

Scentre Group Trust 1
Half-Year Financial Report
For the half-year ended 30 June 2021

	Page
Statement of Comprehensive Income	1
Balance Sheet	2
Statement of Changes in Equity	3
Cash Flow Statement	4
Notes to the Financial Statements	5
Directors' Declaration	15
Independent Auditor's Review Report	16
Directors' Report	17
Directory	20

SCENTRE GROUP TRUST 1
STATEMENT OF COMPREHENSIVE INCOME
For the half-year ended 30 June 2021

	Note	30 Jun 21 \$million	30 Jun 20 \$million
Revenue			
Property revenue		266.5	268.8
		<u>266.5</u>	<u>268.8</u>
Expenses			
Property expenses, outgoings and other costs		(73.2)	(68.5)
Expected credit charge relating to COVID-19		(9.8)	(53.3)
Overheads		(6.9)	(5.8)
		<u>(89.9)</u>	<u>(127.6)</u>
Share of after tax profits/(loss) of equity accounted entities			
Property revenue		269.2	271.2
Property expenses, outgoings and other costs		(73.3)	(67.3)
Expected credit charge relating to COVID-19		(12.9)	(58.9)
Net interest expense		(0.4)	(0.2)
Property revaluations		20.1	(1,064.3)
Tax expense		(2.9)	(2.2)
		<u>199.8</u>	<u>(921.7)</u>
Interest income		0.1	1.4
Currency gain/(loss)		(3.7)	8.6
Financing costs		(129.1)	(72.6)
Property revaluations		8.2	(937.6)
Profit/(loss) before tax		<u>251.9</u>	<u>(1,780.7)</u>
Tax expense		(0.4)	-
Profit/(loss) after tax for the period		<u>251.5</u>	<u>(1,780.7)</u>
Other comprehensive income/(loss)			
<i>Movement in foreign currency translation reserve⁽ⁱ⁾</i>			
– Realised and unrealised differences on the translation of investment in foreign operations		(1.3)	(5.0)
Total comprehensive income/(loss) for the period		<u>250.2</u>	<u>(1,785.7)</u>
Profit/(loss) after tax for the period attributable to:			
– Members of Scentre Group Trust 1		240.7	(1,736.6)
– External non controlling interests		10.8	(44.1)
Profit/(loss) after tax for the period		<u>251.5</u>	<u>(1,780.7)</u>
Total comprehensive income/(loss) attributable to:			
– Members of Scentre Group Trust 1		239.4	(1,741.6)
– External non controlling interests		10.8	(44.1)
Total comprehensive income/(loss) for the period		<u>250.2</u>	<u>(1,785.7)</u>

⁽ⁱ⁾ This may be subsequently transferred to the profit and loss. In relation to the foreign currency translation reserve, the portion relating to the foreign operations may be transferred to the profit and loss depending on how the foreign operations are sold.

		cents	cents
Basic and diluted earnings/(loss) per unit attributable to members of Scentre Group Trust 1	7(a)	4.64	(33.37)

SCENTRE GROUP TRUST 1
BALANCE SHEET
As at 30 June 2021

	Note	30 Jun 21 \$million	31 Dec 20 \$million
Current assets			
Cash and cash equivalents		58.3	81.4
Trade debtors	3	26.1	39.6
Receivables	3	79.4	72.9
Derivative assets		4.1	2.3
Other current assets		9.0	11.5
Total current assets		176.9	207.7
Non current assets			
Trade debtors	3	0.3	1.7
Investment properties	4	8,287.8	8,269.1
Equity accounted investments		8,238.3	8,198.5
Derivative assets		435.5	457.6
Other non current assets		31.7	33.9
Total non current assets		16,993.6	16,960.8
Total assets		17,170.5	17,168.5
Current liabilities			
Trade creditors		60.0	69.3
Payables and other creditors	8	1,175.4	1,178.1
Interest bearing liabilities	9	2,393.5	1,595.9
Other financial liabilities		243.4	240.2
Lease liabilities		0.1	0.1
Derivative liabilities		47.0	18.8
Total current liabilities		3,919.4	3,102.4
Non current liabilities			
Interest bearing liabilities	9	5,274.8	5,912.0
Other financial liabilities		370.2	372.5
Lease liabilities		7.4	7.5
Derivative liabilities		426.1	618.8
Total non current liabilities		6,078.5	6,910.8
Total liabilities		9,997.9	10,013.2
Net assets		7,172.6	7,155.3
Equity attributable to members of Scentre Group Trust 1			
Contributed equity	10(b)	1,459.0	1,459.0
Reserves		17.0	18.3
Retained profits		5,522.8	5,512.0
Total equity attributable to members of Scentre Group Trust 1		6,998.8	6,989.3
Equity attributable to external non controlling interests			
Contributed equity		70.3	70.3
Retained profits		103.5	95.7
Total equity attributable to external non controlling interests		173.8	166.0
Total equity		7,172.6	7,155.3

SCENTRE GROUP TRUST 1
STATEMENT OF CHANGES IN EQUITY
For the half-year ended 30 June 2021

	Contributed Equity \$million	Reserves \$million	Retained Profits \$million	30 Jun 21 Total \$million	Contributed Equity \$million	Reserves \$million	Retained Profits \$million	30 Jun 20 Total \$million
Changes in equity attributable to members of Scentre Group Trust 1								
Balance at the beginning of the period	1,459.0	18.3	5,512.0	6,989.3	1,527.2	24.3	7,618.6	9,170.1
– Profit/(loss) after tax for the period ⁽ⁱ⁾	-	-	240.7	240.7	-	-	(1,736.6)	(1,736.6)
– Other comprehensive income/(loss) ^{(i) (ii)}	-	(1.3)	-	(1.3)	-	(5.0)	-	(5.0)
Transactions with owners in their capacity as owners								
– Buy-back and cancellation of units and associated costs	-	-	-	-	(68.2)	-	-	(68.2)
– Distribution paid or provided for	-	-	(229.9)	(229.9)	-	-	(358.9)	(358.9)
Closing balance of equity attributable to members of Scentre Group Trust 1	1,459.0	17.0	5,522.8	6,998.8	1,459.0	19.3	5,523.1	7,001.4
Changes in equity attributable to external non controlling interests								
Balance at the beginning of the period	70.3	-	95.7	166.0	70.3	-	139.0	209.3
– Profit/(loss) after tax for the period attributable to external non controlling interests ⁽ⁱ⁾	-	-	10.8	10.8	-	-	(44.1)	(44.1)
– Distribution paid or provided for	-	-	(3.0)	(3.0)	-	-	-	-
Closing balance of equity attributable to external non controlling interests	70.3	-	103.5	173.8	70.3	-	94.9	165.2
Total equity	1,529.3	17.0	5,626.3	7,172.6	1,529.3	19.3	5,618.0	7,166.6

⁽ⁱ⁾ Total comprehensive income for the period amounts to \$250.2 million (30 June 2020: loss of \$1,785.7 million).

⁽ⁱⁱ⁾ Movement in reserves attributable to members of Scentre Group Trust 1 comprises realised and unrealised loss on the translation of investment in foreign operations of \$1.3 million (30 June 2020: \$5.0 million).

SCENTRE GROUP TRUST 1
CASH FLOW STATEMENT
For the half-year ended 30 June 2021

	30 Jun 21 \$million	30 Jun 20 \$million
Cash flows from operating activities		
Receipts in the course of operations (including Goods and Services Tax (GST))	309.5	209.9
Payments in the course of operations (including GST)	(96.4)	(68.1)
Dividends/distributions received from equity accounted entities	164.7	96.0
Withholding taxes paid	(0.4)	-
GST paid	(19.3)	(21.8)
Payments of financing costs (excluding interest capitalised)	(159.0)	(162.8)
Interest received	0.1	0.8
Net cash inflow from operating activities	199.2	54.0
Cash flows from investing activities		
Capital expenditure	(23.5)	(39.3)
Payments relating to the sale of assets	(1.9)	(4.2)
Net outflows for investments in equity accounted entities	(14.0)	(45.3)
Financing costs capitalised to qualifying development projects and construction in progress	(2.1)	(3.6)
Net cash outflow from investing activities	(41.5)	(92.4)
Cash flows from financing activities		
Buy-back of units and associated costs	-	(68.2)
Termination of derivatives	(11.7)	-
Net proceeds from/(repayment of) interest bearing liabilities and lease liabilities	(1,051.7)	1,492.2
Net funds received from/(paid to) related entities	1,115.5	(820.0)
Distributions paid	(229.9)	(358.9)
Distributions paid by controlled entities to external non controlling interests	(3.0)	(4.7)
Net cash inflow/(outflow) from financing activities	(180.8)	240.4
Net increase/(decrease) in cash and cash equivalents held	(23.1)	202.0
Add opening cash and cash equivalents brought forward	81.4	43.3
Cash and cash equivalents at the end of the period ⁽ⁱ⁾	58.3	245.3

⁽ⁱ⁾ Cash and cash equivalents comprises cash of \$58.3 million (30 June 2020: \$245.3 million) net of bank overdraft of nil (30 June 2020: nil).

SCENTRE GROUP TRUST 1

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2021

1 Basis of preparation of the financial report

(a) Corporate information

This financial report of Scentre Group Trust 1 (SGT1) and its controlled entities (collectively the Trust) for the half-year ended 30 June 2021 was approved in accordance with a resolution of the Board of Directors of Scentre Management Limited as Responsible Entity of SGT1.

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

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

(b) Basis of preparation

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

This half-year financial report should be read in conjunction with the annual financial report of SGT1 as at 31 December 2020.

It is also recommended that this half-year financial report be considered together with any public announcements made by Scentre Group during the half-year ended 30 June 2021 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 (Corporations Act).

(c) Impact of the COVID-19 pandemic

On 11 March 2020, the World Health Organisation declared the outbreak of the COVID-19 virus a pandemic. Both Australia and New Zealand experienced an outbreak of the virus, and the governments of both countries implemented a number of measures, including significant restrictions on people movement and activity. Since March 2020, varying levels of government restrictions have applied to different regions in Australia and New Zealand depending on the scale and severity of outbreaks.

Additional disclosures relating to the impact of the ongoing COVID-19 pandemic on the Trust's operations and financial performance are discussed in Note 3: Trade debtors and receivables, Note 5: Details of shopping centre investments, Note 12: Events after the reporting period, and in section 2 Review and results of operations in the Directors' Report.

(d) Going concern

This half-year financial report has been prepared on a going concern basis. The Directors' assessment of Scentre Group's ability to continue as a going concern also applies to the Trust, as the Trust forms part of the stapled group and is a member of Scentre Group's cross-guarantee arrangements. In making the going concern assessment for the Trust, the Directors have considered:

- Scentre Group's ability to meet its financial obligations over the next twelve months, using cash flow sensitivity analysis and having regard to debt maturities, funding requirements, operating cash earnings and available financing facilities; and
- Scentre Group's ability to meet its financial covenants over the next twelve months, assuming various scenarios for the potential impact of the COVID-19 pandemic.

(e) Basis of accounting

This half-year financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Regulations 2001 and AASB 134 Interim Financial Reporting.

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

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

This half-year financial report has been prepared using the same accounting policies as used in the annual financial report for the year ended 31 December 2020 except for the changes required due to amendments to the accounting standards as disclosed in Note 1(f).

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

SCENTRE GROUP TRUST 1
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 30 June 2021

1 Basis of preparation of the financial report (continued)

(f) New accounting standards and interpretations

The Trust has adopted the following standard which became applicable on 1 January 2021:

– **AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform Phase 2**

This standard amends AASB 9 Financial Instruments, AASB 139 Financial Instruments: Recognition and Measurement, AASB 7 Financial Instruments: Disclosures, AASB 4 Insurance Contracts and AASB 16 Leases to address issues that arise during the reform of an interest rate benchmark (IBOR), including the replacement of one benchmark with an alternative one. A number of temporary reliefs are provided for hedging relationships that are directly affected by the interest rate benchmark reform. These amendments have no impact on the consolidated financial statements as the Trust does not have any interest rate hedge relationships nor exposures to interest rates that are dependent on IBORs.

