SCA Unlisted Retail Fund 2 and 26.2% in SCA Unlisted Retail Fund 3. Refer Financial Report, note 13.

Audit
The accounts have been audited with an unqualified audit opinion. Refer attached 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 applied both to the Interim distribution and the Final distribution. The issue price was 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. Additional details are below.

> **Interim distribution:** The DRP applied to the Interim distribution for the half year ended 31 December 2018, paid on 29 January 2019. The cut-off for electing to participate or change an existing election to participate in the DRP was 5.00pm on 2 January 2019.
>
> **Final distribution:** The DRP applied to the Final distribution for the year ended 30 June 2019, paid on or about 30 August 2019. The cut-off for electing to participate or change an existing election to participate in the DRP was 5.00pm on 1 July 2019.

Other significant information and commentary on results including a brief explanation of the figures above
See attached ASX announcement and materials referred to below.

For all other information required by Appendix 4E including a results commentary, please refer to the following attached documents:
- Directors' report
- Financial Report
- Results presentation

Mark Lamb
Company Secretary
5 August 2019

Shopping Centres Australasia Property Group

Financial Report for the year ended 30 June 2019

Shopping Centres Australasia Property Group comprises the stapled securities in
Shopping Centres Australasia Property Management Trust (ARSN 160 612 626),
Shopping Centres Australasia Property Retail Trust (ARSN 160 612 788) and their controlled entities.

Shopping Centres Australasia Property Group has been formed by the stapling of the securities in two Australian managed investment schemes, Shopping Centres Australasia Property Management Trust (ARSN 160 612 626) and Shopping Centres Australasia Property Retail Trust (ARSN 160 612 788). Shopping Centres Australasia Property Group RE Limited (ABN 47 158 809 851; AFSL 426603) is the Responsible Entity of both schemes and is incorporated and domiciled in Australia. The registered office of Shopping Centres Australasia Property Group RE Limited is Level 5, 50 Pitt Street, Sydney, New South Wales.

Directors' Report

Shopping Centres Australasia Property Group (SCA Property Group (SCP or SCA) or the Group) comprises the stapled securities 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 for the Trusts is Shopping Centres Australasia Property Group RE Limited, which presents its report together with the Trusts' Financial Reports for the year ended 30 June 2019 and the auditor's report thereon.

The Trusts' Financial Report for the year ended 30 June 2019 includes, where required, comparatives to 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 Consolidated Financial Reports.

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

1. Directors

The Directors of the Responsible Entity at any time during or since the end of the financial year are:

Mr Philip Marcus Clark AO (appointed 19 September 2012)

Chair and Non-Executive Director

Independent:	Yes.
Other listed Directorships held in last 3 years:	Non-Executive Director of Ingenia Communities Group (June 2012 to December 2017).
Special responsibilities and other positions held:	Chair of Nomination Committee until June 2019 and member thereafter and member of Audit, Risk Management and Compliance Committee (from February 2019). Other positions currently held, unrelated to the Group, include member of the JP Morgan Australia Advisory Council, directorships of private company boards and chair of several Government boards, including Royal Botanic Gardens and Domain Trust, NSW Skills Board and NSW Public Purpose Fund.
Other Experience:	Mr Clark was the Managing Partner of the law firm Minter Ellison from 1995 to 2005. Prior to joining Minter Ellison, Mr Clark was a Director and Head of Corporate with ABN Amro Australia, and prior to that he was the Managing Partner of the law firm Mallesons Stephen Jaques for 16 years. Mr Clark was made a member of the Order of Australia in June 2007 for distinguished service to education, to research infrastructure investment and to the not-for-profit sector. Mr Clark has been a Director of several listed AREITs and Chair and Non-Executive Director of Hunter Hall Global Value Limited (July 2013 to December 2015), in addition to the Group. Mr Clark brings specific skills in the following areas: • M & A and capital markets; • Audit, risk management and compliance; • Corporate governance; • Real estate, including property management, portfolio and investment management, asset management and funds management; • Remuneration; • Workplace health and safety; and • Stakeholder engagement.
Qualifications:	BA, LLB, and MBA (Columbia University).

Mr Steven Crane (appointed 13 December 2018)

Non-Executive Director

Independent:	Yes.
Other listed Directorships held in last 3 years:	Chair and Non-Executive Director of nib Holdings Limited (Non-Executive Director from September 2010 and Chair from October 2011 to current) and Non-Executive Director of Australian Pipelines Group (January 2011 to current).
Special responsibilities and other positions held:	Member of Remuneration Committee (from February 2019), Nomination Committee (from February 2019) and Investment Committee (from February 2019) and Chair of Remuneration Committee (from July 2019). Other positions currently held unrelated to the Group includes Chair of the Taronga Conservation Society Australia and Chair of Global Value Technology Limited.
Other Experience:	Mr Crane has held a number of other positions unrelated to the Group include Non-Executive Director of Bank of Queensland (2008-2015), Non-Executive Director of Transfield Services (2008-2015), Non-Executive Director of APA Ethane (2008-2011), Trustee of Australian Reward Investment Alliance (2007-2009), Chair of Adelaide Managed Funds (2006-2008), Chair of Investa Property Group (2006-2007), Non-Executive Director of Adelaide Bank (2005-2007), Non-Executive Director of Foodland Associated (2003-2005), Deputy Chair of Australian Chamber Orchestra and Director of Sunnyfield Association. Mr Crane brings specific skills in the following areas: • Funds management; • Investment banking including M & A and capital markets; • Finance and accounting including audit; • Remuneration; and • Stakeholder engagement.
Qualifications:	BComm, FAICD, SF Fin.

Dr Kirstin Ferguson (appointed 1 January 2015)

Non-Executive Director

Independent:	Yes.
Other listed Directorships held in last 3 years:	Non-Executive Director of EML Payments Limited (February 2018 to date) and Non-Executive Director of CIMIC Group Limited (July 2014 to November 2016).
Special responsibilities and other positions held:	Member of Audit, Risk Management and Compliance Committee (from February 2019), Chair of Remuneration Committee and member from July 2019, member of Nomination Committee (and Chair from July 2019). Other positions currently held unrelated to the Group include Non-Executive Director (and currently Deputy Chair) of the Australian Broadcasting Corporation (November 2015 to date), Non-Executive Director of Hyne & Sons Pty Limited (August 2013 to date) and Non-Executive Director of the Layne Beachley Aim for the Stars Foundation (November 2016 to date).
Other experience:	Dr Ferguson is an experienced Non-Executive Director on ASX100, ASX200, government, not-for-profit and significant private company boards. Dr Ferguson has a PhD in corporate culture and governance from QUT Business School where she is also an Adjunct Professor (April 2015 to date). Dr Ferguson was formerly the global CEO of the workplace health and safety organisation, Sentis Pty Limited, and Director Corporate Services at Deacons (now Norton Rose Fulbright). Dr Ferguson has listed company experience including roles as a Non-Executive Director of CIMIC Group Limited (July 2014 to November 2016) and Dart Energy Limited (November 2012 to March 2013), as well as board roles with SunWater Limited (October 2008 to August 2015), the Queensland Rugby Union (April 2011 to April 2013) and Queensland Theatre Company (May 2013 to May 2016). Dr Ferguson was also the Independent Chair of the Thiess Advisory Board (February 2013 to June 2014). Dr Ferguson is also the creator of the global, online #CelebratingWomen campaign. Dr Ferguson brings specific skills in the following areas: • Remuneration; • Organisational culture; • Diversity;

- Risk and compliance;
- Workplace health and safety;
- Stakeholder engagement; and
- Social media.

Qualifications: PhD, LLB (Honours), BA (Honours), FAICD and a member of Chief Executive Women.

Ms Beth Laughton (appointed 13 December 2018)

Non-Executive Director

Independent:	Yes.
Other listed Directorships held in last 3 years:	Director of JB Hi-Fi Limited (May 2011 to current).
Special responsibilities and other positions held:	Member of the following Committees (from February 2019): Audit, Risk Management and Compliance Committee, Remuneration and Nomination Committee. Other positions currently held unrelated to the Group include Non-Executive Director of GPT Funds Management Limited.
Other Experience:	Ms Laughton began her career with Peat, Marwick, Mitchell (now KPMG) in audit and then spent 25 years advising companies in mergers and acquisitions, valuations and equity capital markets. She has worked as senior levels with Ord Minnett Corporate Finance (now JP Morgan), TMT Partners and Wilson HTM, advising companies in a range of industries including, property, retail and the information, communication and media sectors. She has held a number of other positions unrelated to the Group including a Member of Defence SA's Advisory Board and a Member of Defence SA's Audit and Risk Management Committee (2007-2016), Non-Executive Director and the Chair of the Audit and Risk Management Committee of the Co-operative Research Centre for Contamination, Assessment, Remediation of the Environment (2012-2014), Non-Executive Director of Australand Property Group (2012-2014), and Director of Sydney Ferries (2004-2010). Ms Laughton brings specific skills in the following areas: • Property investment and funds management; • Equity capital markets; • Finance and accounting; • Corporate governance; • Retail, • Remuneration; and • Audit and risk management.
Qualifications:	BEcon, FCA and FAICD.

Mr Philip Redmond (appointed 26 September 2012)

Non-Executive Director

Independent:	Yes.
Other listed Directorships held in last 3 years:	Non-Executive Director Galileo Funds Management Limited the Responsible Entity for Galileo Japan Trust (2006 to October 2016).
Special responsibilities and other positions held:	Chair of Audit, Risk Management and Compliance Committee, and member of Nomination Committee and Investment Committee.
Other experience:	Mr Redmond has over 30 years of experience in the real estate industry including over five years with AMP's real estate team and over 12 years with the investment bank UBS in various roles including as Managing Director - Head of Real Estate Australasia. In addition, Mr Redmond has been a non-executive director for a number of responsible entities in the listed A-REIT sector. Mr Redmond brings specific skills in the following areas: • Real estate, including property and development management, portfolio and investment management, asset management and funds management; • Investment banking and corporate finance;

- M&A and capital markets;
- Equity placements and entitlement offers;
- Valuations;
- Development of strategy and policy for real estate investment funds; and
- Risk management.

Qualifications: Bachelor of Applied Science (Valuation), Master of Business Administration (AGSM) and MAICD.

Ms Belinda Robson (appointed 27 September 2012)

Non-Executive Director

Independent: Yes.

Other listed Directorships held in last 3 years: None.

Special responsibilities and other positions held: Chair of the Investment Committee and Member of the following Committees: Audit, Risk Management and Compliance Committee (until February 2019), Remuneration Committee, and Nomination Committee.

Other positions currently held unrelated to the Group include Non-Executive Director of GPT Funds Management Limited and Non-Executive Director of several Lendlease Asian Retail Investment Funds.

Other experience: Ms Robson is an experienced real estate executive and people leader, having previously worked with Lendlease Group for over 22 years in a range of roles including as Fund Manager of Australian Prime Property Retail Fund (APPF Retail) (APPF Retail is managed by the Lendlease Group). As Fund Manager of APPF Retail Ms Robson's responsibilities included portfolio and fund management and the development and implementation of the fund strategy, as well as reporting to the Fund Board and its Investor Advisory Board. Ms Robson's previous roles with Lendlease Group include Head of Operations, Australian Prime Property Fund Series, and Portfolio Manager, Australian Prime Property Fund Retail as well as multiple senior roles in the retail management business.

Ms Robson brings specific skills in the following areas:

- Real estate, in particular retail assets, spanning all aspects of real estate including property and development management, portfolio and investment management, asset management and funds management;
- Retail industry, investor and consumer sentiment experience and the way in which retail formats should and can evolve to capitalise on sector opportunities;
- M & A and capital markets;
- Corporate governance;
- Remuneration; and
- International experience.

Qualifications: BComm (Honours).

Mr James Hodgkinson OAM (resigned 31 December 2018)

Non-Executive Director

Independent: Yes.

Other listed Directorships held in last 3 years: None.

Special responsibilities and other positions held: Up until the date of resignation member of the following Committees: Nomination Committee; Remuneration Committee; Audit, Risk Management and Compliance Committee and Investment Committee.

Other positions held unrelated to the Group include Founding Governor of the Cerebral Palsy Foundation and Founder and Chair of the Cerebral Palsy Alliance of New South Wales 20/Twenty Challenge. Also an advisor to the Ray White Group.

Other experience: Formerly an Executive Director of the Macquarie Group and a division head within Macquarie's Real Estate Group. In his career at the Macquarie Group he gained broad real estate and funds management experience and Executive and Senior Management experience as a business and transaction leader, listed entity Executive Director and CEO.

Other real estate experience includes Non-Executive Director of Goodman Group from February 2003 to September 2011. Additionally he has initiated and assisted in the fund raising initiatives and strategic support of a number of community based organisations. Formerly served as a member of the Advisory Committee of the Macquarie Foundation.

Mr Hodgkinson brings specific skills in the following areas:

- Real estate, including property and development management, portfolio and investment management, asset management and funds management;
- M & A and capital markets;
- Investment banking and corporate finance;
- Staff management;
- Marketing and investor relations; and
- Stakeholder engagement.

Qualifications: BEcon, CPA, FAPI, and FRICS.

Mr Anthony Mellowes (appointed Executive Director 2 October 2012)

Executive Director and CEO

Independent: No.

Other listed Directorships held in last 3 years: None.

Special responsibilities and other positions held: In addition to be being an Executive Director and Chief Executive Officer (CEO), Mr Mellowes is a member of the Investment Committee and is an Executive Director of SCA Unlisted Retail Fund RE Limited.

Other positions currently held unrelated to the Group include Director Shopping Centres Council of Australia.

Other experience: Mr Mellowes is an experienced property executive. Prior to joining SCA Property Group as an Executive Director, Mr Mellowes worked at Woolworths Limited from 2002 to 2012 and held a number of senior property related roles including Head of Asset Management and Group Property Operations Manager. Prior to Woolworths Limited, Mr Mellowes worked for Lendlease Group and Westfield Limited.

Mr Mellowes was appointed Chief Executive Officer of SCA Property Group on 16 May 2013 after previously acting as interim Chief Executive Officer. Mr Mellowes was a key member of the Woolworths Limited team which created SCA Property Group.

Mr Mellowes brings specific skills in the following areas:

- Real estate, in particular retail assets, spanning all aspects of real estate including property and development management, portfolio and investment management and funds management;
- Retail experience spanning all retail asset classes;
- M&A and capital markets; and
- Equity placements.

Qualifications: Bachelor of Financial Administration and completion of Macquarie Graduate School of Management's Strategic Management Program.

Mr Mark Fleming (appointed CFO 20 August 2013, appointed Executive Director 26 May 2015)

Executive Director and CFO

Independent:	No.
Other listed Directorships held in last 3 years:	None.
Special responsibilities and other positions held:	In addition to being an Executive Director and CFO, Mr Fleming is a member of the Investment Committee and an alternative Executive Director of SCA Unlisted Retail Fund RE Limited for Mr Mellowes. Other positions currently held unrelated to the Group include Trustee of the Royal Botanical Gardens and Domain Trust.
Other experience:	Mr Fleming was CFO of Treasury Wine Estates from 2011 to 2013. Mr Fleming worked at Woolworths Limited from 2003 to 2011, firstly as General Manager Corporate Finance, and then as General Manager Supermarket Finance. Prior to Woolworths Limited, Mr Fleming worked in investment banking at UBS, Goldman Sachs and Bankers Trust. Mr Fleming brings specific skills in the following areas: • Investment banking, M&A, capital markets, strategy, and corporate finance; • Capital management, including debt, derivatives and equity raising; • Retail industry expertise across a range of retail categories including supermarkets and experience in fast moving consumer goods; • Real estate expertise, particularly in retail asset classes, including valuations and funds management; and • Listed company CFO experience, including treasury, tax, accounting/financial control/audit, corporate governance/risk management/compliance, stakeholder engagement/investor relations.
Qualifications:	LLB, B.Econ (First Class Honours), CPA.

Company Secretary

Mr Mark Lamb (appointed 26 September 2012)

General Counsel and Company Secretary

Experience:	Mr Lamb is an experienced transaction lawyer with over 20 years' experience in private practice as a Partner of Corrs Chambers Westgarth (and subsequently Herbert Geer) and 10 years in the listed sector including as General Counsel and Company Secretary of ING Real Estate, prior to joining SCA. Mr Lamb has extensive experience in retail shopping centre developments, acquisitions, sales and major leasing transactions having acted for various REITs and public companies during his career.
Qualifications:	LLB.

Directors' relevant interests

The relevant interest of each Director in ordinary stapled securities in the Group as at the date of signing of this report are shown below.

Director	Number of stapled securities at 30 June 2018	Net movement increase / (decrease)	Number of stapled securities at date of this report	Number of unvested performance rights at date of this report
P Clark AO	70,000	6,465	76,465	-
S Crane	Note 1	Note 1	50,000	-
K Ferguson	10,000	6,465	16,465	-
B Laughton	Note 1	Note 1	4,333	-
P Redmond	67,500	6,465	73,965	-
B Robson	17,142	31,465	48,607	-
A Mellowes	603,577	181,753	785,330	1,276,126
M Fleming	140,000	6,465	146,465	583,845
J Hodgkinson OAM	184,285	Note 2	Note 2	Note 2

Note 1: Mr Crane and Ms Laughton were appointed Directors on 13 December 2018. At that time their respective relevant interests in stapled securities in the Group were nil and 333 respectively.

Note 2: Mr Hodgkinson was a Director during the year until his resignation on 31 December 2018. As at 31 December 2018 Mr Hodgkinson held 190,750 stapled securities in the Group.

Directors' attendance at meetings

The number of Directors' meetings, including meetings of committees of the Board of Directors, held during the year and the number of those meetings attended by each of the Directors at the time they held office are shown below.

Number of meetings held	Number
Board of Directors (Board)	15
Audit, Risk Management and Compliance Committee (ARMCC)	5
Remuneration Committee (Remuneration)	5
Nomination Committee (Nomination)	4
Investment Committee (Investment)	6

	Board		ARMCC			Remuneration			Nomination		Investment	
Director	A	B	A	B	C	A	B	C	A	B	A	B
P Clark AO	15	15	1	1	3	-	-	3	4	3	-	-
S Crane	8	7	-	-	1	3	2	-	2	1	2	2
K Ferguson	15	14	2	2	1	5	5	-	4	4	-	-
B Laughton	8	8	2	2	-	3	3	-	2	2	-	-
P Redmond	15	15	5	5	-	-	-	2	4	4	6	6
B Robson	15	15	4	4	1	5	5	-	4	4	6	6
A Mellowes	15	14	-	-	5	-	-	5	-	-	6	6
M Fleming	15	14	-	-	5	-	-	2	-	-	6	6
J Hodgkinson OAM	8	8	3	3	-	2	2	-	2	2	4	4

Note: During the year there was a restructure of the sub committees of the Board such that some Directors were not members of the relevant committee for the whole year.