The Trust continues to manage the transition of certain IBORs to alternative benchmark rates. Any impact on the valuation of derivatives is expected to be immaterial.

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Trust for the half-year ended 30 June 2021. The impact of these new standards or amendments to the standards and interpretations (to the extent relevant to the Trust) is as follows:

– **AASB 2021-3 Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions beyond 30 June 2021** (effective for annual reporting periods beginning on or after 1 April 2021)

This amends AASB 16 Leases to extend the availability of the practical expedient to not account for COVID-19 related rent concessions as lease modifications by one year. This amendment is not expected to have a significant impact on the financial statements on application.

– **AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture** (effective from 1 January 2022)

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

– **AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments** (effective from 1 January 2022)

This amends (to the extent relevant to the Trust):

- (i) AASB 9 Financial Instruments to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability;
- (ii) AASB 3 Business Combinations to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations; and
- (iii) AASB 137 Provisions, Contingent Liabilities and Contingent Assets to specify the costs that an entity includes when assessing whether a contract will be loss-making.

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

– **AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Noncurrent** (effective from 1 January 2023)

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

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

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

SCENTRE GROUP TRUST 1
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 30 June 2021

1 Basis of preparation of the financial report (continued)

(f) New accounting standards and interpretations (continued)

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

This amends:

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

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

(g) Comparative information

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

(h) Rounding

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

2 Segment reporting

Geographic segments

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

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

The proportionate format is used by management in assessing and understanding the performance and results of operations of the Trust as it allows management to observe and analyse revenue and expense results and trends on a portfolio-wide basis. The assets underlying both the consolidated and the equity accounted components of the statutory statement of comprehensive income are similar (that is, Australian and New Zealand shopping centres), all centres are under common management and therefore the drivers of their results are similar. Accordingly, management considers that the proportionate format provides a more useful way to understand the performance of the portfolio as a whole than the statutory format.

SCENTRE GROUP TRUST 1
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 30 June 2021

2 Segment reporting (continued)

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

(a) Geographic segment information

	Australia \$million	New Zealand \$million	30 Jun 21 \$million	Australia \$million	New Zealand \$million	30 Jun 20 \$million
Revenue						
Shopping centre base rent and other property income ⁽ⁱ⁾	519.4	30.1	549.5	525.3	29.8	555.1
Amortisation of tenant allowances	(14.9)	(0.8)	(15.7)	(17.6)	(0.7)	(18.3)
Straightlining of rent	1.4	0.5	1.9	2.8	0.4	3.2
	505.9	29.8	535.7	510.5	29.5	540.0
Expenses						
Property expenses, outgoing and other costs	(137.4)	(9.1)	(146.5)	(128.1)	(7.7)	(135.8)
Expected credit charge relating to COVID-19	(23.2)	0.5	(22.7)	(105.3)	(6.9)	(112.2)
	(160.6)	(8.6)	(169.2)	(233.4)	(14.6)	(248.0)
Segment income and expenses	345.3	21.2	366.5	277.1	14.9	292.0

⁽ⁱ⁾ Includes recoveries of outgoing from lessees of \$66.1 million (30 June 2020: \$64.9 million).

	Australia \$million	New Zealand \$million	30 Jun 21 \$million	Australia \$million	New Zealand \$million	31 Dec 20 \$million
Shopping centre investments	15,812.0	728.0	16,540.0	15,755.4	731.2	16,486.6
Development projects and construction in progress	76.4	27.0	103.4	82.8	27.1	109.9
Segment assets ⁽ⁱ⁾	15,888.4	755.0	16,643.4	15,838.2	758.3	16,596.5
Additions to segment non current assets during the period ⁽ⁱⁱ⁾	19.8	4.9	24.7	101.2	11.4	112.6

⁽ⁱ⁾ Includes equity accounted segment assets of \$8,355.6 million (31 December 2020: \$8,327.4 million).

⁽ⁱⁱ⁾ Additions are net of amortisation of tenant allowances of \$15.7 million (31 December 2020: \$34.9 million).

(b) Reconciliation of segment information

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

	Consolidated \$million	Equity accounted \$million	30 Jun 21 \$million	Consolidated \$million	Equity accounted \$million	30 Jun 20 \$million
Property revenue	266.5	269.2	535.7	268.8	271.2	540.0
Property expenses, outgoing and other costs	(73.2)	(73.3)	(146.5)	(68.5)	(67.3)	(135.8)
Expected credit charge relating to COVID-19	(9.8)	(12.9)	(22.7)	(53.3)	(58.9)	(112.2)
Segment income and expenses	183.5	183.0	366.5	147.0	145.0	292.0
Overheads			(6.9)			(5.8)
Interest income			0.1			1.6
Currency gain/(loss)			(3.7)			8.6
Financing costs			(129.5)			(73.0)
Property revaluations			28.3			(2,001.9)
Tax expense			(3.3)			(2.2)
External non controlling interests			(10.8)			44.1
Net profit/(loss) attributable to members of SGT1 ⁽ⁱ⁾			240.7			(1,736.6)

⁽ⁱ⁾ Net profit attributable to members of SGT1 was \$240.7 million (30 June 2020: loss of \$1,736.6 million). Net profit after tax for the period which includes profit attributable to external non controlling interests of \$10.8 million (30 June 2020: loss of \$44.1 million) was \$251.5 million (30 June 2020: loss of \$1,780.7 million).

SCENTRE GROUP TRUST 1
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 30 June 2021

2 Segment reporting (continued)

(b) Reconciliation of segment information (continued)

	Consolidated \$million	Equity accounted \$million	30 Jun 21 \$million	Consolidated \$million	Equity accounted \$million	31 Dec 20 \$million
Shopping centre investments	8,236.1	8,303.9	16,540.0	8,209.6	8,277.0	16,486.6
Development projects and construction in progress	51.7	51.7	103.4	59.5	50.4	109.9
Segment assets	8,287.8	8,355.6	16,643.4	8,269.1	8,327.4	16,596.5
Cash and cash equivalents	58.3	32.0	90.3	81.4	28.8	110.2
Trade debtors and receivables	165.6	104.3	269.9	178.7	126.7	305.4
Expected credit loss allowance	(59.8)	(72.0)	(131.8)	(64.5)	(74.7)	(139.2)
Other assets	480.3	3.9	484.2	505.3	1.9	507.2
Total assets	8,932.2	8,423.8	17,356.0	8,970.0	8,410.1	17,380.1
Interest bearing liabilities	7,668.3	-	7,668.3	7,507.9	-	7,507.9
Other financial liabilities	613.6	-	613.6	612.7	-	612.7
Deferred tax liabilities	-	56.1	56.1	-	57.0	57.0
Other liabilities	1,716.0	129.4	1,845.4	1,892.6	154.6	2,047.2
Total liabilities	9,997.9	185.5	10,183.4	10,013.2	211.6	10,224.8
Net assets	(1,065.7)	8,238.3	7,172.6	(1,043.2)	8,198.5	7,155.3

3 Trade debtors and receivables

	30 Jun 21 \$million	31 Dec 20 \$million
Current		
Trade debtors	26.1	39.6
Receivables		
– Other receivables	5.7	7.6
– Interest receivable from related entities	73.7	65.3
	105.5	112.5
Non current		
Trade debtors	0.3	1.7
	0.3	1.7
Total trade debtors and receivables	105.8	114.2

(a) Trade debtors and receivables comprise:

Trade debtors and receivables	165.6	178.7
Expected credit loss allowance	(59.8)	(64.5)
Total trade debtors and receivables	105.8	114.2

(b) Movement in expected credit loss allowance

Balance at the beginning of the period	(64.5)	(5.3)
Expected credit charge relating to COVID-19	(9.8)	(68.3)
Amounts written-off relating to COVID-19	13.8	4.7
Other decreases in expected credit loss	0.7	4.4
Balance at the end of the period	(59.8)	(64.5)

Impact of the COVID-19 pandemic

The first few months of the pandemic and the intermittent government restrictions on people movement and activity has caused many of the Trust's retailers to be adversely impacted, resulting in loss of revenue impacting many tenants' financial position. The current reporting period however has seen the broader Australian and New Zealand economies rebound as government restrictions were eased. High levels of government assistance cushioned broader economic impacts to unemployment, business performance and consumer confidence. This is reflected in the lower expected credit charge relating to COVID-19 in the current reporting period compared to the previous corresponding period. However, uncertainties remain due to outbreaks and snap lockdowns. This affects management's ability to reliably determine key judgements, estimates and assumptions used in determining expected credit loss. The expected credit loss allowance was based on available information pertaining to conditions that existed at balance date.

SCENTRE GROUP TRUST 1
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 30 June 2021

3 Trade debtors and receivables (continued)

In April 2020, the Australian Government issued the Code of Conduct for small to medium sized retailers, which mandated a framework for temporary lease arrangements to reduce cash rent in proportion to the retailers' revenue impact during the pandemic period. During that period, various governments in Australia have extended and/or amended legislated COVID-19 rent relief schemes for commercial tenants to provide further financial assistance. New Zealand does not have a Code of Conduct, however the Trust has implemented similar principles in that market with respect to small to medium sized retailers. The Trust has also worked with retail partners that are not subject to the code on a case-by-case basis to determine appropriate ways to assist with their cash flow issues. Legislated COVID-19 rent relief schemes expired in Queensland in December 2020, South Australia and Australian Capital Territory in January 2021 and in New South Wales, Victoria and Western Australia in March 2021. After 30 June 2021, Victoria and New South Wales have reinstated rent relief schemes to apply until January 2022.

The expected credit charge relating to COVID-19 is solely related to the COVID-19 pandemic and has been separately disclosed in the statement of comprehensive income to highlight its significant impact on the Trust's financial performance. The charge reflects the expected rental abatements and the additional credit risk associated with tenants. The expected rental abatements are based on management's expectations of the level of rental abatements that will be provided to tenants. The level of expected rental abatements has been determined after discussions and agreements with tenants. Where abatements have not been agreed with tenants, estimates have been made giving reference to outcomes with similar retailers.

For trade debtors and receivables outstanding at balance date in excess of the expected rental abatements, management have assessed that there is an increased level of credit risk on the collection of these balances. Rather than primarily applying historical loss rates, the assumptions used in estimating lifetime expected credit loss include the following:

- the extent and duration of the pandemic;
- the effectiveness of government policies in response to the pandemic;
- the credit quality of tenants based on shared credit risk characteristics (e.g. size, industry, aging);
- future economic conditions which are based on forward looking information such as economic growth and inflation; and
- consumer and business sentiment.

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

Trade debtors and receivables written-off include rent abated relating to past occupancy that is part of rent relief arrangements with tenants applicable to the COVID-19 pandemic period.

At 30 June 2021, approximately 83% of trade debtors are aged greater than 90 days and the expected credit loss allowance is 69% of trade debtors. An increase or decrease of 5% in the expected credit loss rate (after adjusting for GST and bank guarantees) would result in an increase or decrease in expected credit loss allowance of \$3.3 million respectively. At 31 December 2020, approximately 80% of trade debtors are aged greater than 90 days and the expected credit loss allowance is 61% of trade debtors. An increase or decrease of 5% in the expected credit loss rate (after adjusting for GST and bank guarantees) would result in an increase or decrease in expected credit loss allowance of \$3.5 million respectively.

Receivables also include interest receivable which is linked to derivatives that have been transacted with credit worthy counterparties in accordance with Scentre Group's credit risk policy.

SCENTRE GROUP TRUST 1
 NOTES TO THE FINANCIAL STATEMENTS
 For the half-year ended 30 June 2021

4 Investment properties

	30 Jun 21 \$million	31 Dec 20 \$million
Shopping centre investments	8,236.1	8,209.6
Development projects and construction in progress	51.7	59.5
Total investment properties ⁽ⁱ⁾	8,287.8	8,269.1

⁽ⁱ⁾ The fair value of investment properties at the end of the period of \$8,287.8 million (31 December 2020: \$8,269.1 million) comprises investment properties at market value of \$8,280.3 million (31 December 2020: \$8,261.5 million) and ground lease assets of \$7.5 million (31 December 2020: \$7.6 million).

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

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

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

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

5 Details of shopping centre investments

	30 Jun 21 \$million	31 Dec 20 \$million
Consolidated Australian shopping centres	8,236.1	8,209.6
Total consolidated shopping centres	8,236.1	8,209.6
Equity accounted Australian shopping centres	7,575.9	7,545.8
Equity accounted New Zealand shopping centres	728.0	731.2
Total equity accounted shopping centres	8,303.9	8,277.0
	16,540.0	16,486.6

Impact of the COVID-19 pandemic

The COVID-19 pandemic and the regulatory response has impacted our operations as well those of our tenants, resulting in valuation uncertainty for investment properties. This uncertainty affects our ability to reliably determine the key judgements and assumptions used in the property valuations. The Income Capitalisation approach and the Discounted Cash Flow approach are used to arrive at a range of valuation outcomes, from which a best estimate of fair value is derived at a point in time. The key assumptions and estimates used in these valuation approaches which have been impacted by COVID-19 include:

- forecast future income, based on the location, type and quality of the property, which are supported by the terms of any existing leases, other contracts or external evidence such as current market rents for similar properties adjusted to recognise the COVID-19 impact;
- lease assumptions based on current and expected future market conditions after expiry of any current lease;
- the capitalisation rate and discount rate derived from recent comparable market transactions adjusted for COVID-19 to reflect the uncertainty in the amount and timing of cash flows; and
- the impact of government support on tenants and rental schemes giving rise to rent deferrals, rent waivers, and eviction moratoriums.

Due to the valuation uncertainty the property values may change significantly and unexpectedly over a relatively short period of time. The property valuations have been prepared based on information that is available at balance date.

SCENTRE GROUP TRUST 1
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 30 June 2021

5 Details of shopping centre investments (continued)

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

	30 Jun 21	31 Dec 20
Australian portfolio		
Retail capitalisation rate	4.25%-6.25%	4.25%-6.25%
Weighted average retail capitalisation rate	4.83%	4.83%
Retail discount rate	5.75%-7.50%	6.00%-7.50%
New Zealand portfolio		
Retail capitalisation rate	5.50%-6.75%	5.50%-6.75%
Weighted average retail capitalisation rate	6.09%	6.14%
Retail discount rate	7.00%-8.50%	7.00%-8.50%

Changes to key inputs would result in changes to the fair value of investment properties. An increase in capitalisation rate and/or discount rate would result in lower fair value, while a decrease in capitalisation rate and/or discount rate will result in higher fair value (with all other factors held constant). The discount rates adopted at 30 June 2021 have broadly remained unchanged from 31 December 2020. The capitalisation rate sensitivity analysis is detailed below.

	30 Jun 21 \$million	31 Dec 20 \$million
The sensitivity of shopping centre valuations to changes in capitalisation rates is as follows:	Capitalisation rate movement	Increase/(decrease) in fair value
	-50 bps	1,876.4
	-25 bps	887.8
	+25 bps	(801.8)
	+50 bps	(1,529.4)

6 Distributions

	30 Jun 21 \$million	30 Jun 20 \$million
(a) Interim distribution		
3.50 cents per unit (30 June 2020: Nil)	181.7	-
	181.7	-

Details of the full year components of distribution will be provided in the Annual Tax Statement which will be sent to members in March 2022.

The interim distribution will be paid on 31 August 2021. The record date for determining entitlement to this distribution was 5pm, 16 August 2021. Scentre Group does not operate a Distribution Reinvestment Plan.

	30 Jun 21 \$million	30 Jun 20 \$million
(b) Distributions paid		
Distribution in respect of the six months to 31 December 2020	229.9	-
Distribution in respect of the six months to 31 December 2019	-	358.9
	229.9	358.9

SCENTRE GROUP TRUST 1
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 30 June 2021

7 Statutory earnings/(loss) per unit

	30 Jun 21 cents	30 Jun 20 cents
(a) Summary of earnings/(loss) per unit attributable to members of Scentre Group Trust 1		
Basic and diluted earnings/(loss) per unit	4.64	(33.37)

There are no potential ordinary units which are dilutive.

In calculating basic and diluted earnings/(loss) per unit attributable to Scentre Group Trust 1, net profit attributable to members of Scentre Group Trust 1 of \$240.7 million (30 June 2020: loss of \$1,736.6 million) was divided by the weighted average number of ordinary units of 5,190,378,339 (30 June 2020: 5,204,765,420).

(b) Conversions, calls, subscriptions, issues or buy-back after 30 June 2021

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

8 Payables and other creditors

	30 Jun 21 \$million	31 Dec 20 \$million
Payables and other creditors	172.9	168.6
Interest payable to related entities	41.7	48.7
Non interest bearing loans payable to related entities	960.8	960.8
	1,175.4	1,178.1

9 Interest bearing liabilities

Current

Interest bearing liabilities	735.6	1,049.1
Interest bearing loans payable to related entities	1,657.9	546.8
	2,393.5	1,595.9

Non current

Interest bearing liabilities	5,274.8	5,912.0
	5,274.8	5,912.0
Total interest bearing liabilities	7,668.3	7,507.9

10 Contributed equity

	30 Jun 21 Number of units	31 Dec 20 Number of units
(a) Number of units on issue		
Balance at the beginning of the period	5,190,378,339	5,238,757,932
Buy-back and cancellation of units	-	(48,379,593)
Balance at the end of the period	5,190,378,339	5,190,378,339

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

Holders of Scentre Group stapled securities can vote their shares and units in accordance with the Corporations Act, either in person or by proxy, at a meeting of any of SGL, SGT1, SGT2 and SGT3 (as the case may be).

	30 Jun 21 \$million	31 Dec 20 \$million
(b) Amount of contributed equity attributable to members of SGT1		
Balance at the beginning of the period	1,459.0	1,527.2
Buy-back and cancellation of units and associated costs	-	(68.2)
Balance at the end of the period	1,459.0	1,459.0

SCENTRE GROUP TRUST 1
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 30 June 2021

11 Fair value of financial assets and liabilities

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

	Fair value hierarchy	Fair value		Carrying amount	
		30 Jun 21 \$million	31 Dec 20 \$million	30 Jun 21 \$million	31 Dec 20 \$million
Consolidated assets					
Cash and cash equivalents		58.3	81.4	58.3	81.4
Trade debtors and receivables ⁽ⁱ⁾		105.8	114.2	105.8	114.2
Derivative assets ⁽ⁱⁱ⁾	Level 2	439.6	459.9	439.6	459.9
Consolidated liabilities					
Trade and other payables ⁽ⁱ⁾		1,235.4	1,247.4	1,235.4	1,247.4
Interest bearing liabilities ⁽ⁱⁱ⁾					
– Fixed rate debt	Level 2	6,191.8	7,152.2	5,739.8	6,687.6
– Floating rate debt	Level 2	1,928.5	820.3	1,928.5	820.3
Other financial liabilities ⁽ⁱ⁾	Level 3	613.6	612.7	613.6	612.7
Derivative liabilities ⁽ⁱⁱ⁾	Level 2	473.1	637.6	473.1	637.6

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

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

Determination of fair value

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

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

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

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

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

During the half-year ended 30 June 2021, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

	Property linked notes ⁽ⁱ⁾ 30 Jun 21 \$million	Property linked notes ⁽ⁱ⁾ 31 Dec 20 \$million
Level 3 fair value movement		
Balance at the beginning of the period	612.7	689.0
Net fair value loss/(gain) included in financing costs in the statement of comprehensive income	0.9	(76.3)
Balance at the end of the period	613.6	612.7

⁽ⁱ⁾ The fair value of the property linked notes has been determined by reference to the fair value of the relevant Westfield shopping centres (namely Parramatta, Southland and Hornsby).

Investment properties are considered Level 3.

12 Events after the reporting period

Post 30 June 2021, New South Wales, Queensland, Victoria, South Australia, the Australian Capital Territory and New Zealand have extended or re-imposed lockdown restrictions in response to the COVID-19 pandemic. As at the date of this report, lockdowns are still in place in New South Wales, Australian Capital Territory, Victoria and New Zealand. Both Victoria and New South Wales have also reinstated rent relief schemes to apply until January 2022.

As the COVID-19 pandemic is ongoing, uncertainties remain over its extent, duration and consequential economic and business impacts, and governments continue to assess and implement measures in response to the pandemic. However, at the date of this report and subject to no material changes in the future, these events are not expected to have a material impact on the carrying value of the Trust's assets as reported in this half-year financial report.

SCENTRE GROUP TRUST 1 DIRECTORS' DECLARATION

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

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the Financial Statements and notes thereto are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - (ii) giving a true and fair view of the financial position as at 30 June 2021 and the performance of the consolidated entity for the half-year ended on that date in accordance with section 305 of the Corporations Act 2001.

Made on 24 August 2021 in accordance with a resolution of the Board of Directors.



Brian Schwartz AM
Chairman



Michael Ihlein
Director

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Scentre Group Trust 1 and its controlled entities (the Trust), which comprises the balance sheet as at 30 June 2021, statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- a) giving a true and fair view of the consolidated financial position of the Trust as at 30 June 2021 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter - Significant Valuation Uncertainty - Investment Property

We draw attention to Notes 4 and 5 of the financial report which describes the impact of the COVID-19 pandemic on the determination of fair value of investment properties and how this has been considered by the Directors in the preparation of the financial report. Due to the heightened degree of valuation uncertainty, property values may change significantly and unexpectedly over a relatively short period of time. Our opinion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

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

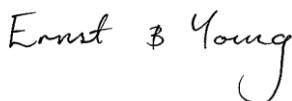
Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Trust's consolidated financial position as at 30 June 2021 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

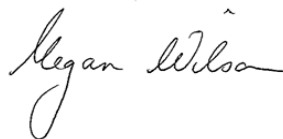
A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards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

Independence

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



Ernst & Young



Megan Wilson
Partner

Sydney, 24 August 2021

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

SCENTRE GROUP TRUST 1 DIRECTORS' REPORT

The Directors of Scentre Management Limited (the Responsible Entity), the responsible entity of Scentre Group Trust 1 (the Trust or SGT1) submit the following report for the half-year ended 30 June 2021 (Financial Period).

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

1. Directors

As at the date of this report, the Board comprised the following Directors.

Brian Schwartz AM	Non-Executive Chairman
Peter Allen	Managing Director / Chief Executive Officer
Ilana Atlas AO	Non-Executive Director
Andrew Harmos	Non-Executive Director
Michael Ihlein	Non-Executive Director
Carolyn Kay	Non-Executive Director
Steven Leigh	Non-Executive Director
Guy Russo	Non-Executive Director
Margaret Seale	Non-Executive Director
Michael Wilkins AO	Non-Executive Director

Ilana Atlas was appointed to the Board as an independent non-executive Director on 28 May 2021.

All other Directors held office for the entire Financial Period. All non-executive Directors are independent Directors.

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

2. Review and results of operations

2.1 Operating environment

Scentre Group owns and operates 42 Westfield Living Centres across Australia and New Zealand encompassing more than 12,000 outlets. The Trust has a joint interest in 39 Westfield Living Centres.

Scentre Group is focused on long term growth leveraging the strength of our core business by becoming essential to people, communities and the businesses that interact with them. We want to be people's first choice for where they spend their time outside of their home and work.

All Westfield Living Centres remained open and trading during the Financial Period, operating with COVID-Safe protocols and in line with health and government advice. We are facilitating community access to COVID-19 vaccinations across all of our Westfield centres.