A: Number of meetings held while a member of the Board or a member of the committee during the year.

B: Number of meetings attended while a member of the Board or a member of the committee during the year.

C: Number of meetings attended as a guest. No Executive Director attended the part or all of a Remuneration Committee meeting or Board meeting where their own remuneration was discussed.

2. Principal activities

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

3. Property portfolio

The investment portfolio as at 30 June 2019 consisted of 85 shopping centres (30 June 2018: 77 shopping centres including 4 shopping centres classified as held for sale) valued at $3,147.0 million (30 June 2018: $2,453.8 million and $57.9 million held for sale). The investment portfolio consists of convenience based neighbourhood and sub-regional shopping centres with a strong weighting toward non-discretionary retail segments.

As at 30 June 2019, the Group also manages 11 properties valued at $184.3 million for three unlisted retail funds (30 June 2018: 7 properties valued at $126.1 million for two unlisted retail funds).

Acquisitions

During the year the Group completed 12 property acquisitions for $677.9 million (excluding transactions costs). This included a portfolio acquisition contracted in October 2018 to purchase from Vicinity (ASX: VCX) (the Vicinity Portfolio) ten convenience based shopping centres across Australia for a combined purchase price of $573.0 million.

Details of these property acquisitions are included below:

Property	Type	State	Settlement Date	Cost[1] $m	Value as at 30 June 2019 $m
Sturt Mall	Sub-Regional	NSW	Aug-18	73.0	73.1
Lavington Square	Sub-Regional	NSW	Oct-18	52.0	52.3
West End Plaza	Sub-Regional	NSW	Oct-18	66.0	65.9
Warnbro Centre	Sub-Regional	WA	Oct-18	92.9	93.1
Bentons Square	Neighbourhood	VIC	Oct-18	77.0	77.6
The Gateway	Neighbourhood	VIC	Oct-18	50.0	50.2
North Shore Village	Neighbourhood	QLD	Oct-18	26.1	27.5
Oxenford Village	Neighbourhood	QLD	Oct-18	32.5	33.1
Kalamunda Central	Neighbourhood	WA	Oct-18	41.5	41.6
Stirlings Central	Neighbourhood	WA	Oct-18	44.0	44.0
Miami One	Neighbourhood	QLD	Oct-18	31.9	32.1
Currambine Central	Neighbourhood	WA	Nov-18	91.0	91.1
				677.9	**681.6**

[1]Cost excludes transaction costs

Developments

In June 2016 the Group acquired a neighbourhood centre known as Bushland Beach Plaza (QLD) and entered into a development management agreement to develop and expand a neighbourhood shopping centre anchored by a Coles supermarket. This development was completed in July 2018.

In December 2017 the Group acquired a development property known as Shell Cove Town Centre (NSW), its development was completed in October 2018.

Disposals

On 10 July 2018 the Group sold four retail properties to SCA Unlisted Retail Fund 3 for $57.9 million. As at 30 June 2018 these properties were classified as held for sale for financial reporting purposes.

Further, in November 2018 the Group disposed of an adjacent lot at Highett Shopping Centre for $2.4 million.

Revaluations

The total value of investment properties as at 30 June 2019 was $3,147.0 million (30 June 2018: $2,453.8 million). During the year ended 30 June 2019 independent valuations were obtained for 30 investment properties in addition to all of the investment properties being internally valued. The weighted average capitalisation rate (cap rate) of the portfolio as at 30 June 2019 was 6.48% (30 June 2018: 6.33%).

The change in value of the investment properties during the year was due principally to the acquisition of the properties discussed above (refer to Acquisitions).

4. Funds Management

As at 30 June 2019 the Group also managed 11 properties valued at $184.3 million for three unlisted retail funds (30 June 2018: 7 properties valued at $126.1 million for two unlisted retail funds). The third unlisted retail fund commenced operations on 10 July 2018 with the acquisition of the properties listed above (refer ***Disposals***) and the Group has a 26.2% interest in this fund.

5. Financial review

Financial review

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

		SCA Property Group		Retail Trust	
		30 June 2019	30 June 2018	**30 June 2019**	30 June 2018
Net profit after tax	($m)	**109.6**	175.2	**109.1**	175.1
Basic earnings per security (weighted for securities on issue during the year)	(cents per security)	**12.6**	23.5	**12.6**	23.4
Diluted earnings per security (weighted for securities on issue during the year)	(cents per security)	**12.6**	23.4	**12.6**	23.4
Funds from operations	($m)	**141.8**	114.3	**141.3**	114.2
Funds from operations per security (weighted for securities on issue during the year)	(cents per security)	**16.33**	15.30	**16.31**	15.29
Distributions paid and payable to security holders	($m)	**135.4**	103.9	**135.4**	103.9
Distributions	(cents per security)	**14.70**	13.90	**14.70**	13.90
Net tangible assets	($ per security)	**2.27**	2.30	**2.26**	2.29

Funds from Operations and Adjusted Funds from Operations

The Group reports net profit after tax (statutory) attributable to security holders in accordance with International Financial Reporting Standards (IFRS). The Responsible Entity considers the non-IFRS measure, Funds from Operations (FFO) an important indicator of the underlying cash earnings of the Group. Regard is also given to Adjusted Funds from Operations (AFFO).

	SCA Property Group		Retail Trust	
	30 June 2019 $m	30 June 2018 $m	**30 June 2019 $m**	30 June 2018 $m
Net profit after tax (statutory)	**109.6**	175.2	**109.1**	175.1
Adjustments for non cash items included in statutory profit				
Reverse: Straight-lining of rental income and amortisation of incentives	**8.6**	5.8	**8.6**	5.8
Reverse: Fair value or unrealised adjustments				
- Investment properties	**40.5**	(74.1)	**40.5**	(74.1)
- Derivatives	**(66.3)**	0.8	**(66.3)**	0.8
- Foreign exchange	**27.3**	7.2	**27.3**	7.2
Other Adjustments				
Whitsundays insurance for loss of income	-	0.3	**-**	0.3
Reverse: Net unrealised (loss)/profit from associates	**0.7**	(0.9)	**0.7**	(0.9)
Reverse: Swap termination costs	**17.7**	-	**17.7**	-
Reverse: Transaction fees	**3.7**	-	**3.7**	-
Funds from Operations	**141.8**	114.3	**141.3**	114.2
Less: Maintenance capital expenditure	**(5.6)**	(3.4)	**(5.6)**	(3.4)
Less: Capital leasing incentives and leasing costs	**(8.8)**	(5.2)	**(8.8)**	(5.2)
Adjusted Funds from Operations	**127.4**	105.7	**126.9**	105.6

6. Contributed equity

Equity placement and Unit purchase plan

To assist with the funding of the Vicinity Portfolio acquisition, the Group undertook an institutional placement of 113.1 million securities on 10 October 2018 at $2.32 a security and a unit holder purchase plan (which was available to all eligible security holders) on 23 November 2018 under which 47.9 million units were issued at $2.32 per security.

Distribution reinvestment plan (DRP)

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 distribution payment rather than being paid in cash. The DRP was in place for the distribution declared in June 2018 (paid in August 2018) and the distribution declared in December 2018 (paid in January 2019).

The distribution declared in June 2018 resulted in $9.2 million being raised by the DRP through the issue of 3.7 million securities at $2.46 in August 2018. The distribution declared in December 2018 resulted in $26.6 million being raised by the DRP through the issue of 10.6 million securities at $2.51 in January 2019. The 10.6 million units included 5.9 million units issued pursuant to an underwriting agreement.

Other equity issues

Additionally 1.1 million units were issued during the year in respect of executive and staff compensation plans.

7. Significant changes and developments during the year

Investment properties - acquisitions and disposals

During the year the Group completed 12 property acquisitions for $677.9 million (excluding transaction costs). This included a portfolio acquisition from Vicinity (ASX: VCX) to purchase ten convenience based shopping centres across Australia for combined purchase price of $573.0 million.

The Group signed conditional contracts to sell four retail properties to SCA Unlisted Retail Fund 3 (SURF 3) prior to 30 June 2018. The sale of these properties was completed when SURF 3 commenced operations on 10 July 2018.

Further, in November 2018 the Group disposed of an adjacent lot at Highett Shopping Centre for $2.4 million.

Additional details of these are in section 3 Property portfolio above.

Capital management - debt

In September 2018 the Group issued unsecured notes with aggregate face value of US$150.0 million to US private investors. These notes are rated Baa1 by Moody's Investor Services (Moody's). The maturity of these notes is US$30.0 million expiring 2028 (10 years), US$70.0 million expiring 2031 (13 years) and US$50.0 million expiring 2033 (15 years). The principal and coupon obligations have been swapped back to Australian dollars (floating interest rates) such that the Group has no exposure to any currency risk and the amount available under these notes is equivalent to A$197.3 million. These US notes were used to repay bilateral revolving debt and to assist with providing financing capacity for acquisitions. Additionally during the year, A$50.0 million of A$ MTN were issued at a premium such that the effective cost of these notes is around 3.4%. These notes mature in June 2024.

The 30 June 2018 bilateral debt facilities of $230.0 million with expiries in December 2019 were replaced with $125.0 million of bilateral facilities expiring between March 2023 and December 2023. Additionally, in June 2019 $150.0 million of new bank and syndicated facilities were put in place with new banks who have not previously lent to the Group.

The Group also entered into an acquisition debt facility to assist with the purchase of a portfolio of 10 properties from Vicinity Group. The acquisition debt facility limit was initially $365.0 million and as at 30 June 2019 has been fully repaid by the raising of equity and replacement by additional bank facilities referred to above.

At 30 June 2019 the Group had undrawn debt facilities and cash of $180.2 million (30 June 2018: $130.7 million).

The average debt facility maturity of the Group at 30 June 2019 was 6.1 years (30 June 2018: 4.9 years). At 30 June 2019 70.4% of the Group's debt was fixed or hedged (30 June 2018: 81.6%). During the year the Group also terminated its existing swaps (the cost of terminating these swaps was $17.7 million) and entered into three new swaps with a notional principal of $100.0 million (each) at market rates with respective maturities of 6, 7 and 8 years each.

The next debt expiry is the MTN $225.0 million in April 2021. Under the terms of this MTN, it can be repaid (with appropriate notice) from November 2020 with no make whole obligation.

The increase in borrowings to $1,137.5 million ($867.5 million at 30 June 2018) is primarily related to the property acquisitions during the period.

Gearing

The Group maintains a prudent approach to managing the balance sheet with gearing of 32.8% as at 30 June 2019 (30 June 2018: 31.2%). The Group's target gearing range is 30% to 40%, however the Group has a preference for gearing to remain below 35% at this point in the cycle.

8. Major business risk profile

Risk	Description	Mitigation
Earnings concentration	The source of around half of SCA's earnings is rental income from anchor tenants. The following events may lead to a decrease in earnings stability: - a change in control or ownership structure of an anchor tenant resulting in a decline in credit quality of anchor tenants; and/or - a change in anchor tenants' network plans e.g. store closures, rate of new store rollouts; and/or - reduction in anchor tenant sales growth.	Concentration risk within the portfolio is actively managed including by diversification of anchor tenants and by way of a targeted acquisition and divestment program, which is overseen by an Investment Committee, and also by recognising and adapting to changing market dynamics, including online shopping and click & collect initiatives, with directed asset refurbishment and/or re-development plans.
Speciality leasing	Specialty tenant leases contribute significantly to SCA's earnings. Increases in lease vacancies, defaults or non-renewals may have a negative impact on SCA's results.	Specialty tenancies are actively managed by: continuing to remix tenancies towards non-discretionary categories; continuing to ensure diversified sources of specialty tenant income; building annual rental increases into leases; utilising technological developments eg data analytics to support centre marketing strategies; and supporting the development of community engagement strategies.
Funding & liquidity	Lack of availability of capital or debt to fund acquisitions, inability to refinance debt and/or material increase in costs associated with debt funding may negatively impact on financial performance. Decrease in property valuations may impact on financing covenants.	Ensuring the availability of capital for acquisitions and refinancing is managed by: a conservative gearing policy; diversification of funding sources eg bank debt, corporate note program, and US debt; maintaining and building new equity relationships; development of key banking and other debt relationships; staggered debt maturities across multiple years; and actively managed debt maturities and refinancing to ensure debt maturities can be funded. Interest rate exposures are managed via the Group's hedging policy and strategy. Risk of breaching financing covenants is managed via forecasting future compliance with covenants including scenario testing for expected changes in key covenant inputs. Debt and equity markets are actively monitored including for current debt and equity pricing and availability.
Portfolio composition	Sub-optimal composition of SCA's property portfolio may negatively impact on SCA's returns to investors.	A highly experienced management team ensures that proposed acquisitions of new retail centres are subject to rigorous due diligence and valuation processes. The Investment Committee oversees portfolio composition ensuring that acquisitions, divestments and developments are value accretive and consistent with the core business strategy set by the Board.

9. Business strategies and prospects for future financial years

The Group's core strategy is to invest in, manage, and develop a geographically diverse portfolio of quality neighbourhood and sub-regional retail assets, anchored by long-term leases to quality tenants with a bias towards the non-discretionary retail sector.

The Group is focused on achieving growing and resilient cash flows from non-discretionary and defensive retailing sectors. This is to support, secure and grow distributions to the Group's holders of securities. It intends to achieve this by:

- Maximising the net operating income from its existing properties. This will include increasing the average rent per square metre from specialty tenants over time.
- Pursuing selected property refurbishment, development and acquisition opportunities, consistent with its core strategy.
- Diversifying and developing other sustainable income streams such as from funds management.
- Maintaining an appropriate capital structure to balance cost of capital and risk profile.

It is noted that property valuation changes, movements in the fair value of derivative financial instruments and in foreign exchange, availability of funding and changes in interest rates may have a material impact on the Group's results in future years, however, these cannot be reliably measured at the date of this report.

10. Environmental regulations

The Directors of the Responsible Entity are satisfied that adequate systems are in place for the management of the Group's environmental responsibility and compliance with various licence requirements and regulations. Further, the Directors of the Responsible Entity are not aware of any material breaches to these requirements and, to the best of their knowledge, all activities have been undertaken in compliance with environmental requirements.

11. Indemnification and insurance of Directors, Officers and Auditor

The Trusts have paid premiums for Directors' and Officers' liability insurance in respect of all Directors, Secretaries and Officers. In accordance with usual commercial practice, the insurance contract prohibits disclosure of details relating to the nature of the liabilities covered by the insurance, the limit of indemnity and the amount of the premiums paid under the policy.

The Trusts' constitutions provide that in addition to any indemnity under any law, but subject to the Corporations Act 2001, the Responsible Entity has a right of indemnity out of the assets of the Trusts on a full indemnity basis in respect of any liability incurred by the Responsible Entity in properly performing any of its powers or duties in relation to the Trusts.

The auditor of the Group is not indemnified out of the assets of the Group.

12. 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 page 14.

13. Audit and non-audit fees

Details of the amounts paid or payable to the auditor (Deloitte Touche Tohmatsu) for audit and non-audit services provided are detailed in note 29 of the Financial Reports.

The Directors are satisfied that the provision of any non-audit services, during the year, by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services disclosed in note 29 of the Financial Report do not compromise the external auditor's independence, based on the following reasons that none of the services undermine the general principles relating to auditor independence as set out in APES 110 'Code of Ethics for Professional Accountants' issued by the Accounting Professional & Ethics Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as advocate for the Group or jointly sharing risks and rewards.

14. Subsequent events

Since the end of the year, the Directors of the Responsible Entity are not aware of any matter or circumstance not otherwise dealt with in this report or the 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.

15. 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.

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

Chair
Sydney
5 August 2019

Deloitte.

Deloitte Touche Tohmatsu
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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 August 2019

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 as Responsible Entity for Shopping Centres Australasia Property Management Trust and Shopping Centres Australasia Property Retail Trust.