Demand for space in our Westfield Living Centres remains strong. During the Financial Period, 1,515 lease deals were completed, including 619 new merchants. Occupancy remains strong with the portfolio 98.5% leased at 30 June 2021.

Deal activity has been strong with a number of first to market and first to portfolio brands. In New Zealand, first to market brands for Westfield Newmarket include Moncler, Saint Laurent, Balenciaga, Alexander McQueen, Burberry and Jimmy Choo. First to portfolio brands include the Miele Experience Centre at Westfield Doncaster and StyleRunner, Rebecca Vallance and Allkinds at Westfield Miranda.

During the Financial Period, Scentre Group continued to support SME retailers to mitigate the short term cashflow impact on their business during the pandemic through appropriate rent deferral.

Scentre Group's leading platform, expertise and focus on curating an offering that our customers want has delivered long-term growth. Since 2010, Scentre Group's portfolio has seen rent per square metre (total area) grow by 23% to \$822 per square metre at 30 June 2021. Over the same period, the portfolio's total area has grown by 15% to 3.9 million square metres.

This Financial Period has highlighted the fundamental strength of our business and its ability to rebound when restrictions ease. Whilst we are currently operating through a period of government restrictions in key markets, we are confident in the ability of our business to perform. We are well-positioned to come through this period strongly, supporting our customers and continuing to deliver long-term growth for our securityholders.

SCENTRE GROUP TRUST 1

DIRECTORS' REPORT (continued)

2. Review and results of operations (continued)

2.2 Investors

Financial performance

For the Financial Period, the Trust's financial result was a profit of \$251.5 million. For the 6 months ended 30 June 2021, the Trust distribution of 3.50 cents per ordinary unit formed part of the distribution of 7.00 cents per Scentre Group stapled security, payable on 31 August 2021.

During the Financial Period, Scentre Group achieved gross cash inflow of \$1,383.9 million and a net operating cash surplus (after interest, overheads and tax) of \$487.7 million, with Operating Profit up 28% on the prior comparative period.

Scentre Group collected \$1.2 billion of gross rent during the Financial Period, representing an increase of 37% or \$325 million compared to the first half of 2020.

Annual sales through Scentre Group's platform were \$23.4 billion. During the first half of 2021, total sales excluding cinemas and travel exceeded total sales in the first half of 2019, even though there were a number of government lockdowns during the Financial Period.

Liquidity and capital management

As at 30 June 2021, the Trust had available financing facilities of \$4.5 billion (31 December 2020: \$4.3 billion), after deducting facilities utilised by its borrowings.

Scentre Group's interest cover for the period was 3.3 times and balance sheet gearing at 30 June 2021 was 27.9%.

Scentre Group maintains "A" grade credit ratings by S&P, Fitch and Moody's.

Development activities

The \$55 million entertainment, leisure and dining precinct development at Westfield Mt Druitt is progressing well and expected to open in Q1 2022. The Trust has a 25% joint interest in Westfield Mt Druitt.

A detailed review and results of operations for Scentre Group is contained in the Directors' Report in the Scentre Group Half-Year Financial Report which is available at www.scentregroup.com.

2.3 Outlook

Scentre Group continues to target a distribution of 14 cents per security for the year to 31 December 2021. This is based on the assumption that the current government restrictions substantially ease by the end of October 2021.

3. Events after the reporting period

Post 30 June 2021, New South Wales, Queensland, Victoria, South Australia, the Australian Capital Territory and New Zealand have extended or re-imposed lockdown restrictions in response to the COVID-19 pandemic. As at the date of this report, lockdowns are still in place in New South Wales, Australian Capital Territory, Victoria and New Zealand. Both Victoria and New South Wales have also reinstated rent relief schemes to apply until January 2022.

As the COVID-19 pandemic is ongoing, uncertainties remain over its extent, duration and consequential economic and business impacts, and governments continue to assess and implement measures in response to the pandemic. However, at the date of this report and subject to no material changes in the future, these events are not expected to have a material impact on the carrying value of the Trust's assets as reported in this half-year financial report.

4. Risk management

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

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

5. Principal activity

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

SCENTRE GROUP TRUST 1
DIRECTORS' REPORT (continued)

6. Rounding

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

7. Synchronisation of financial year

By an order dated 5 November 2001 made by the Australian Securities and Investments Commission, the Directors have been relieved from compliance with the requirement to ensure that the financial year of Carindale Property Trust is synchronised with the financial year of SGT1. Although the financial year of Carindale Property Trust ends on 30 June, the financial statements of SGT1 have been prepared to include accounts for Carindale Property Trust for a period coinciding with the financial year of SGT1.

8. ASX listing

ASX reserves the right (but without limiting its absolute discretion) to remove Scentre Group Limited, SGT1, Scentre Group Trust 2 and Scentre Group Trust 3 from the official list of ASX if any of the shares or units comprising those stapled securities cease to be stapled together, or any equity securities are issued by a Scentre Group entity which are not stapled to the equivalent securities in the other entities.

9. Auditor's independence declaration

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



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

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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

As lead auditor for the review of the financial report of Scentre Group Trust 1 for the half-year ended 30 June 2021, I declare to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Ernst & Young

24 August 2021

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

Megan Wilson
Partner

This report is made on 24 August 2021 in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.

Brian Schwartz AM
Chairman

Michael Ihlein
Director

DIRECTORY

Scentre Group
Scentre Group Limited
ABN 66 001 671 496

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

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

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

Registered Office
Level 30
85 Castlereagh Street
Sydney NSW 2000

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

Secretaries
Maureen T McGrath
Paul F Giugni

Auditor
Ernst & Young
200 George Street
Sydney NSW 2000

Investor Information
Scentre Group
Level 30
85 Castlereagh Street
Sydney NSW 2000
Telephone: +61 2 9358 7877
Facsimile: +61 2 9358 7881
E-mail: investor@scentregroup.com
Website: www.scentregroup.com/investors

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

Listing
Australian Securities Exchange – SCG

Website
www.scentregroup.com

Scentre Group Trust 2

Half-Year Financial Report

For the half-year ended 30 June 2021

	Page
Statement of Comprehensive Income	1
Balance Sheet	2
Statement of Changes in Equity	3
Cash Flow Statement	4
Notes to the Financial Statements	5
Directors' Declaration	15
Independent Auditor's Review Report	16
Directors' Report	17
Directory	20

SCENTRE GROUP TRUST 2
STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 30 June 2021

	Note	30 Jun 21 \$million	30 Jun 20 \$million
Revenue			
Property revenue		283.4	289.7
		283.4	289.7
Expenses			
Property expenses, outgoings and other costs		(77.5)	(72.8)
Expected credit charge relating to COVID-19		(9.0)	(57.8)
Overheads		(4.1)	(3.6)
		(90.6)	(134.2)
Share of after tax profits/(loss) of equity accounted entities			
Property revenue		265.3	267.1
Property expenses, outgoings and other costs		(72.0)	(66.0)
Expected credit charge relating to COVID-19		(12.8)	(58.1)
Net interest expense		(0.7)	(6.0)
Property revaluations		19.1	(1,049.1)
Tax expense		(2.9)	(2.2)
		196.0	(914.3)
Interest income		12.7	2.2
Currency gain/(loss)		(10.5)	2.0
Financing costs		(264.0)	(116.9)
Property revaluations		(9.4)	(1,023.7)
Profit/(loss) before tax		117.6	(1,895.2)
Tax expense		(0.7)	-
Profit/(loss) after tax for the period		116.9	(1,895.2)
Other comprehensive income/(loss)			
<i>Movement in foreign currency translation reserve ⁽ⁱ⁾</i>			
- Realised and unrealised differences on the translation of investment in foreign operations		(1.3)	(4.9)
Total comprehensive income/(loss) for the period		115.6	(1,900.1)
		cents	cents
Basic and diluted earnings/(loss) per unit	7(a)	2.25	(36.41)

⁽ⁱ⁾ This may be subsequently transferred to the profit and loss. In relation to the foreign currency translation reserve, the portion relating to the foreign operations may be transferred to the profit and loss depending on how the foreign operations are sold.

SCENTRE GROUP TRUST 2

BALANCE SHEET

As at 30 June 2021

	Note	30 Jun 21 \$million	31 Dec 20 \$million
Current assets			
Cash and cash equivalents		104.3	127.8
Short term deposits at bank		805.9	2,212.8
Trade debtors	3	28.5	41.8
Receivables	3	2,020.7	1,342.8
Derivative assets		0.1	7.5
Other current assets		11.5	14.1
Total current assets		2,971.0	3,746.8
Non current assets			
Trade debtors	3	0.4	1.8
Investment properties	4	9,178.7	9,113.6
Equity accounted investments		8,150.5	7,606.5
Derivative assets		203.4	264.3
Other non current assets		31.6	51.6
Total non current assets		17,564.6	17,037.8
Total assets		20,535.6	20,784.6
Current liabilities			
Trade creditors		63.1	71.2
Payables and other creditors	8	256.9	262.8
Interest bearing liabilities			
- Senior borrowings	9	190.0	405.9
Lease liabilities		0.1	0.1
Derivative liabilities		5.1	21.5
Total current liabilities		515.2	761.5
Non current liabilities			
Interest bearing liabilities			
- Senior borrowings	9	4,375.6	4,355.8
- Subordinated notes	9	3,988.3	3,894.6
Lease liabilities		7.5	7.6
Derivative liabilities		713.1	811.4
Total non current liabilities		9,084.5	9,069.4
Total liabilities		9,599.7	9,830.9
Net assets		10,935.9	10,953.7
Equity			
Contributed equity	10(b)	7,868.4	7,868.4
Reserves		14.6	15.9
Retained profits		3,052.9	3,069.4
Total equity		10,935.9	10,953.7

SCENTRE GROUP TRUST 2

STATEMENT OF CHANGES IN EQUITY

For the half-year ended 30 June 2021

	Contributed		Retained	30 Jun 21	Contributed		Retained	30 Jun 20
	Equity	Reserves	Profits	Total	Equity	Reserves	Profits	Total
	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million
Balance at the beginning of the period	7,868.4	15.9	3,069.4	10,953.7	7,968.2	21.9	5,374.6	13,364.7
- Profit/(loss) after tax for the period ⁽ⁱ⁾	-	-	116.9	116.9	-	-	(1,895.2)	(1,895.2)
- Other comprehensive loss ^{(i) (ii)}	-	(1.3)	-	(1.3)	-	(4.9)	-	(4.9)
Transactions with owners in their capacity as owners								
- Buy-back and cancellation of units and associated costs	-	-	-	-	(99.8)	-	-	(99.8)
- Distributions paid or provided for	-	-	(133.4)	(133.4)	-	-	(233.1)	(233.1)
Closing balance of equity	7,868.4	14.6	3,052.9	10,935.9	7,868.4	17.0	3,246.3	11,131.7

⁽ⁱ⁾ Total comprehensive income for the period amounts to \$115.6 million (30 June 2020: loss of \$1,900.1 million).

⁽ⁱⁱ⁾ Movement in reserves comprises realised and unrealised loss on the translation of investment in foreign operations of \$1.3 million (30 June 2020: \$4.9 million).

SCENTRE GROUP TRUST 2

CASH FLOW STATEMENT

For the half-year ended 30 June 2021

	30 Jun 21 \$million	30 Jun 20 \$million
Cash flows from operating activities		
Receipts in the course of operations (including Goods and Services Tax (GST))	328.9	227.0
Payments in the course of operations (including GST)	(95.2)	(75.4)
Dividends/distributions received from equity accounted entities	162.2	94.9
Withholding taxes paid	(0.7)	-
GST paid	(20.1)	(23.7)
Payments of financing costs (excluding interest capitalised)	(180.7)	(92.5)
Interest received	12.7	2.2
Net cash inflow from operating activities	207.1	132.5
Cash flows from investing activities		
Capital expenditure	(60.8)	(43.1)
Payments relating to the sale of assets	(1.9)	(4.2)
Net outflows for investments in equity accounted entities	(513.5)	(20.9)
Financing costs capitalised to qualifying development projects and construction in progress	(7.6)	(3.8)
Net cash outflow from investing activities	(583.8)	(72.0)
Cash flows from financing activities		
Buy-back of units and associated costs	-	(99.8)
Cancellation of derivatives following the issuance of subordinated notes	(26.4)	-
Proceeds from recall of short term deposits at bank	1,404.5	-
Net repayment of senior borrowings and lease liabilities	(210.8)	(159.8)
Net funds received from/(paid to) related entities	(680.7)	838.8
Distributions paid	(133.4)	(233.1)
Net cash inflow from financing activities	353.2	346.1
Net increase/(decrease) in cash and cash equivalents held	(23.5)	406.6
Add opening cash and cash equivalents brought forward	127.8	42.3
Cash and cash equivalents at the end of the period ⁽ⁱ⁾	104.3	448.9

⁽ⁱ⁾ Cash and cash equivalents comprises cash of \$104.3 million (30 June 2020: \$448.9 million) net of bank overdraft of nil (30 June 2020: nil).

SCENTRE GROUP TRUST 2

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2021

1 Basis of preparation of the financial report

(a) Corporate information

This financial report of Scentre Group Trust 2 (SGT2) and its controlled entities (collectively the Trust) for the half-year ended 30 June 2021 was approved in accordance with a resolution of the Board of Directors of RE1 Limited as Responsible Entity of SGT2.

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

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

(b) Basis of preparation

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

This half-year financial report should be read in conjunction with the annual financial report of SGT2 as at 31 December 2020.

It is also recommended that this half-year financial report be considered together with any public announcements made by Scentre Group during the half-year ended 30 June 2021 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 (Corporations Act).

(c) Impact of the COVID-19 pandemic

On 11 March 2020, the World Health Organisation declared the outbreak of the COVID-19 virus a pandemic. Both Australia and New Zealand experienced an outbreak of the virus, and the governments of both countries implemented a number of measures, including significant restrictions on people movement and activity. Since March 2020, varying levels of government restrictions have applied to different regions in Australia and New Zealand depending on the scale and severity of outbreaks.

Additional disclosures relating to the impact of the ongoing COVID-19 pandemic on the Trust's operations and financial performance are discussed in Note 3: Trade debtors and receivables, Note 5: Details of shopping centre investments, Note 12: Events after the reporting period, and in section 2 Review and results of operations in the Directors' Report.

(d) Going concern

This half-year financial report has been prepared on a going concern basis. The Directors' assessment of Scentre Group's ability to continue as a going concern also applies to the Trust, as the Trust forms part of the stapled group and is a member of Scentre Group's cross-guarantee arrangements. In making the going concern assessment for the Trust, the Directors have considered:

- Scentre Group's ability to meet its financial obligations over the next twelve months, using cash flow sensitivity analysis and having regard to debt maturities, funding requirements, operating cash earnings and available financing facilities; and
- Scentre Group's ability to meet its financial covenants over the next twelve months, assuming various scenarios for the potential impact of the COVID-19 pandemic.

(e) Basis of accounting

This half-year financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Regulations 2001 and AASB 134 Interim Financial Reporting.

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

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

This half-year financial report has been prepared using the same accounting policies as used in the annual financial report for the year ended 31 December 2020 except for the changes required due to the adoption of accounting standards as disclosed in Note 1(f).

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

SCENTRE GROUP TRUST 2

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2021

1 Basis of preparation of the financial report (continued)

(f) New accounting standards and interpretations

The Trust has adopted the following standard which became applicable on 1 January 2021:

- AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform Phase 2
This standard amends AASB 9 Financial Instruments, AASB 139 Financial Instruments: Recognition and Measurement, AASB 7 Financial Instruments: Disclosures, AASB 4 Insurance Contracts and AASB 16 Leases to address issues that arise during the reform of an interest rate benchmark (IBOR), including the replacement of one benchmark with an alternative one. A number of temporary reliefs are provided for hedging relationships that are directly affected by the interest rate benchmark reform. These amendments have no impact on the consolidated financial statements as the Trust does not have any interest rate hedge relationships nor exposures to interest rates that are dependent on IBORs.

The Trust continues to manage the transition of certain IBORs to alternative benchmark rates. Any impact on the valuation of derivatives is expected to be immaterial.

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Trust for the half-year ended 30 June 2021. The impact of these new standards or amendments to the standards and interpretations (to the extent relevant to the Trust) is as follows:

- AASB 2021-3 Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions beyond 30 June 2021 (effective for annual reporting periods beginning on or after 1 April 2021)
This amends AASB 16 Leases to extend the availability of the practical expedient to not account for COVID-19 related rent concessions as lease modifications by one year. This amendment is not expected to have a significant impact on the financial statements on application.
- AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective from 1 January 2022)
This amends AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates and Joint Ventures to address an inconsistency between the requirements of AASB 10 and AASB 128 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. This amendment is not expected to have a significant impact on the financial statements on application.
- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments (effective from 1 January 2022)
This amends (to the extent relevant to the Trust):
 - (i) AASB 9 Financial Instruments to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability;
 - (ii) AASB 3 Business Combinations to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations; and
 - (iii) AASB 137 Provisions, Contingent Liabilities and Contingent Assets to specify the costs that an entity includes when assessing whether a contract will be loss-making.These amendments are not expected to have a significant impact on the financial statements on application.
- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Noncurrent (effective from 1 January 2023)
This amends AASB 101 Presentation of Financial Statements to clarify the requirements for classifying liabilities as current or non current. This amendment is not expected to have a significant impact on the financial statements on application.
- AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective from 1 January 2023)
This amends AASB 112 Income Taxes to clarify the accounting for deferred tax on transactions that at the time of the transaction give rise to equal taxable and deductible temporary differences. This amendment is not expected to have a significant impact on the financial statements on application.

SCENTRE GROUP TRUST 2

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2021

1 Basis of preparation of the financial report (continued)

(f) New accounting standards and interpretations (continued)

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

This amends:

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

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

(g) Comparative information

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

(h) Rounding

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

2 Segment reporting

Geographic segments

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

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

The proportionate format is used by management in assessing and understanding the performance and results of operations of the Trust as it allows management to observe and analyse revenue and expense results and trends on a portfolio-wide basis. The assets underlying both the consolidated and the equity accounted components of the statutory statement of comprehensive income are similar (that is, Australian and New Zealand shopping centres), all centres are under common management and therefore the drivers of their results are similar. Accordingly, management considers that the proportionate format provides a more useful way to understand the performance of the portfolio as a whole than the statutory format.

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

(a) Geographic segment information

	Australia \$million	New Zealand \$million	30 Jun 21 \$million	Australia \$million	New Zealand \$million	30 Jun 20 \$million
Revenue						
Shopping centre base rent and other property income ⁽ⁱ⁾	532.1	30.1	562.2	541.7	29.8	571.5
Amortisation of tenant allowances	(14.6)	(0.8)	(15.4)	(16.9)	(0.7)	(17.6)
Straightlining of rent	1.4	0.5	1.9	2.5	0.4	2.9
	518.9	29.8	548.7	527.3	29.5	556.8
Expenses						
Property expenses, outgoings and other costs	(140.4)	(9.1)	(149.5)	(131.1)	(7.7)	(138.8)
Expected credit charge relating to COVID-19	(22.3)	0.5	(21.8)	(109.0)	(6.9)	(115.9)
	(162.7)	(8.6)	(171.3)	(240.1)	(14.6)	(254.7)
Segment income and expenses	356.2	21.2	377.4	287.2	14.9	302.1

⁽ⁱ⁾ Includes recovery of outgoings from lessees of \$67.3 million (30 June 2020: \$65.9 million).

SCENTRE GROUP TRUST 2

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2021

2 Segment reporting (continued)

(a) Geographic segment information (continued)

	Australia \$million	New Zealand \$million	30 Jun 21 \$million	Australia \$million	New Zealand \$million	31 Dec 20 \$million
Shopping centre investments	16,370.1	728.0	17,098.1	16,340.7	731.2	17,071.9
Development projects and construction in progress	321.6	27.0	348.6	255.8	27.1	282.9
Segment assets ⁽ⁱ⁾	16,691.7	755.0	17,446.7	16,596.5	758.3	17,354.8
Additions to segment non current assets during the period ⁽ⁱⁱ⁾	82.3	4.9	87.2	101.3	11.4	112.7

⁽ⁱ⁾ Includes equity accounted segment assets of \$8,268.0 million (31 December 2020: \$8,241.2 million).

⁽ⁱⁱ⁾ Additions are net of amortisation of tenant allowances of \$15.4 million (31 December 2020: \$33.7 million).

(b) Reconciliation of segment information

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

	Consolidated \$million	Equity accounted \$million	30 Jun 21 \$million	Consolidated \$million	Equity accounted \$million	30 Jun 20 \$million
Property revenue	283.4	265.3	548.7	289.7	267.1	556.8
Property expenses, outgoing and other costs	(77.5)	(72.0)	(149.5)	(72.8)	(66.0)	(138.8)
Expected credit charge relating to COVID-19	(9.0)	(12.8)	(21.8)	(57.8)	(58.1)	(115.9)
Segment income and expenses	196.9	180.5	377.4	159.1	143.0	302.1
Overheads			(4.1)			(3.6)
Interest income			12.7			2.4
Currency gain/(loss)			(10.5)			2.0
Financing costs			(264.7)			(123.1)
Property revaluations			9.7			(2,072.8)
Tax expense			(3.6)			(2.2)
Net profit/(loss)			116.9			(1,895.2)

	Consolidated \$million	Equity accounted \$million	30 Jun 21 \$million	Consolidated \$million	Equity accounted \$million	31 Dec 20 \$million
Shopping centre investments	8,881.3	8,216.8	17,098.1	8,880.6	8,191.3	17,071.9
Development projects and construction in progress	297.4	51.2	348.6	233.0	49.9	282.9
Segment assets	9,178.7	8,268.0	17,446.7	9,113.6	8,241.2	17,354.8
Cash and cash equivalents	104.3	31.7	136.0	127.8	28.5	156.3
Short term deposits at bank	805.9	-	805.9	2,212.8	-	2,212.8
Trade and other receivables	2,113.2	103.2	2,216.4	1,456.2	125.3	1,581.5
Expected credit loss allowance	(63.6)	(71.2)	(134.8)	(69.8)	(73.8)	(143.6)
Other assets	246.6	3.9	250.5	337.5	1.9	339.4
Total assets	12,385.1	8,335.6	20,720.7	13,178.1	8,323.1	21,501.2
Interest bearing liabilities						
- Senior borrowings	4,565.6	-	4,565.6	4,761.7	504.9	5,266.6
- Subordinated notes	3,988.3	-	3,988.3	3,894.6	-	3,894.6
Deferred tax liabilities	-	56.1	56.1	-	57.0	57.0
Other liabilities	1,045.8	129.0	1,174.8	1,174.6	154.7	1,329.3
Total liabilities	9,599.7	185.1	9,784.8	9,830.9	716.6	10,547.5
Net assets	2,785.4	8,150.5	10,935.9	3,347.2	7,606.5	10,953.7

SCENTRE GROUP TRUST 2

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2021

3 Trade debtors and receivables

	30 Jun 21 \$million	31 Dec 20 \$million
Current		
Trade debtors	28.5	41.8
Receivables		
- Other receivables	27.8	19.7
- Interest receivable from related entities	82.2	92.4
- Interest bearing loans receivable from related entities	1,910.7	1,230.7
	2,049.2	1,384.6
Non current		
Trade debtors	0.4	1.8
	0.4	1.8
Total trade debtors and receivables	2,049.6	1,386.4
(a) Trade debtors and receivables comprise:		
Trade debtors and receivables	2,113.2	1,456.2
Expected credit loss allowance	(63.6)	(69.8)
Total trade debtors and receivables	2,049.6	1,386.4
(b) Movement in expected credit loss allowance		
Balance at the beginning of the period	(69.8)	(5.2)
Expected credit charge related to COVID-19	(9.0)	(73.3)
Amounts written-off related to COVID-19	14.7	5.0
Other decreases in expected credit loss	0.5	3.7
Balance at the end of the period	(63.6)	(69.8)

Impact of the COVID-19 pandemic

The first few months of the pandemic and the intermittent government restrictions on people movement and activity has caused many of the Trust's retailers to be adversely impacted, resulting in loss of revenue impacting many tenants' financial position. The current reporting period however has seen the broader Australian and New Zealand economies rebound as government restrictions were eased. High levels of government assistance cushioned broader economic impacts to unemployment, business performance and consumer confidence. This is reflected in the lower expected credit charge relating to COVID-19 in the current reporting period compared to the previous corresponding period. However, uncertainties remain due to outbreaks and snap lockdowns. This affects management's ability to reliably determine key judgements, estimates and assumptions used in determining expected credit loss. The expected credit loss allowance was based on available information pertaining to conditions that existed at balance date.