As lead audit partner for the audit of the financial statements of Shopping Centres Australasia Property Management Trust and Shopping Centres Australasia Property Retail Trust for the year ended 30 June 2019, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A. Coleman

Andrew J Coleman
Partner
Chartered Accountants

Consolidated Statements of Comprehensive Income

For the year ended 30 June 2019

	Notes	SCA Property Group		Retail Trust	
		30 June 2019 $m	30 June 2018 $m	**30 June 2019 $m**	30 June 2018 $m
Revenue					
Rental income		**233.4**	186.5	**233.4**	186.5
Recoveries and recharge revenue		**30.4**	22.4	**30.4**	22.4
Fund management revenue		**1.8**	0.9	**-**	-
Distribution income	9	**4.4**	5.6	**4.4**	5.6
		270.0	215.4	**268.2**	214.5
Expenses					
Property expenses		**(84.2)**	(65.6)	**(84.2)**	(65.6)
Corporate costs		**(13.1)**	(12.1)	**(12.4)**	(11.5)
		172.7	137.7	**171.6**	137.4
Unrealised (loss)/gain including change in fair value through profit or loss					
- Investment properties	12	**(40.5)**	74.1	**(40.5)**	74.1
- Derivatives		**66.3**	(0.8)	**66.3**	(0.8)
- Foreign exchange		**(27.3)**	(7.2)	**(27.3)**	(7.2)
- Share of net profit from associates	13	**1.2**	2.1	**1.2**	2.1
Transaction fees	5	**(3.7)**	-	**(3.7)**	-
Earnings before interest and tax (EBIT)		**168.7**	205.9	**167.6**	205.6
Interest income		**0.4**	0.2	**0.4**	0.2
Finance cost	6	**(58.9)**	(30.7)	**(58.9)**	(30.7)
Net profit before tax		**110.2**	175.4	**109.1**	175.1
Tax	7	**(0.6)**	(0.2)	**-**	-
Net profit after tax		**109.6**	175.2	**109.1**	175.1
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Movement on revaluation of Investment - fair value through other comprehensive income	9	**4.0**	2.4	**4.0**	2.4
Total comprehensive income		**113.6**	177.6	**113.1**	177.5
Net profit after tax attributable to security holders of:					
SCA Property Management Trust		**0.5**	0.1		
SCA Property Retail Trust (non-controlling interest)		**109.1**	175.1		
Net profit after tax		**109.6**	175.2		
Total comprehensive income for the period attributable to unitholders of:					
SCA Property Management Trust		**0.5**	0.1		
SCA Property Retail Trust (non-controlling interest)		**113.1**	177.5		
Total comprehensive income		**113.6**	177.6		
Distributions per stapled security (cents)	3	**14.7**	13.9	**14.7**	13.9
Basic earnings per stapled security (cents)	4	**12.6**	23.5	**12.6**	23.4
Diluted earnings per stapled security (cents)	4	**12.6**	23.4	**12.6**	23.4
Basic earnings per security (cents) SCA Property Management Trust	4	**-**	-		
Diluted earnings per unit of (cents) SCA Property Management Trust	4	**-**	-		

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

Consolidated Balance Sheets

As at 30 June 2019

	Notes	SCA Property Group 30 June 2019 $m	SCA Property Group 30 June 2018 $m	Retail Trust 30 June 2019 $m	Retail Trust 30 June 2018 $m
Current assets					
Cash and cash equivalents		**4.2**	3.7	**3.1**	2.5
Receivables	8	**28.3**	23.6	**28.1**	23.1
Derivative financial instruments	16	**3.2**	0.3	**3.2**	0.3
Investment in CQR	9	**29.6**	-	**29.6**	-
Other assets	10	**2.3**	1.3	**1.9**	1.3
		67.6	28.9	**65.9**	27.2
Assets classified as held for sale	11	**-**	57.9	**-**	57.9
Total current assets		**67.6**	86.8	**65.9**	85.1
Non-current assets					
Investment properties	12	**3,147.0**	2,453.8	**3,147.0**	2,453.8
Derivative financial instruments	16	**122.0**	62.0	**122.0**	62.0
Investment in associates	13	**26.5**	18.0	**26.5**	18.0
Investment in CQR	9	**-**	83.4	**-**	83.4
Other assets	10	**9.1**	-	**5.9**	-
Total non-current assets		**3,304.6**	2,617.2	**3,301.4**	2,617.2
Total assets		**3,372.2**	2,704.0	**3,367.3**	2,702.3
Current liabilities					
Trade and other payables	14	**47.4**	53.3	**56.4**	60.8
Distribution payable	3	**69.0**	53.2	**69.0**	53.2
Derivative financial instruments	16	**1.1**	6.4	**1.1**	6.4
Provisions		**2.8**	2.1	**-**	-
Total current liabilities		**120.3**	115.0	**126.5**	120.4
Non-current liabilities					
Interest bearing liabilities	15	**1,137.5**	867.5	**1,137.5**	867.5
Derivative financial instruments	16	**1.9**	-	**1.9**	-
Provisions		**0.2**	0.5	**-**	-
Other liabilities	10	**8.4**	-	**6.1**	-
Total non-current liabilities		**1,148.0**	868.0	**1,145.5**	867.5
Total liabilities		**1,268.3**	983.0	**1,272.0**	987.9
Net assets		**2,103.9**	1,721.0	**2,095.3**	1,714.4
Equity					
Contributed equity	17	**9.0**	7.5	**1,649.7**	1,248.0
Reserves	18	**-**	-	**9.0**	3.5
Accumulated (loss)/profit	19	**(0.4)**	(0.9)	**436.6**	462.9
Non-controlling interest		**2,095.3**	1,714.4	**-**	-
Total equity		**2,103.9**	1,721.0	**2,095.3**	1,714.4

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

		SCA Property Group				
		Contributed equity	Accumulated profit/(loss)	Attributable to owners of parent	Non-controlling interests	Total
	Notes	$m	$m	$m	$m	$m
Balance at 1 July 2018		**7.5**	**(0.9)**	**6.6**	**1,714.4**	**1,721.0**
Net profit after tax for the period		**-**	**0.5**	**0.5**	**109.1**	**109.6**
Other comprehensive income for the period, net of tax	18	**-**	**-**	**-**	**4.0**	**4.0**
Total comprehensive income for the period		**-**	**0.5**	**0.5**	**113.1**	**113.6**
Transactions with unitholders in their capacity as equity holders:						
Equity issued	17	**1.5**	**-**	**1.5**	**407.9**	**409.4**
Costs associated with equity raising	17	**-**	**-**	**-**	**(6.2)**	**(6.2)**
Employee share based payments	18	**-**	**-**	**-**	**1.5**	**1.5**
Distributions paid and payable	3	**-**	**-**	**-**	**(135.4)**	**(135.4)**
		1.5	**-**	**1.5**	**267.8**	**269.3**
Balance at 30 June 2019		**9.0**	**(0.4)**	**8.6**	**2,095.3**	**2,103.9**
Balance at 1 July 2017		7.5	(1.0)	6.5	1,627.2	1,633.7
Net profit after tax for the period		-	0.1	0.1	175.1	175.2
Other comprehensive income for the period, net of tax		-	-	-	2.4	2.4
Total comprehensive income for the period		-	0.1	0.1	177.5	177.6
Transactions with unitholders in their capacity as equity holders:						
Equity issued	17	-	-	-	12.7	12.7
Employee share based payments	18	-	-	-	0.9	0.9
Distributions paid and payable	3	-	-	-	(103.9)	(103.9)
		-	-	-	(90.3)	(90.3)
Balance at 30 June 2018		7.5	(0.9)	6.6	1,714.4	1,721.0

		Retail Trust				
			Reserves			
		Contributed equity	Investment in CQR	Share based payments	Accumulated profit/(loss)	Total
	Notes	$m	$m	$m	$m	$m
Balance at 1 July 2018		**1,248.0**	**(0.4)**	**3.9**	**462.9**	**1,714.4**
Net profit after tax for the period		**-**	**-**	**-**	**109.1**	**109.1**
Other comprehensive income for the period, net of tax	18	**-**	**4.0**	**-**	**-**	**4.0**
Total comprehensive income/ (loss) for the period		**-**	**4.0**	**-**	**109.1**	**113.1**
Transactions with unitholders in their capacity as equity holders:						
Equity issued	17	**407.9**	**-**	**-**	**-**	**407.9**
Costs associated with equity raising	17	**(6.2)**	**-**	**-**	**-**	**(6.2)**
Employee share based payments	18	**-**	**-**	**1.5**	**-**	**1.5**
Distributions paid and payable	3	-	-	-	**(135.4)**	**(135.4)**
		401.7	**-**	**1.5**	**(135.4)**	**267.8**
Balance at 30 June 2019		**1,649.7**	**3.6**	**5.4**	**436.6**	**2,095.3**
Balance at 1 July 2017		1,235.3	(2.8)	3.0	391.7	1,627.2
Net profit/(loss) after tax for the period		-	-	-	175.1	175.1
Other comprehensive income for the period, net of tax		-	2.4	-	-	2.4
Total comprehensive income/ (loss) for the period		-	2.4	-	175.1	177.5
Transactions with unitholders in their capacity as equity holders:						
Equity issued	17	12.7	-	-	-	12.7
Employee share based payments	18	-	-	0.9	-	0.9
Distributions paid and payable	3	-	-	-	(103.9)	(103.9)
		12.7	-	0.9	(103.9)	(90.3)
Balance at 30 June 2018		1,248.0	(0.4)	3.9	462.9	1,714.4

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

	Note	SCA Property Group		Retail Trust	
		30 June 2019 $m	30 June 2018 $m	**30 June 2019 $m**	30 June 2018 $m
Cash flows from operating activities					
Property and other income received (inclusive of GST)		**293.0**	244.6	**291.2**	243.6
Property expenses paid (inclusive of GST)		**(89.3)**	(75.7)	**(89.3)**	(75.7)
Distribution received from associate[1]	**13**	**1.7**	1.1	**1.7**	1.1
Distribution received from Investment in CQR[1]	**9**	**5.0**	5.6	**5.0**	5.6
Corporate costs paid (inclusive of GST)		**(12.0)**	(12.0)	**(10.1)**	(10.6)
Interest received		**0.4**	0.2	**0.4**	0.2
Finance costs paid		**(58.0)**	(30.4)	**(58.0)**	(30.4)
Transaction costs (inclusive of GST)		**(4.0)**	-	**(4.0)**	-
Taxes paid including GST		**(16.5)**	(12.4)	**(16.5)**	(12.4)
Net cash flow from operating activities		**120.3**	121.0	**120.4**	121.4
Cash flows from investing activities					
Payments for investment properties purchased and capital expenditure	**12**	**(754.6)**	(76.1)	**(754.6)**	(76.1)
Net proceeds from investment properties sold		**60.3**	-	**60.3**	-
Proceeds from the disposal of investment in CQR	**9**	**57.8**	-	**57.8**	-
Investments in associates	**13**	**(9.2)**	-	**(9.2)**	-
Net cash flow from investing activities		**(645.7)**	(76.1)	**(645.7)**	(76.1)
Cash flow from financing activities					
Proceeds from equity raising	**17**	**409.4**	12.7	**409.4**	12.7
Costs associated with equity raising	**17**	**(6.2)**	-	**(6.2)**	-
Net proceeds from borrowings	**15**	**968.3**	249.0	**968.3**	249.0
Repayment of borrowings	**15**	**(726.0)**	(206.0)	**(726.0)**	(206.0)
Distributions paid	**3**	**(119.6)**	(100.5)	**(119.6)**	(100.5)
Net cash flow from financing activities		**525.9**	**(44.8)**	**525.9**	(44.8)
Net change in cash and cash equivalents held		**0.5**	0.1	**0.6**	0.5
Cash and cash equivalents at the beginning of the year		**3.7**	3.6	**2.5**	2.0
Cash and cash equivalents at the end of the year		**4.2**	3.7	**3.1**	2.5

[1]The Distribution received from associates and Distribution received from Investment in CQR have been reclassified to operating cash flows for the period to 30 June 2019. The comparatives have also been reclassified from investing activities which resulted in the Group and Retail Trusts operating cash flows increasing from $114.3 million to $121.0 million and $114.7 million to $121.4 million respectively.

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

1. Corporate information

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

The Financial Statements of the Group comprise the consolidated Financial Statements of the Management Trust and its controlled entities including the Retail Trust and its controlled entities. The Financial Statements of the Retail Trust comprise the consolidated Financial Statements of the Retail Trust and its controlled entities. The Directors of the Responsible Entity have authorised the Financial Report for issue on 5 August 2019.

2. Significant accounting policies

(a) Basis of preparation

In accordance with AASB 3 Business Combinations, the stapling arrangement discussed above is regarded as a business combination and Shopping Centres Australasia Management Trust has been identified as the Parent for preparing consolidated Financial Statements.

These Financial Statements are combined financial statements and accompanying notes of both Shopping Centres Australasia Property Group and the Shopping Centres Australasia Property Retail Trust Group. The Financial Statements have been presented in Australian dollars unless otherwise stated.

Historical cost convention

The Financial Statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at fair value.

Going concern

These Consolidated Financial Statements are prepared on the going concern basis. In preparing these consolidated Financial Statements the Directors note that the Group and Retail Trust are in a net current asset deficiency position, due to minimal cash and cash equivalents, as it is the policy of the Group and Retail Trust to use surplus cash to repay debt. At 30 June 2019 the Group and Retail Trust have the ability to drawdown sufficient funds to pay the current liabilities and the capital commitments (refer note 22), having available cash and non-current undrawn debt facilities of $180.2 million.

(b) Statement of compliance

The Financial Report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (the Board or AASB) and the Corporations Act 2001.

The Financial Report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

For the purposes of preparing the financial statements, the Group is a for-profit entity.

New and amended accounting standards and interpretations

The Group and the Retail Trust have adopted AASB 15 Revenue from Contracts with Customers (AASB 15), AASB 9 Financial Instruments (AASB 9) along with a number of other new standards effective from the period beginning on or after 1 January 2018. AASB 16 Leases (AASB 16) has been early adopted to coincide with the signing of a lease during the period by the Group over its premises in Sydney.

Application of new and revised Accounting Standards

The accounting policies adopted by the Group and the Retail Trust are consistent with those of the previous financial year with the exception of the adoption of AASB 9, AASB 15, the early adoption of AASB 16, and other new and amended standards and interpretations commencing 1 July 2018 which have been adopted where applicable.

In preparing the Financial Report to reflect the transition to the new standards, the Group and Retail Trust have applied the following approach:

- Comparative financial information has not been restated to reflect differences that may give rise to adjustments to equity on transition to AASB 9;

- AASB 15 has been adopted using the modified retrospective approach whereby comparative financial information is not restated for open revenue contracts at the date of transition; and
- The Group and Retail Trust's transition to AASB 16 has been applied using the modified retrospective approach, using certain practical expedients.

The Group and the Retail Trust do not expect that the adoption of any Australian Accounting Standards that is issued but not yet effective or adopted will have a material impact on the financial statements of the Group or the Retail Trust in future periods.

AASB 9 Financial Instruments

This standard replaces AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss (ECL) model for calculation of impairment on financial assets, and new general hedge accounting requirements. It also carries forward guidance on recognition and derecognition of financial instruments from AASB 139.

Classification

On adoption, the Group and Retail Trust classified financial assets, financial liabilities and derivatives as either:

- Those measured at fair value, with adjustments to Fair Value through the change in Other Comprehensive Income (FVTOCI) or through Profit or Loss (FVTPL); and
- Those measured at amortised cost.

The Group and Retail Trusts's investment in CQR has been recognised as investments at FVOCI from the date of transition to AASB 9, with no subsequent reclassification of fair value gains and losses to profit or loss on derecognition of the investment. As at the date of transition, an irrevocable election was made to this investment that it was not held for trading purposes.

Distributions from these investments will continue to be recognised in profit or loss when the Group's right to receive payments is established.

These changes to the recognition and classification of financial instruments under AASB 9 have not resulted in an adjustment to opening accumulated profits at the date of transition to AASB 9.

Refer to note 9 for further information on the Group's investment at FVOCI and the impact of the new standard.

Impairment of financial assets

The Group and Retail Trusts's receivable balances are subject to AASB 9's new ECL model for recognising and measuring impairment of financial assets.

The Group and Retail Trust have adopted the simplified approach for all trade and other receivables that do not have a significant financing component. For these receivables, the Group and Retail Trust analyses the age of outstanding balances and applies historical default percentages adjusted for other current observable data as a means to estimate lifetime ECL using a provision matrix approach.

For all other financial assets within the scope of the new impairment requirements of AASB 9, the Group follows the general approach to determine ECL, which includes an evaluation of the increase in the credit risk of the debtor or debtors since initial recognition.

The loss allowance to be recognised against outstanding receivables is not material and has not resulted in an adjustment to opening accumulated profit on transition.

Hedge accounting

The new general hedge accounting model in AASB 9 has no impact on the Group or Retail Trust's derivatives and hedge accounting as the Group has not historically applied hedge accounting, nor is hedge accounting applied under AASB 9.

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces the existing guidance for revenue and contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. It applies to all contracts with customers except leases, financial instruments and insurance contracts.

Leases where the Group and Retail Trust are Lessor

Under AASB 15 revenue is recognised over time if:

- The customer simultaneously receives and consumes the benefits;
- The customer controls the assets as the entity creates or enhances it; or

- The sellers performance does not create an asset for which the seller has an alternative use and there is a right to payment for performance to date.

Where the above criteria is not met, revenue is recognised at a point in time.

AASB 15 applies to all contracts with customers except leases, financial instruments and insurance contracts. It requires reporting entities to provide users of financial statements with more information and relevant disclosures. The rental revenue generated by the Group and Retail Trust's portfolio of leases with tenants of the Group and Retail Trust's investment properties will not change as this is accounted for under AASB 16.

Therefore lease income continues to be recognised on a straight line basis over the lease term where classified as operating lease.

From our assessment of when performance obligations are satisfied, there is no significant change in the timing of revenue recognition when comparing the previous accounting policies to those under AASB15. The table below summarises in more detail the changes including to terminology and timing of revenue recognition required by AASB 15 in relation to the Group and Retail Trust.

Type of revenue	**Description**	**Previous revenue recognition policy**	**Revenue recognition policy under AASB 15**
Recoveries revenue	The Group and Retail Trust recovers the costs associated with general building and tenancy operation from lessees in accordance with specific clauses within lease agreements. These are invoiced periodically (typically monthly) based on an annual estimate. The consideration is due shortly after invoice date (typically 30 days). Should any adjustment be required based on actual costs incurred this is recognised in the statement of profit and loss within that reporting period and billed annually. Recoveries revenue will only be recorded to the extent that it is highly probable that a significant reversal of revenue will not occur.	Accruals basis	Over time as the customer simultaneously receives and consumes the benefit of the service
Recharge revenue	The Group and Retail Trust recoveries costs for any additional specific services requested by the lessee under the lease agreement. These costs are recovered in accordance with specific clauses within the lease agreements. Revenue from recharges is recognised as the services are provided. The lessee is typically invoiced on a monthly basis as the services are provided. The lessee is invoiced periodically or upon completion where applicable. Consideration is due shortly after the invoice date.	Revenue is recognised when the costs are incurred	Over time as the customer simultaneously receives and consumes the benefit of the service
Funds management revenue – asset management fees	The Group provides funds management services to SCA Unlisted Retail Fund 1, 2 and 3 in accordance with their Constitutions and Investment Management Agreement. These services are utilised on an ongoing basis and revenue is calculated and billed periodically.	Accruals basis	Over time as the customer simultaneously receives and consumes the benefit of the service
Funds management revenue – performance fees	The Group provides funds management services to SCA Unlisted Fund 1, 2 and 3. In accordance with the Investment Management Agreement a performance fee may be payable in certain circumstances.	Revenue is recognised when can be reliably estimated and probability of amount being paid is probable	Over time subject to the constraints within AASB 15 for variable consideration

AASB 16 Leases
AASB 16 requires lessees to recognise right-of-use assets and liabilities by applying an 'on-balance sheet' accounting method, while leaving the accounting for lessors largely unchanged from previous standards. This has created a right of use asset and lease liability.