In April 2020, the Australian Government issued the Code of Conduct for small to medium sized retailers, which mandated a framework for temporary lease arrangements to reduce cash rent in proportion to the retailers' revenue impact during the pandemic period. During that period, various governments in Australia have extended and/or amended legislated COVID-19 rent relief schemes for commercial tenants to provide further financial assistance. New Zealand does not have a Code of Conduct, however the Trust has implemented similar principles in that market with respect to small to medium sized retailers. The Trust has also worked with retail partners that are not subject to the code on a case-by-case basis to determine appropriate ways to assist with their cash flow issues. Legislated COVID-19 rent relief schemes expired in Queensland in December 2020, South Australia and Australian Capital Territory in January 2021 and in New South Wales, Victoria and Western Australia in March 2021. After 30 June 2021, Victoria and New South Wales have reinstated rent relief schemes to apply until January 2022.

The expected credit charge relating to COVID-19 is solely related to the COVID-19 pandemic and has been separately disclosed in the statement of comprehensive income to highlight its significant impact on the Trust's financial performance. The charge reflects the expected rental abatements and the additional credit risk associated with tenants. The expected rental abatements are based on management's expectations of the level of rental abatements that will be provided to tenants. The level of expected rental abatements has been determined after discussions and agreements with tenants. Where abatements have not been agreed with tenants, estimates have been made giving reference to outcomes with similar retailers.

SCENTRE GROUP TRUST 2

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2021

3 Trade debtors and receivables (continued)

For trade debtors and receivables outstanding at balance date in excess of the expected rental abatements, management have assessed that there is an increased level of credit risk on the collection of these balances. Rather than primarily applying historical loss rates, the assumptions used in estimating lifetime expected credit loss include the following:

- the extent and duration of the pandemic;
- the effectiveness of government policies in response to the pandemic;
- the credit quality of tenants based on shared credit risk characteristics (e.g. size, industry, aging);
- future economic conditions which are based on forward looking information such as economic growth and inflation; and
- consumer and business sentiment.

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

Trade debtors and receivables written-off include rent abated relating to past occupancy that is part of rent relief arrangements with tenants applicable to the COVID-19 pandemic period.

At 30 June 2021, approximately 83% of trade debtors are aged greater than 90 days and the expected credit loss allowance is 68% of trade debtors. An increase or decrease of 5% in the expected credit loss rate (after adjusting for GST and bank guarantees) would result in an increase or decrease in expected credit loss allowance of \$3.5 million respectively. At 31 December 2020, approximately 80% of trade debtors are aged greater than 90 days and the expected credit loss allowance is 61% of trade debtors. An increase or decrease of 5% in the expected credit loss rate (after adjusting for GST and bank guarantees) would result in an increase or decrease in expected credit loss allowance of \$3.8 million respectively.

Receivables also include interest receivable which is linked to derivatives that have been transacted with credit worthy counterparties in accordance with Scentre Group's credit risk policy.

4 Investment properties

	30 Jun 21	31 Dec 20
	\$million	\$million
Shopping centre investments	8,881.3	8,880.6
Development projects and construction in progress	297.4	233.0
Total investment properties ⁽ⁱ⁾	9,178.7	9,113.6

⁽ⁱ⁾ The fair value of investment properties at the end of the period of \$9,178.7 million (31 December 2020: \$9,113.6 million) comprises investment properties at market value of \$9,171.1 million (31 December 2020: \$9,105.9 million) and ground lease assets of \$7.6 million (31 December 2020: \$7.7 million).

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

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

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

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

SCENTRE GROUP TRUST 2

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2021

5 Details of shopping centre investments

	30 Jun 21 \$million	31 Dec 20 \$million
Consolidated Australian shopping centres	8,881.3	8,880.6
Total consolidated shopping centres	8,881.3	8,880.6
Equity accounted Australian shopping centres	7,488.8	7,460.1
Equity accounted New Zealand shopping centres	728.0	731.2
Total equity accounted shopping centres	8,216.8	8,191.3
	17,098.1	17,071.9

Impact of the COVID-19 pandemic

The COVID-19 pandemic and the regulatory response has impacted our operations as well those of our tenants, resulting in valuation uncertainty for investment properties. This uncertainty affects our ability to reliably determine the key judgements and assumptions used in the property valuations. The Income Capitalisation approach and the Discounted Cash Flow approach are used to arrive at a range of valuation outcomes, from which a best estimate of fair value is derived at a point in time. The key assumptions and estimates used in these valuation approaches which have been impacted by COVID-19 include:

- forecast future income, based on the location, type and quality of the property, which are supported by the terms of any existing leases, other contracts or external evidence such as current market rents for similar properties adjusted to recognise the COVID-19 impact;
- lease assumptions based on current and expected future market conditions after expiry of any current lease;
- the capitalisation rate and discount rate derived from recent comparable market transactions adjusted for COVID-19 to reflect the uncertainty in the amount and timing of cash flows; and
- the impact of government support on tenants and rental schemes giving rise to rent deferrals, rent waivers, and eviction moratoriums.

Due to the valuation uncertainty the property values may change significantly and unexpectedly over a relatively short period of time. The property valuations have been prepared based on information that is available at balance date.

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

	30 Jun 21	31 Dec 20
Australian portfolio		
Retail capitalisation rate	4.25%-6.25%	4.25%-6.25%
Weighted average retail capitalisation rate	4.80%	4.80%
Retail discount rate	5.75%-7.50%	6.00%-7.50%
New Zealand portfolio		
Retail capitalisation rate	5.50%-6.75%	5.50%-6.75%
Weighted average retail capitalisation rate	6.09%	6.14%
Retail discount rate	7.00%-8.50%	7.00%-8.50%

Changes to key inputs would result in changes to the fair value of investment properties. An increase in capitalisation rate and/or discount rate would result in lower fair value, while a decrease in capitalisation rate and/or discount rate will result in higher fair value (with all other factors held constant). The discount rates adopted at 30 June 2021 have broadly remained unchanged from 31 December 2020. The capitalisation rate sensitivity analysis is detailed below.

	30 Jun 21 \$million	31 Dec 20 \$million
The sensitivity of shopping centre valuations to changes in capitalisation rates is as follows:	Capitalisation rate movement	Increase/(decrease) in fair value
	-50 bps	1,954.3
	-25 bps	924.3
	+25 bps	(834.2)
	+50 bps	(1,590.7)

SCENTRE GROUP TRUST 2

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2021

6 Distributions

	30 Jun 21 \$million	30 Jun 20 \$million
(a) Interim distribution		
3.50 cents per unit (30 June 2020: nil)	181.7	-
	181.7	-

Details of the full year components of distribution will be provided in the Annual Tax Statement which will be sent to members in March 2022.

The interim distribution will be paid on 31 August 2021. The record date for determining entitlement to this distribution was 5pm, 16 August 2021. Scentre Group does not operate a Distribution Reinvestment Plan.

	30 Jun 21 \$million	30 Jun 20 \$million
(b) Distributions paid		
Distribution in respect of the six months to 31 December 2020	133.4	-
Distribution in respect of the six months to 31 December 2019	-	233.1
	133.4	233.1

7 Statutory earnings/(loss) per unit

	30 Jun 21 cents	30 Jun 20 cents
(a) Summary of earnings/(loss) per unit		
Basic and diluted earnings/(loss) per unit	2.25	(36.41)

There are no potential ordinary units which are dilutive.

In calculating basic and diluted earnings/(loss) per unit, net profit of \$116.9 million (30 June 2020: net loss of \$1,895.2 million) was divided by the weighted average number of ordinary units of 5,190,378,339 (30 June 2020: 5,204,765,420).

(b) Conversions, calls, subscriptions, issues or buy-back after 30 June 2021

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

8 Payables and other creditors

	30 Jun 21 \$million	31 Dec 20 \$million
Payables and other creditors	194.7	188.2
Interest payable to related entities	54.4	60.8
Non interest bearing loans payable to related entities	7.8	13.8
	256.9	262.8

9 Interest bearing liabilities

Senior borrowings

Current	190.0	405.9
Non current	4,375.6	4,355.8
Total senior borrowings	4,565.6	4,761.7

Subordinated notes

Non current	3,988.3	3,894.6
Total subordinated notes	3,988.3	3,894.6
Total Interest bearing liabilities	8,553.9	8,656.3

SCENTRE GROUP TRUST 2

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2021

10 Contributed equity

	30 Jun 21 No. of units	31 Dec 20 No. of units
(a) Number of units on issue		
Balance at the beginning of the period	5,190,378,339	5,238,757,932
Buy-back and cancellation of units	-	(48,379,593)
Balance at the end of the period	5,190,378,339	5,190,378,339

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

Holders of Scentre Group stapled securities can vote their shares and units in accordance with the Corporations Act, either in person or by proxy, at a meeting of any of SGL, SGT1, SGT2 and SGT3 (as the case may be).

	30 Jun 21 \$million	31 Dec 20 \$million
(b) Amount of contributed equity		
Balance at the beginning of the period	7,868.4	7,968.2
Buy-back and cancellation of units and associated costs	-	(99.8)
Balance at the end of the period	7,868.4	7,868.4

11 Fair value of financial assets and liabilities

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

	Fair value hierarchy	Fair value		Carrying amount	
		30 Jun 21 \$million	31 Dec 20 \$million	30 Jun 21 \$million	31 Dec 20 \$million
Consolidated assets					
Cash and cash equivalents		104.3	127.8	104.3	127.8
Short term deposits at bank		805.9	2,212.8	805.9	2,212.8
Trade and other receivables					
- Trade and other receivables ⁽ⁱ⁾		138.9	155.7	138.9	155.7
- Interest bearing loan receivables ⁽ⁱⁱ⁾	Level 2	1,910.7	1,230.7	1,910.7	1,230.7
Derivative assets ⁽ⁱⁱⁱ⁾	Level 2	203.5	271.8	203.5	271.8
Consolidated liabilities					
Trade and other payables ⁽ⁱ⁾		320.0	334.0	320.0	334.0
Interest bearing liabilities ⁽ⁱⁱ⁾					
- Fixed rate debt	Level 2	4,401.0	4,399.7	4,065.6	4,045.8
- Fixed rate subordinated notes	Level 2	4,257.9	4,089.3	3,988.3	3,894.6
- Floating rate debt	Level 2	500.0	716.0	500.0	715.9
Derivative liabilities ⁽ⁱⁱⁱ⁾	Level 2	718.2	832.9	718.2	832.9

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

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

Determination of fair value

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

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

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

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

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

During the half-year ended 30 June 2021, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

Investment properties are considered Level 3.

SCENTRE GROUP TRUST 2

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2021

12 Events after the reporting period

Post 30 June 2021, New South Wales, Queensland, Victoria, South Australia, the Australian Capital Territory and New Zealand have extended or re-imposed lockdown restrictions in response to the COVID-19 pandemic. As at the date of this report, lockdowns are still in place in New South Wales, Australian Capital Territory, Victoria and New Zealand. Both Victoria and New South Wales have also reinstated rent relief schemes to apply until January 2022.

As the COVID-19 pandemic is ongoing, uncertainties remain over its extent, duration and consequential economic and business impacts, and governments continue to assess and implement measures in response to the pandemic. However, at the date of this report and subject to no material changes in the future, these events are not expected to have a material impact on the carrying value of the Trust's assets as reported in this half-year financial report.

SCENTRE GROUP TRUST 2 DIRECTORS' DECLARATION

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

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the Financial Statements and notes thereto are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - (ii) giving a true and fair view of the financial position as at 30 June 2021 and the performance of the consolidated entity for the half-year ended on that date in accordance with section 305 of the Corporations Act 2001.

Made on 24 August 2021 in accordance with a resolution of the Board of Directors.



Brian Schwartz AM
Chairman



Michael Ihlein
Director

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Scentre Group Trust 2 and its controlled entities (the Trust), which comprises the balance sheet as at 30 June 2021, statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- a) giving a true and fair view of the consolidated financial position of the Trust as at 30 June 2021 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter - Significant Valuation Uncertainty - Investment Property

We draw attention to Notes 4 and 5 of the financial report which describes the impact of the COVID-19 pandemic on the determination of fair value of investment properties and how this has been considered by the Directors in the preparation of the financial report. Due to the heightened degree of valuation uncertainty, property values may change significantly and unexpectedly over a relatively short period of time. Our opinion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

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

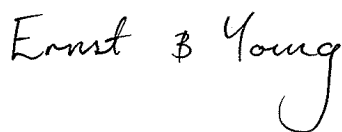
Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Trust's consolidated financial position as at 30 June 2021 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

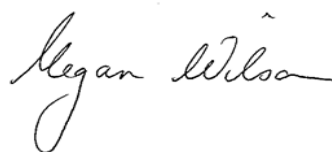
Independence

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



Ernst & Young

Sydney, 24 August 2021



Megan Wilson
Partner

SCENTRE GROUP TRUST 2

DIRECTORS' REPORT

The Directors of RE1 Limited (**the Responsible Entity**), the responsible entity of Scentre Group Trust 2 (**the Trust or SGT2**) submit the following report for the half-year ended 30 June 2021 (**Financial Period**).

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

1. Directors

As at the date of this report, the Board comprised the following Directors:

Brian Schwartz AM	Non-Executive Chairman
Peter Allen	Managing Director / Chief Executive Officer
Ilana Atlas AO	Non-Executive Director
Andrew Harnos	Non-Executive Director
Michael Ihlein	Non-Executive Director
Carolyn Kay	Non-Executive Director
Steven Leigh	Non-Executive Director
Guy Russo	Non-Executive Director
Margaret Seale	Non-Executive Director
Michael Wilkins AO	Non-Executive Director

Ilana Atlas was appointed to the Board as an independent non-executive Director on 28 May 2021.

All other Directors held office for the entire Financial Period. All non-executive Directors are independent Directors.

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

2. Review and results of operations

2.1 Operating environment

Scentre Group owns and operates 42 Westfield Living Centres across Australia and New Zealand encompassing more than 12,000 outlets. The Trust has a joint interest in 40 Westfield Living Centres.

Scentre Group is focused on long term growth leveraging the strength of our core business by becoming essential to people, communities and the businesses that interact with them. We want to be people's first choice for where they spend their time outside of their home and work.

All Westfield Living Centres remained open and trading during the Financial Period, operating with COVID-Safe protocols and in line with health and government advice. We are facilitating community access to COVID-19 vaccinations across all of our Westfield centres.

Demand for space in our Westfield Living Centres remains strong. During the Financial Period, 1,515 lease deals were completed, including 619 new merchants. Occupancy remains strong with the portfolio 98.5% leased at 30 June 2021.

Deal activity has been strong with a number of first to market and first to portfolio brands. In New Zealand, first to market brands for Westfield Newmarket include Moncler, Saint Laurent, Balenciaga, Alexander McQueen, Burberry and Jimmy Choo. First to portfolio brands include the Miele Experience Centre at Westfield Doncaster and StyleRunner, Rebecca Vallance and Allkinds at Westfield Miranda.

During the Financial Period, Scentre Group continued to support SME retailers to mitigate the short term cashflow impact on their business during the pandemic through appropriate rent deferral.

Scentre Group's leading platform, expertise and focus on curating an offering that our customers want has delivered long-term growth. Since 2010, Scentre Group's portfolio has seen rent per square metre (total area) grow by 23% to \$822 per square metre at 30 June 2021. Over the same period, the portfolio's total area has grown by 15% to 3.9 million square metres.

This Financial Period has highlighted the fundamental strength of our business and its ability to rebound when restrictions ease. Whilst we are currently operating through a period of government restrictions in key markets, we are confident in the ability of our business to perform. We are well-positioned to come through this period strongly, supporting our customers and continuing to deliver long-term growth for our securityholders.

SCENTRE GROUP TRUST 2

DIRECTORS' REPORT (continued)

2. Review and results of operations (continued)

2.2 Investors

Financial performance

For the Financial Period, the Trust's financial result was a profit of \$116.9 million. For the 6 months ended 30 June 2021, the Trust distribution of 3.50 cents per ordinary unit formed part of the distribution of 7.00 cents per Scentre Group stapled security, payable on 31 August 2021.

During the Financial Period, Scentre Group achieved gross cash inflow of \$1,383.9 million and a net operating cash surplus (after interest, overheads and tax) of \$487.7 million, with Operating Profit up 28% on the prior comparative period.

Scentre Group collected \$1.2 billion of gross rent during the Financial Period, representing an increase of 37% or \$325 million compared to the first half of 2020.

Annual sales through Scentre Group's platform were \$23.4 billion. During the first half of 2021, total sales excluding cinemas and travel exceeded total sales in the first half of 2019, even though there were a number of government lockdowns during the Financial Period.

Liquidity and capital management

As at 30 June 2021, the Trust had available financing facilities of \$4.5 billion (31 December 2020: \$4.3 billion), after deducting facilities utilised by its borrowings.

Scentre Group's interest cover for the period was 3.3 times and balance sheet gearing at 30 June 2021 was 27.9%.

Scentre Group maintains "A" grade credit ratings by S&P, Fitch and Moody's.

Development activities

The \$55 million entertainment, leisure and dining precinct development at Westfield Mt Druitt is progressing well and expected to open in Q1 2022. The Trust has a 25% joint interest in Westfield Mt Druitt.

A detailed review and results of operations for Scentre Group is contained in the Directors' Report in the Scentre Group Half-Year Financial Report which is available at www.scentregroup.com.

2.3 Outlook

Scentre Group continues to target a distribution of 14 cents per security for the year to 31 December 2021. This is based on the assumption that the current government restrictions substantially ease by the end of October 2021.

3. Events after the reporting period

Post 30 June 2021, New South Wales, Queensland, Victoria, South Australia, the Australian Capital Territory and New Zealand have extended or re-imposed lockdown restrictions in response to the COVID-19 pandemic. As at the date of this report, lockdowns are still in place in New South Wales, Australian Capital Territory, Victoria and New Zealand. Both Victoria and New South Wales have also reinstated rent relief schemes to apply until January 2022.

As the COVID-19 pandemic is ongoing, uncertainties remain over its extent, duration and consequential economic and business impacts, and governments continue to assess and implement measures in response to the pandemic. However, at the date of this report and subject to no material changes in the future, these events are not expected to have a material impact on the carrying value of the Trust's assets as reported in this half-year financial report.

4. Risk management

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

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

5. Principal activity

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

6. Rounding

The Trust is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

Accordingly, the amounts shown in the Directors' Report, the Financial Statements and Notes to the Financial Statements have been rounded to the nearest tenth of a million dollars, unless otherwise indicated. Amounts shown as 0.0 represent amounts less than \$50,000 that have been rounded down.

SCENTRE GROUP TRUST 2

DIRECTORS' REPORT (continued)

7. ASX listing

ASX reserves the right (but without limiting its absolute discretion) to remove Scentre Group Limited, Scentre Group Trust 1, SGT2 and Scentre Group Trust 3 from the official list of ASX if any of the shares or units comprising those stapled securities cease to be stapled together, or any equity securities are issued by a Scentre Group entity which are not stapled to the equivalent securities in the other entities.

8. Auditor's independence declaration

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



EY

Building a better
working world

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

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Auditor's Independence Declaration to the Directors of RE1 Limited

As lead auditor for the review of the financial report of Scentre Group Trust 2 for the half-year ended 30 June 2021, I declare to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Ernst & Young

24 August 2021

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

This report is made on 24 August 2021 in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.

Megan Wilson
Partner

Brian Schwartz AM
Chairman

Michael Ihlein
Director

DIRECTORY

Scentre Group

Scentre Group Limited
ABN 66 001 671 496

Scentre Group Trust 1

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

Scentre Group Trust 2

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

Scentre Group Trust 3

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

Registered Office

Level 30
85 Castlereagh Street
Sydney NSW 2000

New Zealand Office

Level 5, Office Tower
277 Broadway
Newmarket, Auckland 1023

Secretaries

Maureen T McGrath
Paul F Giugni

Auditor

Ernst & Young
200 George Street
Sydney NSW 2000

Investor Information

Scentre Group
Level 30
85 Castlereagh Street
Sydney NSW 2000
Telephone: +61 2 9358 7877
Facsimile: +61 2 9358 7881
E-mail: investor@scentregroup.com
Website: www.scentregroup.com/investors

Principal Share Registry

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

Listing

Australian Securities Exchange – SCG

Website

www.scentregroup.com

Scentre Group Trust 3

Half-Year Financial Report

For the half-year ended 30 June 2021

	Page
Statement of Comprehensive Income	1
Balance Sheet	2
Statement of Changes in Equity	3
Cash Flow Statement	4
Notes to the Financial Statements	5
Directors' Declaration	10
Independent Auditor's Review Report	11
Directors' Report	12
Directory	15

SCENTRE GROUP TRUST 3
STATEMENT OF COMPREHENSIVE INCOME
For the half-year ended 30 June 2021

	Note	30 Jun 21 \$000	30 Jun 20 \$000
Revenue and other income			
Property and property related revenue		1,614	886
		1,614	886
Expenses			
Property and property related expenses		(643)	(419)
Overheads		(176)	(141)
		(819)	(560)
Interest income	3	917	12,969
Financing costs		(909)	(10,726)
Net modification loss on refinanced borrowing facilities		-	(2,063)
Profit before tax		803	506
Tax expense		(239)	(143)
Profit after tax for the period		564	363
Other comprehensive income			
<i>Movement in foreign currency translation reserve⁽ⁱ⁾</i>			
- Net exchange difference on translation of foreign operations		(22)	(81)
Total comprehensive income for the period		542	282

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

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

SCENTRE GROUP TRUST 3

BALANCE SHEET

As at 30 June 2021

	Note	30 Jun 21 \$000	31 Dec 20 \$000
Current assets			
Cash and cash equivalents		4,033	976
Receivables	6	15,496	1,025,019
Total current assets		19,529	1,025,995
Non current assets			
Plant and equipment		-	6
Total non current assets		-	6
Total assets		19,529	1,026,001
Current liabilities			
Payables and other creditors	7	976	1,990
Interest bearing liabilities		-	1,006,000
Total current liabilities		976	1,007,990
Total liabilities		976	1,007,990
Net assets		18,553	18,011
Equity			
Contributed equity	8(b)	11,133	11,133
Reserves		12	34
Retained profits		7,408	6,844
Total equity		18,553	18,011