On the Group transition date of 1 July 2018, the Group and Retail Trust have identified one lease of an area of land in Lane Cove, Sydney underlying one of the Group's investment properties. The lease exists to 2059, with an option for another 49 years to which the Group has assessed as being reasonably likely to be exercised. The Group has accounted for this lease as follows:

- Recognise and separately disclose a right-of-use asset and a lease liability at 1 July 2018 of $6.0 million and $5.9m at 30 June 2019;
- Measure the lease liability as the present value of the lease payments that are not paid at the date of transition, discounted using an appropriate discount rate; and
- Present the right of use asset within the Retail Trust Consolidated Balance Sheet within Other assets and the lease liability within Other liabilities (including Provisions) respectively.

The Group applies the definition of a lease and related guidance set out in AASB 16 to all other lease contracts entered into during the period. The Group is the lessee under its lease of office space over its premises in Sydney. This five year lease was entered into during the period. It is assumed the office lease renewal option will not be exercised.
The Group has accounted for this lease as follows:

- Recognise and separately disclose a right of use asset and a lease liability of $2.2 million at 30 June 2019;
- Measure the lease liability as the present value of the lease payments that are not paid at the date the lease was entered into during the period, discounted using an appropriate discount rate; and

- Present the right of use asset within the Consolidated Balance Sheet within Other assets and the lease liability within Other liabilities (including Provisions).

The average incremental borrowing rate used to measure the lease liability of the leases described above is 6.0%.

The Group applied the modified retrospective approach on transition to AASB 16, therefore comparative information has not been restated and continues to be reported under the Group's former leases accounting policy.

The Group has made use of the practical expedient available on transition to AASB 16 not to reassess whether a contract is or contains a lease.

After transition, the right of use asset is amortised over the remaining lease term (including the period covered by the extension option), and the lease liability is measured on an effective interest basis.

(c) Basis of consolidation

The consolidated Financial Statements of Shopping Centres Australasia Property Group incorporate the assets and liabilities of Shopping Centres Australasia Property Management Trust (the Parent) and all of its subsidiaries, including Shopping Centres Australasia Property Retail Trust and its subsidiaries. Shopping Centres Australasia Property Management Trust has been identified as the parent entity in relation to the stapling. The results and equity of Shopping Centres Australasia Property Retail Trust (which is not directly owned by Shopping Centres Australasia Property Management Trust) have been treated and disclosed as a non-controlling interest. Whilst the results and equity of Shopping Centres Australasia Property Retail Trust are disclosed as a non-controlling interest, the security holders of Shopping Centres Australasia Management Trust are the same as the security holders of Shopping Centres Australasia Property Retail Trust.

These Financial Statements also include a separate column representing the Financial Statements of Shopping Centres Australasia Property Retail Trust, incorporating the assets and liabilities of Shopping Centres Australasia Property Retail Trust and all of its subsidiaries.

Subsidiaries are all entities over which the Group has control. Control is defined as having rights to variable returns from involvement in the investee and having the ability to affect those returns through its power over the investee.

Where an entity began or ceased to be a controlled entity during the reporting year, the assets, liabilities and results are consolidated only from the date control commenced or up to the date control ceased.

In preparing the Consolidated Financial Statements, all intra-group transactions and balances, including unrealised profits arising thereon, have been eliminated in full.

Investments in associates

Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for in the consolidated Balance Sheet by using the equity method of accounting after initially being recognised at cost. Under the equity accounting method, the Group's share of the associates' post acquisition net profit after income tax expense is recognised in the Consolidated Statement of Comprehensive Income. Distributions received or receivable from associates are recognised in the consolidated financial report as a reduction of the carrying amount of the investment.

(d) Revenue recognition

Rental income from investment properties is accounted for on a straight line basis over the lease term. If not received at balance sheet date, revenue is reflected in the balance sheet as receivable and carried at its recoverable value. Recoveries and recharges from tenants are recognised as income in the year the applicable costs are accrued.

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

All other revenues are recognised when control of the underlying goods or services is transferred to the customer over time or at a point in time. Revenue is recognised over time if:

- The customer simultaneously receives and consumes the benefits;
- The customer controls the assets as the entity creates or enhances it; or
- The Group's performance does not create an asset for which the Group has an alternative use and there is a right to payment for performance to date.

Where the above criteria is not met, revenue is recognised at a point in time.

(e) Finance costs

Finance costs include interest payable on bank overdrafts and short-term and long-term borrowings, payments on derivatives and amortisation of ancillary costs incurred in connection with arrangement of borrowings.

Finance costs are expensed as incurred except to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset.

In these circumstances, borrowing costs are capitalised to the cost of the assets until the assets are ready for their intended use or sale. Total interest capitalised within the Group must not exceed the net interest expense of the Group in any year, and project values, including all capitalised interest attributable to projects, must continue to be recoverable. In the event that a development is suspended for an extended period of time, the capitalisation of borrowing costs is also suspended.

(f) Tax

The Group comprises of taxable and non-taxable entities. A liability for current and deferred taxation is only recognised in respect of taxable entities that are subject to income tax and potential capital gains tax as detailed below.

The Retail Trust is the property owning trust and is treated as a trust for Australian tax purposes. Under current Australian income tax legislation, the Retail Trust is not liable to Australian income tax, including capital gains tax, provided that members are presently entitled to the income of the Trust as determined in accordance with the Trust’s constitution. Management Trust is treated as a company for Australian tax purposes which means it is subject to income tax.

Deferred tax is provided on all temporary differences on the difference between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

(g) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST (or equivalent tax in overseas locations) except where the GST incurred on purchases of goods and services is not recoverable from the tax authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated with the amounts of GST included. The net amount of GST receivable from, or payable to, the taxation authority is included as part of receivables or payables.

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

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short term deposits with an original maturity of 90 days or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(i) Trade and other receivables

Trade and other receivables are carried at original invoice amount, less ECL, and are usually due within 30 days.

Collectability of trade and other receivables is reviewed on an ongoing basis. Individual debts that are determined to be uncollectable are written off when identified.

The credit loss allowance is recognised by applying the ECL model whereby the age of outstanding balances is analysed and the provision is determined by applying historical default percentages adjusted for other current observable data.

(j) Investment properties

Investment properties comprise investment interest in land and buildings (including integral plant and equipment) held for the purpose of letting to produce rental income, including properties that are under construction for future use as investment properties.

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition, the investment properties are stated at fair value. Fair value of investment properties is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is given by current prices in an active market suitable for similar property in the same location and condition. Gains and losses arising from changes in the fair values of investment properties are recognised in Consolidated Statement of Comprehensive Income in the period in which they arise.

At each reporting date, the carrying values of the investment properties are assessed by the Directors and where the carrying value differs from the Directors’ assessment of fair value, an adjustment to the carrying value is recorded as appropriate.

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

Investment properties under development are classified as investment property and stated at fair value at each reporting date. Fair value is assessed with reference to reliable estimates of future cash flows, status of the development and the associated risk profile.

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

Incentives such as cash, rent-free periods, lessee or lessor owned fit outs may be provided to lessees to enter into an operating lease. Leasing fees may also be paid for the negotiation of leases. These incentives and lease fees are capitalised to the investment property and are amortised on a straight-line basis over the lesser of the term of the lease and the useful life of the fit out, as a reduction of rental income. The carrying amounts of the lease incentives and leasing fees are reflected in the fair value of investment properties.

(k) Recoverable amount of assets

At each reporting date, an assessment is made as to whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the recoverable amount is estimated and if the carrying amount of that asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

(l) Payables

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted.

Distribution

Distributions payable are recognised in the reporting period in which they are declared, determined or publicly recommended by the Directors. Where such distributions have not been paid at reporting date they are recognised as a distribution payable.

All distributions will be paid out of accumulated profits / accumulated losses, whether they are capital or income in nature from a tax perspective.

(m) Employee benefits

Equity based compensation arrangements

Equity based payments to employees are measured at the fair value of the equity instrument at the grant date. The fair value determined at the grant date is expensed on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest and adjusts for non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity settled employee benefits reserve.

(n) Interest bearing liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred, and subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit and loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are deferred and expensed over the term of the respective agreement.

(o) Derivative and other financial instruments

The Group holds derivative financial instruments to hedge foreign currency and interest rate risk exposures arising from operational, financing and investing activities.

The Group has set defined policies and has implemented a comprehensive hedging program to manage interest and exchange rate risk. Derivative financial instruments are transacted to achieve the economic outcomes in line with the Group's treasury policy. Derivative instruments are not transacted for speculative purposes. Derivative financial instruments are recognised initially at cost and remeasured at fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group does not designate any derivative financial instrument as hedging instruments.

Where applicable, the fair value of currency and interest rate options and cross currency interest rate swaps are calculated by reference to relevant market rates for contracts with similar maturity profiles. The fair value of interest rate swaps are determined by reference to applicable market yield curves and include counterparty risk.

Changes in fair value of derivatives is recognised in the Consolidated Statement of Comprehensive Income.

(p) Contributed equity

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

(q) Earnings per security

Basic earnings per security is calculated as profit after tax attributable to unit or security holders divided by the weighted average number of ordinary securities issued.

Diluted earnings per security is calculated as profit after tax attributable to unit or security holders divided by the weighted average number of ordinary securities and dilutive potential ordinary securities.

(r) Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes. The segment is reported in a manner that is consistent with internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors of the Responsible Entity.

(s) Investments at fair value through other comprehensive income

Investments that are fair valued through other comprehensive income include investments in non-monetary securities. These investments are initially measured at cost at date of acquisition, which represents fair value, and include transaction costs. Subsequent to initial recognition, they are carried at fair value.

Unrealised gains and losses arising from changes in fair value are recognised in other comprehensive income.

When securities are sold or impaired, the accumulated fair value adjustments remains in other comprehensive income and is not reclassified to profit or loss.

(t) Assets classified as held for sale

Non-current assets are classified as held for sale, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. Such assets are disclosed separately and are disclosed as current assets if it is expected they will be sold less than one year from the balance sheet date. Held for sale assets are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets classified as held for sale are also presented separately from other assets in the balance sheet.

(u) Use of estimates and judgements

The preparation of Consolidated Financial Statements 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 – 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.

Judgement - Selection of parent entity

In determining the parent entity of the Shopping Centre Australasia 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 Management Trust has been determined as the parent of the Shopping Centres Australasia Property Group.

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 transactions and market conditions existing at reporting date, using generally accepted market practices.

The major critical assumptions underlying estimates of fair values are those relating to the cap rate and to a lesser extent the discount rate. Other assumptions of lesser importance include consideration of the property type, location and tenancy profile together with market sales and other matters such market rents, current rents including possible rent reversion, capital expenditure, lease expiry profile including vacancy, type of tenants, capital expenditure and sales growth of the centre. If there is any change in these assumptions or economic conditions, the fair value of the investment properties may differ. See further disclosure regarding assumptions used in valuation of investment properties in note 12.

Estimate - Valuation of financial instruments

The fair value of derivatives assets and liabilities are based on assumptions of future events and involve significant estimates. The basis of valuation for the Group's derivatives are set out in note 16. 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 or expected date of payment
2019 SCA Property Group & Retail Trust			
Interim distribution[1]	**7.25**	**66.4**	29 January 2019
Final distribution[2]	**7.45**	**69.0**	30 August 2019
	14.70	**135.4**	
2018 SCA Property Group & Retail Trust			
Interim distribution	6.80	50.7	29 January 2018
Final distribution	7.10	53.2	30 August 2018
	13.90	103.9	

[1] The interim distribution of 7.25 cents per security was declared on 13 December 2018 and was paid on 29 January 2019.

[2] The 2019 final distribution of 7.45 cents per security was declared on 12 June 2019 and is expected to be paid on or about 30 August 2019.

The Management Trust has not declared or paid any distributions. The Group has a Distribution Reinvestment Plan (DRP) in place. The DRP was in place for the distribution declared in June 2018 (paid in August 2018) and for the distribution declared in December 2018 (and paid in January 2019). Further, the DRP is in place for the distribution declared in June 2019 (expected to be paid on or about 30 August 2019).

Under the DRP Plan Rules, the DRP issue price was determined at a discount of 1.0% to the arithmetic average of the daily volume weighted average market price of securities traded on the ASX during the 10 business days commencing on the business day after the record date. The equity raised through the DRP on 30 August 2018 was $9.2 million by the issue of 3,723,512 securities at a price of $2.46. The equity raised through the DRP on 29 January 2019 was $26.6 million by the issue of 10,583,789 securities at a price of $2.51.

4. Earnings per security

	SCA Property Group		Retail Trust		Management Trust	
	30 June 2019	30 June 2018	**30 June 2019**	30 June 2018	**30 June 2019**	30 June 2018
Per stapled security						
Net profit after tax for the period ($ million)	**109.6**	175.2	**109.1**	175.1	**0.5**	0.1
Weighted average number of securities used as the denominator in calculating basic earnings per security below	**868,375,096**	746,979,400	**868,375,096**	746,979,400	**868,375,096**	746,979,400
Basic earnings per security for net profit after tax (cents)	**12.6**	23.5	**12.6**	23.4	**-**	-
Weighted average number of securities used as the denominator in calculating diluted earnings per security below	**870,844,450**	749,776,399	**870,844,450**	749,776,399	**870,844,450**	749,776,399
Diluted earnings per security for net profit after tax (cents)	**12.6**	23.4	**12.6**	23.4	**-**	-

5. Transaction costs

	SCA Property Group & Retail Trust	
	30 June 2019 $m	30 June 2018 $m
Transaction costs	**3.7**	-
	3.7	-

Transaction costs in the current year relate mainly to other costs associated but not capitalised with acquisition of properties during the year.

6. Finance costs

	SCA Property Group & Retail Trust	
	30 June 2019 $m	30 June 2018 $m
Swap termination costs	**17.7**	-
Interest expense	**41.2**	30.7
	58.9	30.7

Swap termination costs for the current year consists of restructuring the interest rate swap book by terminating existing swaps including consideration of the additional fixed hedging put in place by the issuance during the year of $50.0m of fixed rate notes.

Interest expense is made up of payments for borrowings (including amortisation of borrowing costs) of $30.5 million and $10.7 million in respect of payments for derivatives including cross currency interest rate swaps.

7. Taxation

	SCA Property Group		Retail Trust	
	30 June 2019 $m	30 June 2018 $m	**30 June 2019 $m**	30 June 2018 $m
Profit before income tax	**110.2**	175.4	**109.1**	175.1
	110.2	175.4	**109.1**	175.1
Prima facie tax (expense) at 30%	**(33.1)**	(52.6)	**(32.7)**	(52.5)
Tax effect of income that is not assessable/deductible in determining taxable profit	**32.5**	52.4	**32.7**	52.5
	(0.6)	(0.2)	**-**	-

8. Receivables

	SCA Property Group		Retail Trust	
	30 June 2019 $m	30 June 2018 $m	**30 June 2019 $m**	30 June 2018 $m
Current				
Rental receivable	**5.0**	3.0	**5.0**	3.0
Allowance for expected credit loss	**(0.9)**	(0.8)	**(0.9)**	(0.8)
	4.1	2.2	**4.1**	2.2
Other receivables[1]	**24.2**	21.4	**24.0**	20.9
Total receivables	**28.3**	23.6	**28.1**	23.1

[1] The majority of the balance of other receivables relates to rent received by property managers prior to being remitted to SCA Property Group and Retail Trust respectively.

Ageing of rental receivable and other[1]

	SCA Property Group		Retail Trust	
	30 June 2019 $m	30 June 2018 $m	**30 June 2019 $m**	30 June 2018 $m
Current	**26.7**	23.1	**26.5**	22.6
30 days	**1.0**	0.7	**1.0**	0.7
60 days	**0.6**	0.3	**0.6**	0.3
90 days	**0.3**	0.1	**0.3**	0.1
120 days	**0.6**	0.2	**0.6**	0.2
Rental receivable and other receivables[1]	**29.2**	24.4	**29.0**	23.9

[1] Rental and other amounts due are receivable within 30 days.

There is no interest charged on any receivables. All receivables are current other than the rental receivables included in ageing above. The historic loss rate is 3.4% on that part which is the rental receivable. Other receivables historical loss rate is $nil given it is made up of mostly rent received by property managers prior to being remitted to SCA Property Group and Retail Trust respectively.

9. Investment in CQR

Investment in CQR (30 June 2018: previously classified as Investment available for sale) relates to the Group and the Retail Trust's 1.5% interest in Charter Hall Retail Trust (ASX: CQR) (30 June 2018: 4.9%). This interest is made up of 6.8 million units (30 June 2018: 19.9 million units) which cost an average of $4.21 per unit.

The adoption of AASB 9 Financial Instruments (AASB 9) has led to the investment in CQR being reclassified from an investment available for sale (AFS) to an investment fair valued through other comprehensive income. The impact of the change to other comprehensive income in the current period is that the gain on sale of any units in CQR remains in other comprehensive income. Under AASB 139 this would have been reclassified to profit and loss.

As at 30 June 2019 this interest was valued at $4.37 per unit (30 June 2018 $4.19). The value was based on the ASX closing price on the last trading day of the respective year.

During the year 13.1m units were sold for an average price of $4.41. Further details of these sales and the contribution to other comprehensive income are below.

	Units m	Price $	Value $m	% interest
Opening balance	19.9	4.19	83.4	4.9%
Units sold 1H FY19	(4.4)	4.29	(18.9)	n/a
Units sold 2H FY19	(8.7)	4.46	(38.9)	n/a
Fair value gain through other comprehensive income			4.0	
Closing balance	6.8	4.37	29.6	1.5%
Proceeds from sale			57.8	
Last carrying value			(54.8)	
Fair value gain through other comprehensive income on interest sold			3.0	

The difference between the valuation of the remaining units at 30 June 2018 and 30 June 2019 ($1.0 million revaluation) and the gain on sale ($3.0 million) is recorded in other comprehensive income.

The Investment – fair value through other comprehensive income 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 16.

This investment is classified as current as it is the intention of the Group and the Retail Trust to sell the remaining interest within the next twelve months.

Additionally the Group is entitled to a distribution on its investment of 14.48 cents per unit or $2.2 million (30 June 2018: 14.20 cents per unit and $2.8 million respectively). This distribution was declared by the Responsible Entity of CQR on 13 June 2019 and is included in the Group's and Retail Trust's Consolidated Statements of Comprehensive Income as Distribution income. The Group also received a distribution on its investment of 14.28 cents per unit or $2.2 million declared in December 2018. Therefore the total distribution received by the Group and the Retail Trust on their investment in CQR is $4.4 million for the year 30 June 2019.

10. Other assets

	SCA Property Group		Retail Trust	
	30 June 2019 $m	30 June 2018 $m	**30 June 2019 $m**	30 June 2018 $m
Current other assets	**2.3**	1.3	**1.9**	1.3
Non-current other assets	**9.1**	-	**5.9**	-
	11.4	1.3	**7.8**	1.3

Current other assets are prepayments.

Non-current other assets includes right to use assets for Land Cove $5.9 million and lease of office space $2.2 million (note 2) and other assets $1.0 million. The corresponding leasing liability of $8.4 million is presented in non-current liabilities.

11. Assets classified as held for sale

	SCA Property Group & Retail Trust	
	30 June 2019 $m	30 June 2018 $m
Assets classified as held for sale	**-**	57.9

The Group signed conditional contracts to sell Moama Marketplace (NSW), Swansea Woolworths (NSW), Warrnambool Target (VIC) and Woodford Woolworths (QLD) to SURF 3 prior to June 2018 and therefore they were classified as held for sale as at 30 June 2018. SURF 3 commenced operations on 10 July 2018, and settlement of the sale of these properties occurred on this date.

12. Investment properties

	SCA Property Group & Retail Trust	
	30 June 2019 $m	30 June 2018 $m
Movement in total investment properties		
Opening balance	**2,453.8**	2,364.6
Assets classified as held for sale	**-**	(57.9)
Acquisitions (including transaction costs)	**714.8**	69.7
Disposals	**(2.4)**	-
Development expenditure	**13.4**	-
Net capital expenditure and straight lining	**7.9**	3.3
Unrealised movement recognised in Total Comprehensive Income on property valuations[1]	**(40.5)**	74.1
Closing balance	**3,147.0**	2,453.8

[1] For June 2019, $36.9 million of the balance relates to transaction fees and stamp duty.

Investment properties

Property	State	Property Type	Book value cap rate[1] 30 Jun 2019	Book value discount rate 30 Jun 2019	Book value 30 Jun 2019 $m	Book value 30 June 2018 $m
Sub-Regional						
Lilydale	VIC	Sub-Regional	6.00%	7.00%	**116.0**	114.0
Pakenham	VIC	Sub-Regional	6.25%	7.25%	**89.6**	91.5
Central Highlands	QLD	Sub-Regional	7.50%	7.75%	**63.4**	65.3
Mt Gambier	SA	Sub-Regional	6.47%	6.86%	**72.7**	74.5
Murray Bridge	SA	Sub-Regional	7.50%	7.50%	**64.9**	66.0
Kwinana Marketplace	WA	Sub-Regional	6.75%	7.25%	**140.0**	150.1
Lavington Square[2]	NSW	Sub-Regional	7.75%	8.50%	**52.3**	-
Sturt Mall[2]	NSW	Sub-Regional	6.50%	7.50%	**73.1**	-
West End Plaza[2]	NSW	Sub-Regional	6.75%	7.50%	**65.9**	-
Warnbro[2]	WA	Sub-Regional	7.00%	7.50%	**93.1**	-
Total Sub-Regional					**831.0**	561.4
Neighbourhood						
Belmont	NSW	Neighbourhood	7.01%	8.00%	**32.5**	32.5
Berala	NSW	Neighbourhood	5.50%	6.50%	**28.1**	27.3
Cabarita	NSW	Neighbourhood	6.25%	7.25%	**22.5**	22.0
Cardiff	NSW	Neighbourhood	6.25%	7.00%	**25.8**	26.0
Clemton Park	NSW	Neighbourhood	6.00%	7.00%	**51.2**	52.0
Goonellabah	NSW	Neighbourhood	6.75%	7.50%	**20.5**	21.0
Greystanes	NSW	Neighbourhood	5.75%	7.00%	**60.7**	59.3
Griffin Plaza	NSW	Neighbourhood	6.75%	7.25%	**26.6**	26.1
Lane Cove[5]	NSW	Neighbourhood	5.75%	7.00%	**59.5**	59.5
Leura	NSW	Neighbourhood	5.75%	7.00%	**19.0**	19.9
Lismore	NSW	Neighbourhood	7.00%	7.50%	**31.9**	34.0
Macksville	NSW	Neighbourhood	5.75%	7.25%	**14.2**	14.0
Merimbula	NSW	Neighbourhood	6.50%	7.25%	**19.7**	20.3
Morisset	NSW	Neighbourhood	7.00%	7.25%	**18.4**	18.9
Muswellbrook	NSW	Neighbourhood	6.50%	7.25%	**31.9**	32.5
North Orange	NSW	Neighbourhood	6.25%	7.25%	**33.3**	32.6
Northgate	NSW	Neighbourhood	6.50%	7.25%	**16.8**	16.2
Ulladulla	NSW	Neighbourhood	6.00%	7.00%	**25.0**	23.8
West Dubbo	NSW	Neighbourhood	6.25%	7.00%	**19.2**	18.5
Albury	VIC	Neighbourhood	6.50%	6.75%	**24.0**	23.2
Ballarat	VIC	Neighbourhood	7.00%	7.00%	**18.1**	18.0
Cowes	VIC	Neighbourhood	6.75%	7.00%	**19.6**	19.0
Drouin	VIC	Neighbourhood	5.75%	6.00%	**16.9**	16.4
Epping North	VIC	Neighbourhood	5.75%	6.25%	**31.1**	31.7
Highett[4]	VIC	Neighbourhood	5.50%	6.25%	**31.5**	33.1
Langwarrin	VIC	Neighbourhood	5.75%	6.75%	**25.5**	25.0
Ocean Grove	VIC	Neighbourhood	6.25%	7.00%	**38.7**	38.5
Warrnambool East	VIC	Neighbourhood	6.25%	6.25%	**16.0**	16.9
Wonthaggi	VIC	Neighbourhood	6.75%	7.25%	**45.5**	44.6
Wyndham Vale	VIC	Neighbourhood	5.75%	6.25%	**23.6**	24.0
Annandale	QLD	Neighbourhood	7.25%	7.50%	**29.1**	30.2
Ayr	QLD	Neighbourhood	7.00%	7.50%	**18.7**	19.5
Brookwater Village	QLD	Neighbourhood	6.25%	7.00%	**36.8**	36.3
Carrara	QLD	Neighbourhood	6.50%	6.75%	**18.0**	18.4
Chancellor Park Marketplace	QLD	Neighbourhood	6.00%	6.25%	**46.7**	46.9
Collingwood Park	QLD	Neighbourhood	6.50%	7.00%	**12.0**	11.4
Coorparoo	QLD	Neighbourhood	5.75%	6.50%	**38.0**	37.0

Investment properties (continued)

Property	State	Property Type	Book value cap rate[1] 30 Jun 2019	Book value discount rate 30 Jun 2019	Book value 30 Jun 2019 $m	Book value 30 June 2018 $m
Neighbourhood						
Gladstone	QLD	Neighbourhood	7.00%	7.25%	**25.1**	24.8
Greenbank	QLD	Neighbourhood	6.25%	7.00%	**22.9**	22.1
Jimboomba	QLD	Neighbourhood	6.50%	7.00%	**28.7**	29.0
Lillybrook	QLD	Neighbourhood	6.00%	7.25%	**30.2**	30.3
Mackay	QLD	Neighbourhood	6.75%	6.75%	**25.7**	26.2
Marian Town Centre	QLD	Neighbourhood	7.00%	7.50%	**32.3**	32.4
Mission Beach	QLD	Neighbourhood	6.50%	7.00%	**12.7**	12.0
Mt Warren Park	QLD	Neighbourhood	6.25%	7.00%	**17.6**	16.4
Mudgeeraba	QLD	Neighbourhood	6.25%	7.50%	**35.0**	36.2
Sugarworld Shopping Centre	QLD	Neighbourhood	6.75%	7.50%	**25.2**	24.8
The Markets	QLD	Neighbourhood	7.00%	7.00%	**29.9**	31.5
Whitsunday	QLD	Neighbourhood	7.25%	7.50%	**37.0**	36.0
Worongary	QLD	Neighbourhood	6.00%	7.00%	**47.9**	47.4
Blakes Crossing	SA	Neighbourhood	6.75%	7.00%	**21.7**	22.7
Walkerville	SA	Neighbourhood	6.00%	7.25%	**25.6**	25.5
Busselton	WA	Neighbourhood	6.00%	6.25%	**27.0**	27.1
Treendale	WA	Neighbourhood	6.50%	7.50%	**32.7**	34.4
Burnie	TAS	Neighbourhood	7.50%	7.50%	**22.5**	21.8
Claremont Plaza	TAS	Neighbourhood	6.50%	7.52%	**38.2**	36.6
Glenorchy Central	TAS	Neighbourhood	6.75%	7.25%	**27.5**	25.9
Greenpoint	TAS	Neighbourhood	7.25%	7.50%	**16.7**	15.6
Kingston	TAS	Neighbourhood	6.28%	7.02%	**30.3**	27.1
Meadow Mews	TAS	Neighbourhood	6.50%	7.50%	**62.7**	58.0
New Town Plaza	TAS	Neighbourhood	6.50%	7.25%	**42.9**	42.0
Prospect Vale	TAS	Neighbourhood	6.75%	7.75%	**29.0**	29.0
Riverside	TAS	Neighbourhood	7.25%	7.00%	**8.7**	8.8
Shoreline	TAS	Neighbourhood	6.25%	7.00%	**38.7**	37.3
Sorell	TAS	Neighbourhood	6.25%	7.25%	**30.1**	28.3
Bushland Beach[3]	QLD	Neighbourhood	6.75%	7.50%	**23.6**	21.4
Shell Cove[3]	NSW	Neighbourhood	6.25%	6.50%	**24.1**	15.3
Bentons Square[2]	VIC	Neighbourhood	6.25%	7.50%	**77.6**	-
The Gateway[2]	VIC	Neighbourhood	6.25%	7.50%	**50.2**	-
Miami One[2]	QLD	Neighbourhood	6.50%	7.50%	**32.1**	-
North Shore Village[2]	QLD	Neighbourhood	6.00%	7.25%	**27.5**	-
Oxenford[2]	QLD	Neighbourhood	6.00%	7.00%	**33.1**	-
Currambine Central[2,5]	WA	Neighbourhood	6.75%	8.00%	**91.1**	-
Kalamunda Central[2]	WA	Neighbourhood	6.00%	7.25%	**41.6**	-
Stirlings Central[2]	WA	Neighbourhood	7.00%	7.50%	**44.0**	-
Total Neighbourhood					**2,316.0**	1,892.4
Total investment properties					**3,147.0**	2,453.8

[1] Cap rate is an approximation of the ratio between the net operating income produced by a property and its fair value.

[2] Properties acquired during the year ended 30 June 2019.

[3] Shell Cove was acquired as a development in December 2017 was completed during the period. As at 30 June 2018, the value of $15.3 million represented the acquisition cost of the land and estimated percentage completion of development costs. Bushland Beach is a neighbourhood shopping centre anchored by a Coles supermarket, acquired as a development in June 2016 and was completed in July 2018.

[4] In November 2018 the Group disposed of an adjacent lot at Highett Shopping Centre for $2.4 million.

[5] The titles to Lane Cove and Currambine are leasehold. The expiries of the respective leaseholds are in 2059 (with a 49 year option) and in 2094.

Valuation process

All properties are internally valued every June and December and a number are selected for external independent valuation at each balance sheet date. The properties selected for external valuation are chosen based on consideration of properties with significant change (such as a significant difference between book value and internal valuation, a development project or a significant change in the circumstances at the property including a significant change in the trading of the location) and ensuring the sample is representative. The internal valuations are performed on a basis consistent with the methodology of the most recent external valuations. This includes using appropriate cap rate, terminal yields and discount rates based on comparable market evidence and recent external valuation parameters to produce a capitalisation based valuation and a DCF valuation.

The internal valuations are reviewed by management who recommends each property's valuation to the Audit, Risk Management and Compliance Committee and the Board in accordance with the Group's internal valuation protocol.

The Retail Trust's Compliance Plan requires that each property in the portfolio is valued by an independent valuer at least every three years and the independent valuer is expected to change after three years. In practice, properties may be independently valued more frequently than every three years primarily as a result of:

- A significant variation between the last book value and internal valuation
- A major development project
- A period where there is significant market movement
- A significant change in circumstances at the property including a significant change in the trading of the location

Independent valuations are performed by independent external valuers who hold a recognised relevant professional qualification and have specialised expertise in the types of investment properties valued.

Fair value measurement, valuation technique and inputs

The key inputs used to measure fair values of investment properties are disclosed below along with their sensitivity to an increase or decrease.

30 June 2019

Category	Fair value hierarchy	Book value 30 June 2019 $m	Valuation technique	Key inputs used to measure fair value	Range of unobservable key inputs
Investment Properties	Level 3	3,147.0	Income capitalisation and DCF[1]	Cap rate Discount rate	5.50% - 7.75% 6.00% - 8.50%

30 June 2018

Category	Fair value hierarchy	Book value 30 June 2018 $m	Valuation technique	Key inputs used to measure fair value	Range of unobservable key inputs
Investment Properties	Level 3	2,453.8	Income capitalisation and DCF[1]	Cap rate Discount rate	5.25% - 7.50% 5.25% - 8.50%

[1] Discounted cash flow.

The investment properties fair values presented are based on market values, which are derived using the income capitalisation method and the DCF methods. The Group's preferred or primary method is the income capitalisation method.

Income capitalisation method

Income capitalisation method for the purpose of this report is an approximation of the ratio between the net operating income produced by an investment property to derive its fair value. The net operating income is determined considering the estimated gross passing income after adjustment for anticipated operating costs, potential future income from existing vacancies and an ongoing vacancy and bad debt allowance. This produces a net income on a fully leased basis which is capitalised in perpetuity from the valuation date at an appropriate investment yield. The adopted investment yield reflects the cap rate and includes consideration of the property type, location and tenancy profile together with market sales and other matters such market rents, current rents including possible rent reversion, capital expenditure, lease expiry profile including vacancy, type of tenants, capital expenditure and sales growth of the centre.

DCF method

Under the DCF method, a property's fair value is estimated using explicit assumptions regarding the cashflows associated with the ownership of a property (including income and capital and transaction costs (including disposal costs)) over the property's life including an exit or terminal value. The DCF method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, an appropriate discount rate is applied to establish the present value of the income stream associated with the real property. The discount rate is the rate of return used to convert a monetary sum, payable or receivable in the future, into a present value. The rate is determined with regard to market evidence.

Investment properties under development are classified as investment property and stated at fair value at each reporting date. Fair value is assessed with reference to reliable estimates of future cash flows, status of the development and the associated risk profile.

All property investments are categorised as level 3 in the fair value hierarchy (refer note 16(c) for additional information in relation to the fair value hierarchy). There were no transfers between hierarchies.

Sensitivity information

The key inputs to measure fair value of investment properties are disclosed below along with sensitivity to a significant increase or decrease. The following sensitivity to significant inputs applies to investment properties (refer note 2(j)).

Significant inputs	Fair value measurement sensitivity to significant increase in input	Fair value measurement sensitivity to significant decrease in input
Cap rate	Decrease	Increase
Discount rate	Decrease	Increase

Sensitivity analysis

When calculating the income capitalisation approach, the net market rent has a strong interrelationship with the adopted cap rate given the methodology involves assessing the total net market income receivable from the property and capitalising this in perpetuity to derive a capital value. The impact on the fair value of an increase in the net market rent could potentially offset the impact of an increase (softening) in the adopted cap rate. The same can be said for a decrease in the net market rent and a decrease (firming) in the adopted cap rate. A directionally opposite change in the net market rent and the adopted cap rate would magnify the impact to the fair value.

When assessing a DCF, the adopted discount rate and adopted terminal yield have a strong interrelationship in deriving a fair value given the discount rate will determine the rate at which the terminal value is discounted to the present value. The impact on the fair value of an increase (softening) in the adopted discount rate could potentially offset the impact of a decrease (firming) in the adopted terminal yield. The same can be said for a decrease (firming) in the discount rate and an increase (softening) in the adopted terminal yield. A directionally similar change in the adopted discount rate and the adopted terminal yield would magnify the impact to the fair value.

Other inputs or factors also impact a valuation. These factors are many and include: consideration of the property type, location and tenancy profile together with market sales and other matters such market rents, current rents including possible rent reversion, capital expenditure, lease expiry profile including vacancy, type of tenants, capital expenditure and sales growth of the centre.

The Group has considered these factors and believes the most significant input to fair value of investment properties at balance sheet date is the cap rate as the cap rate is in line with the Group's understanding of the market practice at which the price is determined for similar properties. Notwithstanding the Group's view that cap rate is the most significant input, movements in one or more of other factors above may change the valuation.

Sensitivity analysis – cap rate

A sensitivity analysis of the impact on the investment property valuations of movements in the cap rate is disclosed below as the cap rate method is the primary method for conducting the valuation. While other factors do also impact a valuation, at the current time, the Group considers that the valuations are most sensitive to movements in the cap rate.

The following sensitivity analysis from the investment properties shows the effect on profit/loss after tax and on equity of a 25 basis points (bps) increase/decrease in cap rates at balance sheet date with all other variables held constant.

	Profit/(loss) after tax		Equity	
	25 bps increase $m	25 bps decrease $m	25 bps increase $m	25 bps decrease $m
30 June 2019				
SCA Property Group & Retail Trust				
Investment properties	**(116.9)**	**126.3**	**(116.9)**	**126.3**
30 June 2018				
SCA Property Group & Retail Trust				
Investment properties	(93.0)	100.9	(93.0)	100.9

13. Investment in associates

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

- SURF 1: 7,959,000 units at $1.00 each acquired on 1 October 2015. The total units on issue of SURF 1 are 32,600,000.
- SURF 2: 8,447,000 units at $1.00 each acquired on 2 June 2017. The total units on issue of SURF 2 are 29,500,000.
- SURF 3: 9,161,000 units at $1.00 each acquired on 10 July 2018. The total units on issue of SURF 3 are 35,000,000.

SURF 1, SURF 2 and SURF 3 are unlisted closed end property funds. The Group recognises its 24.4% interest in SURF 1, 28.6% interest in SURF 2 and 26.2% interest in SURF 3 as investment in associates using the equity method of accounting.

	SCA Property Group & Retail Trust	
	30 June 2019 **$m**	30 June 2018 $m
Movement in investment in associates		
Opening balance	**18.0**	17.2
Additions to equity accounted investment	**9.2**	-
Share of profits after income tax	**1.2**	2.1
Distributions received or receivable	**(1.9)**	(1.3)
Closing balance	**26.5**	18.0

The Group is not a guarantor to the debt facilities or other liabilities of SURF 1, SURF 2 or SURF 3.

14. Trade and other payables

	SCA Property Group		Retail Trust	
	30 June 2019 **$m**	30 June 2018 $m	**30 June 2019** **$m**	30 June 2018 $m
Current				
Trade payables and other creditors[1]	**46.8**	53.1	**47.4**	53.3
Income tax payable	**0.6**	0.2	**-**	-
Payables to related parties (note 26)	**-**	-	**9.0**	7.5
	47.4	53.3	**56.4**	60.8

[1] Trade payables and other creditors at 30 June 2018 includes $13.8 million in respect of Shell Cove. This amount was paid on completion of Shell Cove in FY19. Excluding the amount in respect of Shell Cove, other trade payables and other creditors are generally payable within 30 days. Other significant amounts included in trade payables and other creditors includes rent received in advance and trade payables including accrued expenses.

15. Interest bearing liabilities

	SCA Property Group & Retail Trust	
	30 June 2019 $m	30 June 2018 $m
Unsecured Bank revolving bilateral facilities		
- A$ denominated	**62.0**	217.0
Unsecured Bank and syndicated non revolving facilities		
- A$ denominated	**150.0**	-
Unsecured A$ Medium term note (MTN)		
- A$ denominated	**450.0**	400.0
Unsecured US Notes		
- A$ denominated	**50.0**	50.0
- US$ denominated (converted to A$)	**427.2**	202.6
Total unsecured debt outstanding	**1,139.2**	869.6
- Less: unamortised establishment fees and unamortised MTN discount and premium	**(1.7)**	(2.1)
Interest bearing liabilities	**1,137.5**	867.5

Financing facilities and financing resources

The financing capacity available to the Group is under the Bank revolving bilateral facilities as the other debt facilities are fully drawn and non revolving. Debt facilities are carried at amortised cost. Additional details of these debt facilities are below.

Bank bilateral revolving facilities

To reduce liquidity risk, the Group has in place revolving bilateral facilities with multiple banks. The bilateral terms have been negotiated to achieve a balance between capital availability and the cost of debt including unused debt. The revolving bilateral facilities are unsecured, revolving and can be used interchangeably.

One of the bilateral facilities can also be used to support bank guarantees. As at 30 June 2019, in addition to the bilateral facilities drawn above, $12.0 million of a bilateral facility available was used to support $12.0 million that relates to bank guarantees (30 June 2018: $11.0 million). The bank guarantees assists with the Group's obligations under its Australian Financial Services Licences.

During the year the Group agreed to refinancing and extension of its debt facilities. Bilateral debt facilities of $230.0 million with expiries December 2019 were cancelled and replaced with $125 million of facilities expiring between March 2023 and December 2023. The next revolving bilateral facility maturity is $50.0 million in November 2022 with the remainder of the revolving bilateral facilities to expire during the period after November 2022 to December 2023.

The financing capacity available to the Group under the revolving bilateral facilities, including cash, is in the following table.

	SCA Property Group & Retail Trust	
	30 June 2019 $m	30 June 2018 $m
Financing facilities and financing resources		
Bilateral bank facilities		
Committed Bilateral revolving financing facilities available	**250.0**	355.0
Less: amounts drawn down	**(62.0)**	(217.0)
Less: amounts utilised for bank guarantee	**(12.0)**	(11.0)
Net Bilateral revolving facilities available	**176.0**	127.0
Add: cash and cash equivalents	**4.2**	3.7
Financing resources available	**180.2**	130.7

As at 30 June 2019 the Group had undrawn debt facilities and cash of $180.2 million (30 June 2018: $130.7 million).

Bank and syndicated non revolving facilities

During the year the Group put in place two additional financing facilities to further expand its access to debt markets. These are from new lenders and included non revolving five and seven year bank and syndicated facilities for A$50.0 million and A$100.0 million respectively. The non revolving facilities are unsecured and include financial costs if repaid more than two years prior to expiry.

A$ medium term notes (A$ MTN)

The Group has issued A$ MTN with a face value of $450.0 million. Details of these notes are below.

A$MTN	Tranche	Issue date	Maturity	Tenor at issue (years)	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
	Tranche 2	Apr-19	Jun-24	5.2	3.90%	50.0	51.3	(1.3)
						450.0		(1.2)

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

The next A$ MTN maturity is $225.0 million in April 2021. Under the terms of this MTN it can be repaid (with appropriate notice) from November 2020 with no make whole obligation.

US Notes

The Group has issued US Notes with a face value of US$300.0 million and A$50.0 million. The principal and coupon obligations of the US dollar denominated notes have been fully economically swapped back to Australian dollars (floating interest rates) such that the Group has no exposure to any currency risk. Details of these notes and their economically swapped values are below.

US Notes

Issue date - US$ denominated notes	Maturity	US$ value	Economic hedged FX rate	AU$ economically hedged value	30 June 2019 FX rate	30 June 2019 Book value
August 2014	August 2027	100.0	0.9387	106.5	0.7022	142.4
September 2018	September 2028	30.0	0.7604	39.4	0.7022	42.7
August 2014	August 2029	50.0	0.9387	53.3	0.7022	71.2
September 2018	September 2031	70.0	0.7604	92.1	0.7022	99.7
September 2018	September 2033	50.0	0.7604	65.8	0.7022	71.2
		300.0		357.1		427.2
AUD notes				50.0		50.0
				407.1		477.2

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 30 June 2019.

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 is recorded at its economically hedged value. This also results in management gearing being based on a constant currency basis.

The Group's gearing was 32.8% as at 30 June 2019 (30 June 2018: 31.2%). The Group's target gearing range is 30% to 40%, however the Group has a preference for gearing to remain below 35% at this point in the cycle. The Group's gearing calculation is below.

Gearing (management)	**30 June 2019 $m**	30 June 2018 $m
Bilateral, Syndicated and A$ notes – unsecured		
Bank bilateral revolving facilities drawn	**62.0**	217.0
Bank and syndicated non revolving facilities drawn	**150.0**	-
Unsecured A$ MTN	**450.0**	400.0
	662.0	617.0
US Notes		
US$ denominated notes - USD face value	**300.0**	150.0
Economically hedged exchange rate	**0.8402**	0.9387
US$ denominated notes - AUD equivalent	**357.1**	159.8
US A$ denominated notes	**50.0**	50.0
Total US Notes	**407.1**	209.8
Total debt used and drawn AU$ equivalent	**1,069.1**	826.8
Less: cash and cash equivalents	**(4.2)**	(3.7)
Net finance debt for gearing	**1,064.9**	823.1
Total assets	**3,372.2**	2,704.0
Less: cash and cash equivalents	**(4.2)**	(3.7)
Less: derivative value included in total assets	**(125.2)**	(62.3)
Net total assets for gearing	**3,242.8**	2,638.0
Gearing (management)[1]	**32.8%**	31.2%

[1] As noted under Bank bilateral facilities, the Group also has $12.0 million (30 June 2018: $11.0 million) used to support bank guarantees. The bank guarantees assists with the Group's obligations under its Australian Financial Services Licences. 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.

16. Financial instruments

(a) Capital management

The Group's objective when managing capital is to safeguard the ability to continue as a going concern, whilst providing returns for security holders and benefits for other stakeholders and maintaining a capital structure that will support a competitive overall cost of capital for the Group.

The capital structure of the Group consists of cash, interest bearing liabilities (including bilateral debt facilities with several banks and notes issued in the debt capital markets) and equity of the Group (comprising contributed equity, reserves and accumulated profit/loss).

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

- Sufficient funds and financing facilities, on a cost effective basis, are available to assist the Group's property investment and management business;
- Sufficient liquid buffer is maintained; and
- Distributions to security holders are in line with the stated distribution policy.

The Group can alter its capital structure by issuing new stapled securities, adjusting the amount of distributions paid to security holders, returning capital to security holders, buying back securities, selling assets to reduce debt, adjusting the timing of capital expenditure and through the operation of a distribution reinvestment plan. Additionally, the Group can alter its capital structure by the use of debt facilities including repaying debt and issuing debt via debt capital markets and derivative financial instruments.

The Group's debt financial covenants are detailed in note 15.

Management monitors the capital structure by the gearing ratio. The gearing ratio is calculated in line with the debt covenants as:

- finance debt net of cash and excluding derivatives; divided by,
- total tangible assets net of cash and excluding derivatives.

The Group's target gearing range is 30% to 40%, however the Group has a preference for gearing to remain below 35% at this point in the cycle.

The Group's gearing at 30 June 2019 was 32.8% (30 June 2018: 31.2%). Refer note 15 for additional information.

(b) Financial risk management

The Group's activities expose it to a variety of financial risk, including:

(i) credit risk
(ii) liquidity risk
(iii) market risk (foreign exchange and interest rate)

The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge or economically hedge certain risk exposures. The use of financial derivatives is governed by the Group's policies as approved by the Board. The Group does not enter or trade financial instruments including derivative financial instruments for speculative purposes.

(b)(i) Financial risk management - credit

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has exposure to credit risk on its financial assets included in its Consolidated Balance Sheets. This includes cash and cash equivalents, derivative financial instruments (hedging) as well as credit receivables due from tenants and managing agents.

For financial investments or market risk hedging the Group manages this risk by investing and transacting derivatives with multiple counterparties to minimise the Group's exposure to any one counterparty. Wherever possible, for financial investments and economic hedging the Group only deals with investment grade counterparties.

Exposure to customer credit risk is also monitored. A significant share of the Group's revenue for the current and prior year is from Woolworths Limited which has a BBB Standard and Poor's credit rating.

The Group reviews the aggregate exposure of tenancies across its portfolio on a regular basis.

Derivative counterparties and cash deposits are currently limited to financial institutions with an appropriate credit rating.

The Group and Retail Trust's exposure to credit risk is in the table below.

	SCA Property Group		Retail Trust	
	30 June 2019	30 June 2018	**30 June 2019**	30 June 2018
	$m	$m	**$m**	$m
Cash and cash equivalents	**4.2**	3.7	**3.1**	2.5
Receivables	**28.3**	23.6	**28.1**	23.1
Derivative financial instruments	**125.2**	62.3	**125.2**	62.3
	157.7	89.6	**156.4**	87.9

The maximum exposure of the Group to credit risk as at 30 June 2019 is the carrying amount of the financial assets in the Consolidated Balance Sheets.

Receivables relate to tenant and managing agent receivables. Receivables are reviewed regularly throughout the year. The expected credit loss allowance is made where collection is deemed uncertain. Part of the Group's policy is to hold collateral as security for tenants via bank guarantees (or less frequently collateral such as deposits or cash and personal guarantees). There were no significant financial assets from major tenants that were past due at 30 June 2019. Refer also note 8.

(b)(ii) Financial risk management - liquidity

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by having flexibility in funding including by keeping sufficient cash and/or committed credit lines available whilst maintaining a low cost of holding these facilities. Management prepares and monitors rolling forecasts of liquidity requirements on the basis of expected cash flow.

The Group manages liquidity risk through monitoring its net expected funding needs including the maturity of its debt portfolio. The Group also manages liquidity risk by maintaining a liquidity buffer of cash and undrawn debt facilities.

The debt facilities are made up of bank bilateral and syndicated facilities, A$ MTN and US notes. Details of these debt facilities, including finance facilities available, are at note 15.

Refinancing risk, also part of liquidity risk, is the risk that the maturity profile of the debt makes it difficult to refinance maturing debt, and/or that the cost of refinancing exposes the Group to potentially unfavourable market conditions at any given time. The Group is exposed to refinancing risks arising from the availability of finance as well as the interest rates and credit margins at which financing is available. The Group manages this risk, where appropriate, by refinancing borrowings in advance of the maturity of the borrowing and by securing longer term facilities.

Non-derivative financial instruments

The contractual maturities of the Group's and Retail Trust's non-derivative financial liabilities at reporting date are reflected in the following table. It shows the undiscounted contractual cash flows required to discharge the liabilities including principal, interest, margin, line fees and foreign exchange rates as at the reporting date. Foreign currencies have been converted at exchange rates at the reporting date. Interest rates are based on the interest rates as at the reporting date.

	1 year or less $m	2 - 3 years $m	4 - 5 years $m	More than 5 years $m	Total $m
30 June 2019					
SCA Property Group					
Trade and other payables	**47.4**	-	-	-	**47.4**
Distribution payable	**69.0**	-	-	-	**69.0**
Interest bearing liabilities	**45.0**	**305.1**	**406.8**	**700.7**	**1,457.6**
	161.4	**305.1**	**406.8**	**700.7**	**1,574.0**
Retail Trust					
Trade and other payables	**56.4**	**-**	**-**	**-**	**56.4**
Distribution payable	**69.0**	**-**	**-**	**-**	**69.0**
Interest bearing liabilities	**45.0**	**305.1**	**406.8**	**700.7**	**1,457.6**
	170.4	**305.1**	**406.8**	**700.7**	**1,583.0**
30 June 2018					
SCA Property Group					
Trade and other payables	53.3	-	-	-	53.3
Distribution payable	53.2	-	-	-	53.2
Interest bearing liabilities	34.2	416.9	125.8	494.0	1,070.8
	140.7	416.9	125.8	494.0	1,177.3
Retail Trust					
Trade and other payables	60.8	-	-	-	60.8
Distribution payable	53.2	-	-	-	53.2
Interest bearing liabilities	34.2	416.9	125.8	494.0	1,070.8
	148.2	416.9	125.8	494.0	1,184.8

Derivative financial instruments

The following tables show the undiscounted cash flows required to discharge the Group's and Retail Trust's derivative financial instruments in place at 30 June 2019 at the rates as at the reporting date. Foreign currencies have been converted at exchange rates at the reporting date.

	1 year or less $m	2 - 3 years $m	4 - 5 years $m	More than 5 years $m	Total $m
30 June 2019					
SCA Property Group & Retail Trust					
Interest rate swaps - net	**0.5**	**0.5**	**2.2**	**8.6**	**11.8**
Cross currency interest rate swaps - net	**25.9**	**17.3**	**15.2**	**83.6**	**142.0**
	26.4	**17.8**	**17.4**	**92.2**	**153.8**
30 June 2018					
SCA Property Group & Retail Trust					
Interest rate swaps - net	1.2	3.1	2.6	4.6	11.5
Cross currency interest rate swaps - net	(0.2)	6.5	4.7	45.5	56.5
	1.0	9.6	7.3	50.1	68.0

(b)(iii) Financial risk management – market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's financial performance or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk within acceptable parameters, while optimising the return.

Foreign exchange risk

Foreign exchange risk arises when anticipated transactions or recognised assets and liabilities are denominated in a currency that is not the Group's presentation currency, being Australian dollars. The Group has currency exposure to the United States dollar (USD).

Foreign exchange risk - United States Dollar

The Group's and the Retail Trust's exposure to the United States dollar is through borrowing in USD denominated debt via the US notes issued during the year ended 30 June 2015 and 30 June 2019.

The principal and coupon obligations have been fully swapped back to Australian dollars (floating interest rates). Refer below and note 15.

Cross currency interest rate swap contracts

The Group has reduced its future exposure to the foreign exchange risk inherent in the carrying value of its US dollar borrowings (refer US note issue discussed above and note 15) by using cross currency interest rate swaps.

Under cross currency interest rate swap contracts, the Group agrees to exchange specified principal and interest foreign currency amounts at agreed future dates at a specified exchange rate. Such contracts enable the Group to mitigate the risk of adverse movements in foreign exchange rates in relation to principal and interest payments arising under the US dollar note issue.

As a result of issuing the US notes denominated in USD the Group has entered into cross currency interest rate swaps which have fully economically hedged the US notes USD principal outstanding and also the obligation to pay fixed USD interest to floating AUD interest. The following table details the swap contracts principal and interest payments over various durations at balance sheet date.

	SCA Property Group & Retail Trust				
	1 year or less	**2 - 3 years**	**4 - 5 years**	**More than 5 years**	**Total**
	$m	**$m**	**$m**	**$m**	**$m**
30 June 2019					
Buy US dollar - interest					
Amount (AUD)	**15.8**	**31.6**	**31.6**	**91.8**	**170.7**
Exchange rate	**0.8360**	**0.8360**	**0.8360**	**0.8097**	**0.8219**
Amount (USD)	**13.2**	**26.4**	**26.4**	**74.3**	**140.3**
Buy US dollar - Principal					
Amount (AUD)	**-**	**-**	**-**	**357.1**	**357.1**
Exchange Rate	**-**	**-**	**-**	**0.8401**	**0.8401**
Amount (USD)	**-**	**-**	**-**	**300.0**	**300.0**
30 June 2018					
Buy US dollar - interest					
Amount (AUD)	15.8	31.5	31.5	112.8	191.6
Exchange rate	0.8354	0.8381	0.8381	0.8147	0.8241
Amount (USD)	13.2	26.4	26.4	91.9	157.9
Buy US dollar - Principal					
Amount (AUD)	-	-	-	357.1	357.1
Exchange Rate	-	-	-	0.8401	0.8401
Amount (USD)	-	-	-	300.0	300.0

Sensitivity analysis – foreign exchange risk

The following sensitivity analysis shows the effect on profit/(loss) after tax and on equity if the Australian dollar had increased (strengthened) by 10% or decreased (weakened) by 10% at balance sheet date with all other variables held constant.

	Profit/(loss) after tax		Equity	
	Effect of 10% strengthening in A$ exchange rate $m	Effect of 10% depreciation in A$ exchange rate $m	Effect of 10% strengthening in A$ exchange rate $m	Effect of 10% depreciation in A$ exchange rate $m
30 June 2019				
SCA Property Group & Retail Trust				
A$ equivalent of foreign exchange balances denominated in USD	**(9.6)**	**11.7**	**(9.6)**	**11.7**
30 June 2018				
SCA Property Group & Retail Trust				
A$ equivalent of foreign exchange balances denominated in USD	(5.5)	6.7	(5.5)	6.7

Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of financial instruments will fluctuate due to changes in market interest rates.

The Group is exposed to interest rate risk as it can borrow funds at both fixed and floating interest rates. This risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings and through the use of interest rate swap contracts.

Hedging activities are evaluated regularly.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. Exposure to cash and cash equivalents is limited to $4.2 million (30 June 2018: $3.7 million).

Interest rate swap contracts

The Group's interest rate risk arises from borrowings and cash holdings. Interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates or from fixed to floating. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts (or vice versa) calculated by reference to an agreed notional principal amount.

The Group's bilateral borrowings are generally at floating rates. Borrowings with floating rates expose the Group to cash flow interest rate risk. The Group's preference is to be protected from interest rate movements in the two to five year term through appropriate risk management techniques. These techniques include using floating to fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates.

Additionally the Group has fixed rate borrowings in the form of A$ and US$ US notes and the A$ MTN.

The requirements under Australian accounting standards in respect of documentation, designation and effectiveness for hedge accounting cannot be met in all circumstances. As a result the Group does not apply hedge accounting for any derivatives as at 30 June 2019 (30 June 2018: not applicable).

The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the forward market interest rate curve at the reporting date.

The Group's exposure to interest rate risk and the effective interest rates on financial assets and liabilities at reporting date are in the following table.

	SCA Property Group					
	Interest rate	Floating interest rate	Fixed interest rate: Less than 1 year	Fixed interest rate: 1 - 5 years	Fixed interest rate: More than 5 years	Total
	(%p.a.)	$m	$m	$m	$m	$m
30 June 2019						
Financial assets						
Cash and cash equivalents	1.0%	4.2	-	-	-	4.2
Financial liabilities						
Interest bearing liabilities						
Denominated in AUD - floating	2.7%	(212.0)	-	-	-	(212.0)
Denominated in AUD - fixed (MTN)	3.8%	-	-	(450.0)	-	(450.0)
Denominated in AUD - fixed (USPP)	6.0%	-	-	-	(50.0)	(50.0)
Denominated in USD - fixed (USPP)	4.4%	-	-	-	(427.2)	(427.2)
Total financial liabilities		(212.0)	-	(450.0)	(477.2)	(1,139.2)
Total net financial liabilities		(207.8)	-	(450.0)	(477.2)	(1,135.0)

The Retail Trust's exposure to interest rate risk and the effective interest rates on financial assets and liabilities at reporting date are in the table below.

	Retail Trust					
	Interest rate	Floating interest rate	Fixed interest rate: Less than 1 year	Fixed interest rate: 1 - 5 years	Fixed interest rate: More than 5 years	Total
	(%p.a.)	$m	$m	$m	$m	$m
30 June 2019						
Financial assets						
Cash and cash equivalents	1.0%	3.1	-	-	-	3.1
Financial liabilities						
Interest bearing liabilities						
Denominated in AUD - floating	2.7%	(212.0)	-	-	-	(212.0)
Denominated in AUD - fixed	3.8%	-	-	(450.0)	-	(450.0)
Denominated in AUD - fixed (USPP)	6.0%	-	-	-	(50.0)	(50.0)
Denominated in USD - fixed (USPP)	4.4%	-	-	-	(427.2)	(427.2)
Total financial liabilities		(212.0)	-	(450.0)	(477.2)	(1,139.2)
Total net financial liabilities		(208.9)	-	(450.0)	(477.2)	(1,136.1)

The maturity profile and the weighted average interest rate of the fixed and floating derivatives (notional principal) held at reporting date by both the Group and the Retail Trust can be summarised below.

As at 30 June 2019	June 2019 $m	June 2020 $m	June 2021 $m	June 2022 $m	June 2023 $m	June 2024 $m
Denominated in AU$						
Interest rate swaps (fixed)	300.0	300.0	300.0	300.0	300.0	300.0
Average fixed rate	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%
Interest rate swaps (floating)	50.0	50.0	50.0	50.0	50.0	50.0

The Group's exposure to interest rate risk and the effective interest rates on financial assets and liabilities at 30 June 2018 are in the following table.

	SCA Property Group					
			Fixed interest rate			
	Interest rate	Floating interest rate	Less than 1 year	1 - 5 years	More than 5 years	Total
	(%p.a.)	$m	$m	$m	$m	$m
30 June 2018						
Financial assets						
Cash and cash equivalents	1.1%	3.7	-	-	-	3.7
Financial liabilities						
Interest bearing liabilities						
Denominated in AUD - floating	4.0%	(217.0)	-	-	-	(217.0)
Denominated in AUD - fixed (MTN)	3.8%	-	-	(225.0)	(175.0)	(400.0)
Denominated in AUD - fixed (USPP)	6.0%	-	-	-	(50.0)	(50.0)
Denominated in USD - fixed (USPP)	4.2%	-	-	-	(202.6)	(202.6)
Total financial liabilities		(217.0)	-	(225.0)	(427.6)	(869.6)
Total net financial liabilities		(213.3)	-	(225.0)	(427.6)	(865.9)

The Retail Trust's exposure to interest rate risk and the effective interest rates on financial assets and liabilities at 30 June 2018 are in the table below.

	Retail Trust					
			Fixed interest rate			
	Interest rate	Floating interest rate	Less than 1 year	1 - 5 years	More than 5 years	Total
	(%p.a.)	$m	$m	$m	$m	$m
30 June 2018						
Financial assets						
Cash and cash equivalents	1.1%	2.5	-	-	-	2.5
Financial liabilities						
Interest bearing liabilities						
Denominated in AUD - floating	4.0%	(217.0)	-	-	-	(217.0)
Denominated in AUD - fixed	3.8%	-	-	(225.0)	(175.0)	(400.0)
Denominated in AUD - fixed (USPP)	6.0%	-	-	-	(50.0)	(50.0)
Denominated in USD - fixed (USPP)	4.2%	-	-	-	(202.6)	(202.6)
Total financial liabilities		(217.0)	-	(225.0)	(427.6)	(869.6)
Total net financial liabilities		(214.5)	-	(225.0)	(427.6)	(867.1)

The maturity profile and the weighted average interest rate of the fixed and floating derivatives (notional principal) held at 30 June 2018 by both the Group and the Retail Trust can be summarised below.

As at 30 June 2018	**June 2019 $m**	**June 2020 $m**	**June 2021 $m**	**June 2022 $m**	**June 2023 $m**	**June 2024 $m**
Denominated in AU$						
Interest rate swaps (fixed)	275.0	275.0	100.0	50.0	50.0	-
Average fixed rate	1.9%	1.9%	1.8%	1.8%	1.8%	0.0%
Interest rate swaps (floating)	50.0	50.0	50.0	50.0	50.0	50.0

Sensitivity analysis – interest rate risk

The following sensitivity analysis shows the effect on profit/(loss) after tax and equity if market interest rates at balance sheet date had been 100 basis points higher/lower with all other variables held constant.

	Profit/loss after tax[1]		Equity	
	100bp higher	100bp lower	100bp higher	100bp lower
	$m	$m	$m	$m
30 June 2019				
SCA Property Group & Retail Trust				
Effect of market interest rate movement	**(29.5)**	**29.8**	**(29.5)**	**29.8**
30 June 2018				
SCA Property Group & Retail Trust				
Effect of market interest rate movement	(38.2)	38.5	(38.2)	38.5

[1] The aim of the Group's interest rate hedging strategy is to reduce the impact on Funds from Operations (cash) of movements in interest rates. Changes in interest rates include changes to the non-cash mark-to-market valuations of the swaps which flow through the Group's IFRS profit and loss but which are excluded from Funds from Operations.

(c) Accounting classifications and fair values

The fair value of interest rate derivatives is determined using a generally accepted pricing model based on DCF analysis using assumptions supported by observing market rates.

Except as disclosed below, The Directors consider that the carrying amounts of other financial assets and financial liabilities, which are recognised at amortised cost in the Consolidated Financial Statements, approximates their fair values except the US notes and the A$ MTN.

The amortised cost of the US notes, converted to AUD at the prevailing foreign exchange rate at 30 June 2019 (which was AUD 1.00 = USD 0.7022 (30 June 2018: 0.7403), is $477.2 million (30 June 2018: $252.6 million). The increase in value was attributable to the issue of US$150.0 million notes during the year (refer note 15).

The amortised cost of the A$ MTN, is $450.0 million (30 June 2018: $400.0 million). The increase in value was attributable to the issue of $50.0 million of notes during the year (refer note 15).

The fair value of the US notes and A$ MTN can be different to the carrying value.

The fair value, additionally, takes into account movements in the underlying base interest rates and credit spreads for similar financial instruments including extrapolated yield curves over the tenor of the notes.

On this basis the estimated fair value of the US notes is $515.7 million and the A$ MTN $467.6 million (30 June 2018: $257.4 million and $400.3 million respectively).

Fair value hierarchy

The table below analyses financial instruments 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 for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between levels during the year.

	SCA Property Group & Retail Trust			
	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
30 June 2019				
Financial assets carried at fair value				
Investment in CQR	**29.6**	**-**	**-**	**29.6**
Interest rate swaps	**-**	**13.1**	**-**	**13.1**
Cross currency interest rate swaps	**-**	**112.1**	**-**	**112.1**
	29.6	**125.2**	**-**	**154.8**
Financial liabilities carried at fair value				
Interest rate swaps	**-**	**3.0**	**-**	**3.0**
30 Jun 2018				
Financial assets carried at fair value				
Investment in CQR	83.4	-	-	83.4
Interest rate swaps	-	9.3	-	9.3
Cross currency interest rate swaps	-	53.0	-	53.0
	83.4	62.3	-	145.7
Financial liabilities carried at fair value				
Interest rate swaps	-	6.4	-	6.4

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 included in Level 2 above.

17. Contributed equity

	SCA Property Group		Retail Trust	
	30 June 2019 $m	30 June 2018 $m	**30 June 2019 $m**	30 June 2018 $m
Equity	**1,693.3**	1,283.9	**1,684.2**	1,276.3
Issue costs	**(34.6)**	(28.4)	**(34.5)**	(28.3)
	1,658.7	1,255.5	**1,649.7**	1,248.0

	Management Trust		Retail Trust	
Opening balance	**7.5**	7.5	**1,248.0**	1,235.3
Equity raised through Distribution Reinvestment Plan - August 2017	**-**	-	**-**	6.2
Equity raised through Distribution Reinvestment Plan - January 2018	**-**	-	**-**	6.5
Equity raised through Distribution Reinvestment Plan - August 2018	**-**	-	**9.2**	-
Equity raised through Institutional Placement - October 2018	**1.0**	-	**261.4**	-
Equity raised through Unit Purchase Plan - November 2018	**0.4**	-	**110.7**	-
Equity raised through Distribution Reinvestment Plan - January 2019	**0.1**	-	**26.6**	-
Equity Raising Costs	**-**	-	**(6.2)**	-
Closing balance	**9.0**	7.5	**1,649.7**	1,248.0

Balance at the end of the period is attributable to unit holders of:		
Shopping Centres Australasia Property Management Trust	**9.0**	7.5
Shopping Centres Australasia Property Retail Trust	**1,649.7**	1,248.0
	1,658.7	1,255.5

Securities on Issue	SCA Property Group & Retail Trust	
	30 June 2019	30 June 2018
	No. of securities	No. of securities
Opening balance	**749,154,435**	742,752,189
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 security based compensation arrangements - 20 December 2017	**-**	11,070
Equity raised through Distribution Reinvestment Plan - 29 January 2018	**-**	2,865,747
Equity issued for executive security based compensation arrangements - 9 August 2018	**1,116,553**	-
Equity raised through Distribution Reinvestment Plan - 30 August 2018	**3,723,512**	-
Equity raised through Institutional Placement - 10 October 2018	**113,086,444**	-
Equity raised through Unit Purchase Plan - 23 November 2018	**47,907,805**	-
Equity issued for staff security based compensation arrangements - 20 December 2018	**10,444**	-
Equity raised through Distribution Reinvestment Plan - 29 January 2019	**10,583,789**	
Closing balance	**925,582,982**	749,154,435

As long as Shopping Centres Australasia Property Group remains jointly quoted, the number of securities in each of the Trusts are equal and the security holders identical. Holders of stapled securities are entitled to receive distributions as declared from time to time. SCA Property Group holds concurrent meetings of the Retail Trust and Management Trust. Subject to any voting restrictions imposed on a security holder under the Corporations Act 2001 and the Australian Securities Exchange at a meeting of members, on a show of hands, each member has one vote. On a poll, each member has one vote for each dollar of the value of the total interest that they have in the relevant underlying Retail Trust or Management Trust respectively.

Equity Placement

To assist with the funding of the Vicinity Portfolio acquisition, the Group undertook an institutional placement of 113.1 million securities on 10 October 2018 at $2.32 a security and a unit holder purchase plan (which was available to all eligible security holders) on 23 November 2018 under which 47.9 million units were issued at $2.32 per security.

Issue of securities from distribution reinvestment plan (DRP)

The DRP was in place for the distribution declared in June 2018 (paid in August 2018), for the distribution declared in December 2018 (and paid in January 2019), and for the distribution declared in June 2019 (expected to be paid on or about 30 August 2019).

Under the DRP Plan Rules the DRP issue price is determined at a discount of 1.0% to the arithmetic average of the daily volume weighted average market price of security traded on the ASX during the 10 business days commencing on the business day after the record date. The equity raised through the DRP on 30 August 2018 was $9.2 million by the issue of 3,723,512 securities at a price of $2.46. The equity raised through the DRP on 29 January 2019 was $26.6 million by the issue of 10,583,789 securities at a price of $2.51.

18. Reserves (net of income tax)

	Retail Trust	
	30 June 2019 $m	30 June 2018 $m
Share based payment reserve	**5.4**	3.9
Investment fair value through other comprehensive income (FVTOCI)	**3.6**	(0.4)
	9.0	3.5
Movements in reserves		
Share based payment reserve		
Balance at the beginning of the year	**3.9**	3.0
Employee share based payments	**1.5**	0.9
Closing balance	**5.4**	3.9
FVTOCI reserve		
Opening balance	**(0.4)**	(2.8)
Revaluation of investment FVTOCI	**4.0**	2.4
Closing balance	**3.6**	(0.4)

Share based payment reserve: Refer note 25.

FVTOCI: Refer note 9.

19. Accumulated profit and loss

	SCA Property Group		Retail Trust	
	30 June 2019 $m	30 June 2018 $m	**30 June 2019 $m**	30 June 2018 $m
Opening balance	**462.0**	390.7	**462.9**	391.7
Net profit for the year	**109.6**	175.2	**109.1**	175.1
Distributions paid and payable (note 3)	**(135.4)**	(103.9)	**(135.4)**	(103.9)
Closing balance	**436.2**	462.0	**436.6**	462.9
Balance at the end of the year is attributable to security holders of:				
Shopping Centres Australasia Property Management Trust	**(0.4)**	(0.9)		
Shopping Centres Australasia Property Retail Trust	**436.6**	462.9		
	436.2	462.0		

20. Cash flow information

(a) Notes to statements of cash flows

Reconciliation of profit to net cash flow from operating activities is below.

	SCA Property Group		Retail Trust	
	30 June 2019 $m	30 June 2018 $m	**30 June 2019 $m**	30 June 2018 $m
Net profit after tax	**109.6**	175.2	**109.1**	175.1
Net unrealised (gain) / loss on change in fair value of investment properties	**40.5**	(74.1)	**40.5**	(74.1)
Net unrealised (gain) / loss on change in fair value of derivatives	**(66.3)**	0.8	**(66.3)**	0.8
Net unrealised (gain) / loss on change in foreign exchange	**27.3**	7.2	**27.3**	7.2
Straight-lining of rental income and amortisation of incentives	**8.6**	5.7	**8.6**	5.7
(Decrease) / increase in payables	**4.2**	0.5	**4.8**	1.5
Non-cash financing expenses	**0.8**	0.4	**0.8**	0.4
Other non-cash items and movements in other assets	**0.3**	(0.2)	**0.3**	(0.2)
(Increase) / decrease in receivables	**(4.7)**	(1.2)	**(4.7)**	(1.7)
Transfer from investing activities to operating activities	**-**	6.7	**-**	6.7
Net cash flow from operating activities	**120.3**	121.0	**120.4**	121.4

(b) Net debt reconciliation

Reconciliation of net debt movements during the financial year is below.

	SCA Property Group			
	Cash $m	**Due within 1 year $m**	**Due after 1 year $m**	**Total $m**
Net debt as at 30 June 2018	3.7	-	(869.6)	(865.9)
Net proceeds from borrowings	-		(968.3)	(968.3)
Repayment of borrowings	0.5	-	726.0	726.5
Foreign exchange adjustments	-	-	(27.3)	(27.3)
Net debt as at 30 June 2019	**4.2**	**-**	**(1,139.2)**	**(1,135.0)**

	Retail Trust			
	Cash $m	**Due within 1 year $m**	**Due after 1 year $m**	**Total $m**
Net debt as at 30 June 2018	2.5	-	(869.6)	(867.1)
Net proceeds from borrowings	-	-	(968.3)	(968.3)
Repayment of borrowings	0.6	-	726.0	726.6
Foreign exchange adjustments	-	-	(27.3)	(27.3)
Net debt as at 30 June 2019	**3.1**	**-**	**(1,139.2)**	**(1,136.1)**

	SCA Property Group			
	Cash $m	**Due within 1 year $m**	**Due after 1 year $m**	**Total $m**
Net debt as at 30 June 2017	3.6	-	(819.4)	(815.8)
Net proceeds from borrowings	-	-	(249.0)	(249.0)
Repayment of borrowings	0.1	-	206.0	206.1
Foreign exchange adjustments	-	-	(7.2)	(7.2)
Net debt as at 30 June 2018	**3.7**	**-**	**(869.6)**	**(865.9)**

	Retail Trust			
	Cash $m	Due within 1 year $m	Due after 1 year $m	Total $m
Net debt as at 30 June 2017	2.0	-	(819.4)	(817.4)
Net proceeds from borrowings	-	-	(249.0)	(249.0)
Repayment of borrowings	0.5	-	206.0	206.5
Foreign exchange adjustments	-	-	(7.2)	(7.2)
Net debt as at 30 June 2018	**2.5**	**-**	**(869.6)**	**(867.1)**

21. Operating leases

All the investment properties (refer note 12) are subject to operating leases.

The investment properties are leased to tenants under long term operating leases with rentals payable monthly. Significant types of tenants include supermarkets, discount department stores, liquor stores and specialty stores. Lease terms can vary for each lease.

For supermarkets and discount department stores, lease terms for new leases are commonly from 15 to 20 years and are typically followed by a number of optional lease extensions exercisable by the tenant. The lease for these tenants also generally includes provision for additional rent in the form of sales turnover rent. Where sales turnover rent applies, it is payable annually in arrears where the sum of the initial rent and the turnover rent percentage amount for a year exceeds the amount of the base rent. Additionally the base rent for some of these tenants is subject to fixed periodic increases of up to 5% at the rent review date. The rent review date is typically every 5 years from the lease start or renewal.

For other tenants lease terms would commonly be for shorter periods such as five years with provisions for annual reviews which typically comprise either fixed percentage increases, CPI based increases or market reviews. Optional lease extensions exercisable by the tenant are also possible. Specialty leases incorporate provisions for reporting of sales turnover and may include payment of turnover rent percentage rental if appropriate.

Minimum lease payments receivable under non-cancellable operating leases of investment are as follows.

	SCA Property Group & Retail Trust	
	30 June 2019 $m	30 June 2018 $m
Within one year	**239.1**	180.5
Between one and five years	**716.4**	559.3
After five years	**839.0**	820.8
	1,794.5	1,560.6

There was $2.3 million of percentage or turnover rent recognised as income in the current year (30 June 2018: $1.4 million).

22. Capital and lease commitments

Estimated capital expenditure committed at balance sheet date but not provided for:

	SCA Property Group & Retail Trust	
	30 June 2019 $m	30 June 2018 $m
Capital and lease commitments	**10.0**	19.7

The 30 June 2019 balance relates to:

- **Greenbank (QLD) ($10.0 million):** During the year ended 30 June 2016 the Group entered into a conditional agreement to acquire Greenbank neighbourhood shopping centre for $23.0 million (excluding transaction costs). This transaction settled in January 2016. This acquisition includes a call option for the Group to acquire ten hectares of adjacent development land for $10.0 million exercisable at any time within 5 years from the date of acquisition. This exercise amount has been treated as an estimated capital expenditure within one year as the Group may exercise this option at its sole discretion at any time although there is no immediate expectation of exercise (and the vendor has a put option which is exercisable in December 2020 if the call option is not exercised by that time) (30 June 2018: $10.0 million).

23. Segment reporting

The Group and Retail Trust invest in shopping centres located in Australia operates only within one segment, Australia.

For the purposes of segment reporting $86.4 million in rental income (30 June 2018: $79.4 million) was from Woolworths Limited and its affiliates. Further, $28.8 million in rental income (30 June 2018: $23.4 million) was from Coles Limited and its affiliates.

24. Key management personnel compensation

The aggregate compensation made to the Directors and other key management personnel of the Group is set out below.

	30 June 2019	30 June 2018
	$	$
Short term benefits	**3,413,573**	3,427,087
Post-employment benefits	**158,619**	159,458
Share-based payment	**1,229,800**	1,100,478
Long term benefits	**47,991**	64,805
	4,849,983	4,751,828

The key management personnel during the year were:
- Directors
- Mr Lamb (Company Secretary and General Counsel)

25. Share based payments

During 2013 the Group established a Group Executive Incentive Plan that entitles key management personnel, subject to criteria, to become entitled to acquire stapled securities at nil cost to the employee. The Group Executive Incentive Plan was approved at the Group's Annual General Meeting in November 2013.

Rights pursuant to the Group Executive Incentive Plan have been issued for:

- Special Performance Rights (SPRs)
- Short Term Incentive Plan Rights (STIP)
- Long Term Incentive Plan Rights (LTIP)

Under the Group Executive Incentive Plan grants of rights have been made to the following key management personnel:

- Mr Mellowes (Director and Chief Executive Officer)
- Mr Fleming (Director and Chief Financial Officer)
- Mr Lamb (Company Secretary and General Counsel)

In addition, certain non-key management personnel have also been granted 268,664 rights during the year (30 June 2018: 292,407).

The table below summarises the rights issued to key management personnel. These rights have a nil exercise price and awards are subject to meeting performance criteria. Where the performance criteria are met, details of the stapled securities that may be issued are below. Under the Group Executive Incentive Plan during the year ended 30 June 2019 stapled securities were issued and vested to Mr Mellowes 692,535 (number of securities) (30 June 2018: 408,299), Mr Fleming 255,061 (number of securities) (30 June 2018: 154,883) and Mr Lamb 72,516 (number of securities) (30 June 2018: 41,671).

Type and eligibility	Vesting conditions[1]	Share price at grant date	Grant date	Testing date	Vesting date	Maximum number of stapled securities or maximum value of securities to be issued	Fair value at grant date
STIP (FY19) (Mr Mellowes)	Non-market	$2.40	Aug-18	Jul-19	Jul-21	$386,750	$0.97 per $1.00
STIP (FY19) (Mr Fleming)	Non-market	$2.40	Aug-18	Jul-19	Jul-21	$187,500	$0.97 per $1.00
LTIP (FY19 - FY21) (tranche 1) (Messrs Mellowes, Fleming, Lamb)	Relative TSR[2]	$2.40	Aug-18	Sep-21	Jul-22	182,455	$1.22 per unit
LTIP (FY19 - FY21) (tranche 2) (Messrs Mellowes, Fleming, Lamb)	Non-market	$2.40	Aug-18	Jun-21	Jul-22	182,455	$2.40 per unit
LTIP (FY19 - FY21) (tranche 3) (Messrs Mellowes, Fleming, Lamb)	Non-market	$2.40	Aug-18	Jun-21	Jul-22	182,455	$2.40 per unit
STIP (FY18) (Mr Mellowes)	Non-market	$2.23	Aug-17	Jul-18	Jul-20	$341,250	$0.98 per $1.00
STIP (FY18) (Mr Fleming)	Non-market	$2.23	Aug-17	Jul-18	Jul-20	$156,250	$0.98 per $1.00
LTIP (FY18 - FY20) (tranche 1) (Messrs Mellowes, Fleming, Lamb)	Relative TSR[2]	$2.23	Aug-17	Sep-20	Jul-21	168,973	$1.10 per unit
LTIP (FY18 - FY20) (tranche 2) (Messrs Mellowes, Fleming, Lamb)	Non-market	$2.23	Aug-17	Jun-20	Jul-21	168,973	$2.23 per unit
LTIP (FY18 - FY20) (tranche 3) (Messrs Mellowes, Fleming, Lamb)	Non-market	$2.23	Aug-17	Jun-20	Jul-21	168,973	$2.23 per unit
STIP (FY17)(Mr Mellowes)	Non-market	$2.31	Aug-16	Jul-17	Jul-19	$334,688	$0.99 per $1.00
STIP (FY17)(Mr Fleming)	Non-market	$2.31	Aug-16	Jun-17	Jul-19	$153,000	$0.99 per $1.00
LTIP (FY17 - FY19) (tranche 1) (Messrs Mellowes, Fleming, Lamb)	Relative TSR[2]	$2.31	Aug-16	Sep-19	Jul-20	159,351	$1.18 per unit
LTIP (FY17 - FY19) (tranche 2) (Messrs Mellowes, Fleming, Lamb)	Non-market	$2.31	Aug-16	Jun-19	Jul-20	159,351	$2.31 per unit
LTIP (FY17 - FY19) (tranche 3) (Messrs Mellowes, Fleming, Lamb)	Non-market	$2.31	Aug-16	Jun-19	Jul-20	159,351	$2.31 per unit
STIP (FY16)(Mr Mellowes)	Non-market	$2.00	Oct-15	Jul-16	Jul-18	$328,125	$1.00 per $1.00
STIP (FY16)(Mr Fleming)	Non-market	$2.00	Oct-15	Jul-16	Jul-18	$150,000	$1.00 per $1.00
LTIP (FY16 - FY18) (tranche 1) (Messrs Mellowes, Fleming, Lamb)	Relative TSR[2]	$2.00	Oct-15	Sep-18	Jul-19	181,307	$1.00 per unit
LTIP (FY16 - FY18) (tranche 2) (Messrs Mellowes, Fleming, Lamb)	Non-market	$2.00	Oct-15	Jun-18	Jul-19	181,307	$2.00 per unit
LTIP (FY16 - FY18) (tranche 3) (Messrs Mellowes, Fleming, Lamb)	Non-market	$2.00	Oct-15	Jun-18	Jul-19	181,307	$2.00 per unit
LTIP (FY15 - FY17) (tranche 1) (Messrs Mellowes, Fleming)	Relative TSR[2]	$1.70	Sep-14	Sep-17	Jul-18	201,042	$0.75 per unit
LTIP (FY15 - FY17) (tranche 1) (Mr Lamb)	Relative TSR[2]	$1.83	Sep-14	Sep-17	Jul-18	19,245	$0.80 per unit
LTIP (FY15 - FY17) (tranche 2) (Messrs Mellowes, Fleming, Lamb)	Non-market	$1.70	Sep-14	Jul-17	Jul-18	201,042	$1.44 per unit
LTIP (FY15 - FY17) (tranche 2) (Mr Lamb)	Non-market	$1.83	Sep-14	Jul-17	Jul-18	19,245	$1.54 per unit
LTIP (FY15 - FY17) (tranche 3) (Messrs Mellowes, Fleming, Lamb)	Non-market	$1.70	Sep-14	Jul-17	Jul-18	201,042	$1.44 per unit
LTIP (FY15 - FY17) (tranche 3) (Mr Lamb)	Non-market	$1.83	Sep-14	Jul-17	Jul-18	19,245	$1.54 per unit

[1] Service and non-market conditions include financial and non-financial targets along with a deferred vesting period.
[2] TSR is Total Shareholder Return measured against a comparator group.

The Group recognises the fair value at the grant date of equity settled securities below as an employee benefit expense proportionally over the vesting period with a corresponding increase in equity. Fair value is measured at grant date using Monte-Carlo simulation and Black Scholes option pricing models where applicable, performed by an independent valuer, and models the future security price of the Group's securities.

Non-market vesting conditions are determined with reference to the underlying financial or non-financial performance measures to which they relate.

The total expense recognised during the year in relation to those eligible for equity settled share-based payments was $1.0 million (30 June 2018: $0.9 million). Key inputs to the pricing models include:

	30 June 2019	30 June 2018	30 June 2017	30 June 2016	30 June 2015
Volatility	**17%**	16%	18%	20%	20%
Dividend yield	**6.1%**	6.2%	5.4%	6.0%	6.0%
Risk-free interest rate	**1.99%**	1.97% - 2.12%	1.45% – 1.50%	1.79% - 1.94%	2.71% - 2.85%

26. Other related party disclosures

The Retail Trust has a current payable of $9.0 million to the Management Trust (30 June 2018: $7.5 million). This is non-interest bearing and repayable at call. Additionally, Shopping Centres Australasia Property Group RE Limited (the Company), the Responsible Entity of the Retail Trust and a wholly owned subsidiary of Management Trust, makes payments on behalf of the Retail Trust from time to time. These payments are incurred by the Company in properly performing or exercising its powers or duties in relation to the Retail Trust. The Company has a right of indemnity from the Retail Trust, for any liability incurred by the Company in properly performing or exercising any of its powers or duties in relation to the Retail Trust. The amount reimbursed or reimbursable during the year under this agreement was $12.4 million (30 June 2018: $11.5 million).

The Group and Retail Trust contracted to sell four retail properties for $57.9 million to SURF 3 prior to 30 June 2018. The sale of these properties was completed when SURF 3 commenced operations on 10 July 2018.

The Group received $1.8 million of funds management revenue from SURF 1, SURF 2 and SURF 3 (Retail Trust: $nil).

The Group and Retail Trust has an investment in SURF1, SURF 2 and SURF 3. Refer note 13.

27. Parent entity

	Management Trust[1]		**Retail Trust[1, 2]**	
	30 June 2019 $m	30 June 2018 $m	**30 June 2019 $m**	30 June 2018 $m
Current assets	**-**	-	**65.9**	85.1
Non-current assets	**-**	-	**3,301.4**	2,617.2
Total assets	**-**	-	**3,367.3**	2,702.3
Current liabilities	**-**	-	**126.5**	120.4
Non-current liabilities	**-**	-	**1,145.5**	867.5
Total liabilities	**-**	-	**1,272.0**	987.9
Contributed equity	**9.0**	7.5	**1,649.7**	1,248.0
Reserves	**-**	-	**9.0**	3.5
Accumulated profit / (loss)	**-**	-	**436.6**	462.9
Total equity	**9.0**	7.5	**2,095.3**	1,714.4
Net profit/ (loss) after tax	**-**	-	**109.1**	175.1
Other comprehensive income	**-**	-	**4.0**	2.4
Total comprehensive income	**-**	-	**113.1**	177.5
Commitments for the acquisition of property by the parent	**-**	-	**10.0**	19.7

1 Head Trusts only.

2 The Retail Trust financial statements have been prepared on a going concern basis. In preparing the Retail Trust financial statements the Directors note that the Retail Trust has a net current asset deficiency position due to the provision for distribution and minimal cash and cash equivalents, as it is the policy of the Group and Retail Trust to use surplus cash to repay debt. At 30 June 2019 the Group and Retail Trust have the ability to drawdown funds to pay the distribution on or about 30 August 2019, having sufficient excess cash and undrawn financing facilities (refer note 15).

28. Subsidiaries

Name of subsidiaries	Place of incorporation and operation	Ownership interest 30 June 2019	30 June 2018
Subsidiaries of Shopping Centres Australasia Property Management Trust			
Shopping Centres Australasia Property Operations Pty Ltd	Australia	**100.0%**	100.0%
Shopping Centres Australasia Property Holdings Pty Ltd	Australia	**100.0%**	100.0%
Shopping Centres Australasia Property Group RE Ltd	Australia	**100.0%**	100.0%
SCA Unlisted Retail Fund RE Limited	Australia	**100.0%**	100.0%

Additionally Shopping Centres Australasia Property Retail Trust is considered for financial reporting purposes a subsidiary of Shopping Centres Australasia Property Management Trust due to stapling even though there is no ownership or shareholding interest.

29. Auditors' remuneration

	SCA Property Group & Retail Trust	
	30 June 2019	30 June 2018
	$'000	$'000
Audit of the financial statements	**360.0**	294.5
Non audit services	**22.0**	-
	382.0	294.5

The auditor of the Group is Deloitte Touche Tohmatsu. The auditor's remuneration includes audit of the Financial Reports, subsidiary Financial Reports, the Group's AFSL and the Group's Compliance Plans. In FY19 Deloitte Touche Tohmatsu also performed non-audit services on market risk indicators for $22,000.

30. Subsequent events

Since the end of the year, the Directors of the Responsible Entity are not aware of any matter or circumstance not otherwise dealt with in this report or the 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.

* * *

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 15 to 55 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 30 June 2019 and of their performance, for the year ended 30 June 2019; 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.

Note 2 confirms that the Financial Statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declaration required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the year ended 30 June 2019.

Signed in accordance with a resolution of the Directors.

Chair
Sydney
5 August 2019

Deloitte.

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

Opinion

We have audited the financial report of:

- Shopping Centres Australasia Property Management Trust ("SCA Property Management Trust") and its controlled entities ("SCA Property Group") which comprises the consolidated balance sheet as at 30 June 2019, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration; and

- Shopping Centres Australasia Property Retail Trust and its controlled entities ("SCA Property Retail Trust") comprising the consolidated balance sheet as at 30 June 2019, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity for the year then ended and notes to the financial statements including a summary of significant accounting policies and the directors' declaration.

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

(i) giving a true and fair view of SCA Property Group's and SCA Property Retail Trust's financial positions as at 30 June 2019 and of their financial performance for the year then ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of SCA Property Group and SCA Property Retail 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Shopping Centres Australasia Property Group RE Limited (the "Responsible Entity"), would be in the same terms if given to the directors as at the time of this auditor's report.

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

Deloitte.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter

Investment property valuation
 	
As at 30 June 2019, SCA Property Group recognised investment properties valued at $3,147.0m as disclosed in Note 12.
 	
The fair value of investment property is calculated in accordance with the valuation policy set out in Note 2 (j) and Note 12 which outline two valuation methodologies used by SCA Property Group.
 	
The valuation process requires significant judgment in the following areas:
• forecast cash flows;
• capitalisation rates; and
• discount rates.
 	
The capitalisation of net income method applies a capitalisation rate to normalised market net operating income. The discounted cash flow method uses a ten year cash flow forecast and terminal value calculation discounted to present value. In addition, internal and external valuers apply professional judgement concerning market conditions and factors impacting individual properties.
	Our procedures included, but were not limited to:
	• Assessing management's process over property valuations and the oversight applied by the directors;
	• Assessing the independence, competence and objectivity of the internal and external valuers;
	• Performing an overall analytical review and risk assessment of the portfolio, analysing the key inputs and assumptions;
	• Assessing the assumptions used in the portfolio, with particular focus on the capitalisation rate and discount rate with reference to external market trends and transactions and challenging those assumptions where appropriate;
	• Holding discussions with management to obtain an understanding of portfolio movements and their identification of any additional property specific matters; and
	• Testing on a sample basis of externally and internally valued properties, the following;
	  ○ the integrity of the information in the valuation by agreeing key inputs such as net operating income to underlying records and source evidence;
	  ○ the forecasts used in the valuations with reference to current financial results such as revenues and expenses, capital expenditure requirements, vacancy rates and lease renewals; and
	  ○ the mathematical accuracy of the models.
	• We also assessed the appropriateness of the disclosures included in Note 12 to the financial statements.

Deloitte.

Other Information

The directors of the Responsible Entity ("the Directors") are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to the date of this auditor's report and also includes the following information which will be included in the Group's annual report (but does not include the financial report and our auditor's report thereon): Performance Highlights, Message from the Chairman, Message from the CEO, Financial Highlights, Security Analysis and additional ASX disclosures, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

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

When we read the Performance Highlights, Message from the Chairman, Message from the CEO, Financial Highlights, Security Analysis and additional ASX disclosures in the Annual Report which we have not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SCA Property Group's and/or SCA Property Retail Trust's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern bases of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on SCA Property Group's and/or SCA Property Retail Trust's ability to continue as a going concerns. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause SCA Property Group and/or SCA Property Retail Trust to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within SCA Property Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of SCA Property Group's audit. We remain solely responsible for our audit opinion.

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

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

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

Deloitte Touche Tohmatsu.

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A. Coleman.

Andrew J Coleman
Partner
Chartered Accountants
Sydney, 5 August 2019