SCENTRE GROUP TRUST 3
 STATEMENT OF CHANGES IN EQUITY
 For the half-year ended 30 June 2021

	Contributed equity \$000	Reserves \$000	Retained profits \$000	30 Jun 21 Total \$000	Contributed equity \$000	Reserves \$000	Retained profits \$000	30 Jun 20 Total \$000
Changes in equity attributable to members of Scentre Group Trust 3								
Balance at the beginning of the period	11,133	34	6,844	18,011	11,255	108	5,380	16,743
- Profit after tax for the period	-	-	564	564	-	-	363	363
- Other comprehensive income	-	(22)	-	(22)	-	(81)	-	(81)
Transactions with owners in their capacity as owners:								
- Buy-back and cancellation of units and associated costs	-	-	-	-	(122)	-	-	(122)
- Distributions paid or provided for	-	-	-	-	-	-	-	-
Closing balance of equity attributable to members of Scentre Group Trust 3	11,133	12	7,408	18,553	11,133	27	5,743	16,903

SCENTRE GROUP TRUST 3
 CASH FLOW STATEMENT
 For the half-year ended 30 June 2021

	30 Jun 21 \$000	30 Jun 20 \$000
Cash flows from operating activities		
Receipts in the course of operations (including Goods and Services Tax (GST))	1,788	986
Payments in the course of operations (including GST)	(851)	(595)
Income and withholding taxes paid	(382)	(626)
GST paid	(147)	(56)
Payments of financing costs	(1,759)	(8,731)
Interest received	1,505	11,939
Net cash inflow from operating activities	154	2,917
Cash flows from financing activities		
Net proceeds from interest bearing liabilities	-	44,417
Net funds received from/(paid to) related entities	2,897	(47,366)
Buy-back of units and associated costs	-	(122)
Net cash inflow/(outflow) from financing activities	2,897	(3,071)
Net increase/(decrease) in cash and cash equivalents held	3,051	(154)
Add: opening cash and cash equivalents brought forward	976	817
Effects of exchange rate changes on cash and cash equivalents	6	(20)
Cash and cash equivalents at the end of the period ⁽ⁱ⁾	4,033	643

⁽ⁱ⁾ Cash and cash equivalents comprises cash of \$4,033,000 (30 June 2020: \$643,000) net of bank overdraft of nil (30 June 2020: nil).

SCENTRE GROUP TRUST 3
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 30 June 2021

1 Corporate information

This financial report of Scentre Group Trust 3 (SGT3) and its controlled entities (collectively the Trust), for the half-year ended 30 June 2021, was approved in accordance with a resolution of the Board of Directors of RE2 Limited as Responsible Entity of SGT3.

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

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

2 Basis of preparation of the financial report

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

This half-year financial report should be read in conjunction with the annual financial report of SGT3 as at 31 December 2020.

It is also recommended that this half-year financial report be considered together with any public announcements made by Scentre Group during the half-year ended 30 June 2021 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 (Corporations Act).

(a) Impact of the COVID-19 pandemic

On 11 March 2020, the World Health Organisation declared the outbreak of COVID-19 virus a pandemic. Both Australia and New Zealand experienced an outbreak of the virus, and the governments of both countries implemented a number of measures, including significant restrictions on people movement and activity. Since March 2020, varying levels of government restrictions have applied to different regions in Australia and New Zealand depending on the scale and severity of outbreaks. The current reporting period however has seen the broader Australian and New Zealand economies rebound as government restrictions were eased. High levels of government assistance cushioned broader economic impacts to unemployment, business performance and consumer confidence. This is reflected in higher earnings in the current period compared to previous corresponding period.

Additional disclosures relating to the impact of the ongoing COVID-19 pandemic on the Trust's operations and financial performance are discussed in Note 11: Events after the reporting period, and in section 2 Review and results of operations in the Directors' Report.

(b) Going concern

This half-year financial report has been prepared on a going concern basis. The Directors' assessment of Scentre Group's ability to continue as a going concern also applies to the Trust, as the Trust forms part of the stapled group and is a member of Scentre Group's cross-guarantee arrangements. In making the going concern assessment for the Trust, the Directors have considered:

- Scentre Group's ability to meet its financial obligations over the next twelve months, using cash flow sensitivity analysis and having regard to debt maturities, funding requirements, operating cash earnings and available financing facilities; and
- Scentre Group's ability to meet its financial covenants over the next twelve months, assuming various scenarios for the potential impact of the COVID-19 pandemic.

(c) Basis of accounting

This half-year financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Regulations 2001 and AASB 134 Interim Financial Reporting.

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

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

This half-year financial report has been prepared using the same accounting policies as used in the annual financial report for the year ended 31 December 2020 except for the changes required due to amendments to the accounting standards as disclosed in Note 2(d).

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

2 Basis of preparation of the financial report (continued)

(d) New accounting standards and interpretations

The Trust has adopted the following standard which became applicable on 1 January 2021:

- **AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform Phase 2**
This standard amends AASB 9 Financial Instruments, AASB 139 Financial Instruments: Recognition and Measurement, AASB 7 Financial Instruments: Disclosures, AASB 4 Insurance Contracts and AASB 16 Leases to address issues that arise during the reform of an interest rate benchmark (IBOR), including the replacement of one benchmark with an alternative one. A number of temporary reliefs are provided for hedging relationships that are directly affected by the interest rate benchmark reform. These amendments have no impact on the consolidated financial statements as the Trust does not have any interest rate hedge relationships nor exposures to interest rates that are dependent on IBORs.

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Trust for the half-year ended 30 June 2021. The impact of these new standards or amendments to the standards (to the extent relevant to the Trust) and interpretations is as follows:

- **AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective from 1 January 2022)**
This amends AASB 10 - Consolidated Financial Statements and AASB 128 - Investments in Associates and Joint Ventures to address an inconsistency between the requirements of AASB 10 and AASB 128 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. This amendment is not expected to have a significant impact on the financial statements on application.
- **AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments (effective from 1 January 2022)**
This amends (to the extent relevant to the Trust):
 - (i) AASB 9 Financial Instruments to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability;
 - (ii) AASB 3 Business Combinations to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations; and
 - (iii) AASB 137 Provisions, Contingent Liabilities and Contingent Assets to specify the costs that an entity includes when assessing whether a contract will be loss-making.These amendments are not expected to have a significant impact on the financial statements on application.
- **AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Noncurrent (effective from 1 January 2023)**
This amends AASB 101 Presentation of Financial Statements to clarify the requirements for classifying liabilities as current or non current. This amendment is not expected to have a significant impact on the financial statements on application.
- **AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates (effective from 1 January 2023)**
This amends:
 - (i) AASB 7 Financial Instruments: Disclosures, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;
 - (ii) AASB 101 Presentation of Financial Statements, to require entities to disclose their material accounting policy information rather than their significant accounting policies;
 - (iii) AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates;
 - (iv) AASB 134 Interim Financial Reporting, to identify material accounting policy information as a component of a complete set of financial statements; and
 - (v) AASB Practice Statement 2 Making Materiality Judgements, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.These amendments are not expected to have a significant impact on the financial statements on application.

(e) Rounding

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

SCENTRE GROUP TRUST 3
 NOTES TO THE FINANCIAL STATEMENTS
 For the half-year ended 30 June 2021

3 Interest income

	30 Jun 21 \$000	30 Jun 20 \$000
Gross interest income		
- Interest income from related entities	916	12,967
- Other interest income	1	2
	917	12,969

4 Distributions

	30 Jun 21 \$000	30 Jun 20 \$000
(a) Interim distribution		
Nil (30 June 2020: nil)	-	-
	-	-
(b) Distributions paid		
Distribution in respect of the six months to 31 December 2020	-	-
Distribution in respect of the six months to 31 December 2019	-	-
	-	-

5 Statutory earnings per unit

	30 Jun 21 cents	30 Jun 20 cents
(a) Summary of earnings per unit		
Basic and diluted earnings per unit	0.01	0.01

There are no security options which are dilutive.

In calculating basic and diluted earnings per unit, net profit of \$564,000 (30 June 2020: \$363,000) were divided by the weighted average number of ordinary units of 5,190,378,339 (30 June 2020: 5,204,765,420).

(b) Conversions, calls, subscriptions, issues or buy-back after 30 June 2021

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

SCENTRE GROUP TRUST 3
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 30 June 2021

6 Receivables

	30 Jun 21	31 Dec 20
	\$000	\$000
Current		
Interest bearing loans receivable from related entities	-	1,009,313
Non interest bearing loans receivable from related entities	15,217	14,832
Other receivables from related entities	279	874
	15,496	1,025,019

Loans receivable from related entities have been assessed for impairment at 30 June 2021. The related entities are members of Scentre Group which is a stapled group operating as a single economic entity with a common Board of Directors and management team. As the related entities are also members of Scentre Group's cross-guarantee arrangements, it is highly unlikely that the related entities will default on its contractual obligations to the Trust. Therefore, the expected credit losses on these loans receivable are immaterial.

7 Payables and other creditors

	30 Jun 21	31 Dec 20
	\$000	\$000
Payables and other creditors	183	1,047
Tax payable	793	943
	976	1,990

8 Contributed equity

	30 Jun 21	31 Dec 20
	No. of units	No. of units
(a) Number of units on issue		
Balance at the beginning of the period	5,190,378,339	5,238,757,932
Buy-back and cancellation of units	-	(48,379,593)
Balance at the end of the period	5,190,378,339	5,190,378,339

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

Holders of Scentre Group stapled securities can vote their shares and units in accordance with the Corporations Act, either in person or by proxy, at a meeting of any of SGL, SGT1, SGT2 and SGT3 (as the case may be).

	30 Jun 21	31 Dec 20
	\$000	\$000
(b) Amount of contributed equity attributable to members of SGT3		
Balance at the beginning of the period	11,133	11,255
Buy-back and cancellation of units and associated costs	-	(122)
Balance at the end of the period	11,133	11,133

SCENTRE GROUP TRUST 3

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 30 June 2021

9 Segment information

SGT3 operates in one operating segment predominantly in Australasia. SGT3 earns property advertising and promotional income and provides financing of the New Zealand equity accounted associates of SGT1 and SGT2. During the current reporting period, the Trust settled all NZ\$ interest bearing loans receivable and payable.

10 Fair value of financial assets and liabilities

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

	Fair value Hierarchy	Fair value		Carrying amount	
		30 Jun 21 \$000	31 Dec 20 \$000	30 Jun 21 \$000	31 Dec 20 \$000
Consolidated assets					
Cash and cash equivalents		4,033	976	4,033	976
Receivables					
- Interest bearing loans receivable ⁽ⁱ⁾	Level 2	-	1,009,313	-	1,009,313
- Other receivables ⁽ⁱⁱ⁾		15,496	15,706	15,496	15,706
Consolidated liabilities					
Payables and other creditors ⁽ⁱⁱ⁾		183	1,047	183	1,047
Interest bearing liabilities ⁽ⁱ⁾					
- Floating rate debt	Level 2	-	1,006,000	-	1,006,000

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

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

Determination of fair value

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

- Level 1: the fair value is calculated using quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: the fair value is estimated using inputs other than quoted prices that are observable, either directly (as prices) or indirectly (derived from prices).
- Level 3: the fair value is estimated using inputs that are not based on observable market data.

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

During the half-year ended 30 June 2021, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

11 Events after the reporting period

Post 30 June 2021, New South Wales, Queensland, Victoria, South Australia and the Australian Capital Territory have extended or re-imposed lockdown restrictions in response to the COVID-19 pandemic. As at the date of this report, lockdowns are still in place in New South Wales, Australian Capital Territory and Victoria. Both Victoria and New South Wales have also reinstated rent relief schemes to apply until January 2022.

As the COVID-19 pandemic is ongoing, uncertainties remain over its extent, duration and consequential economic and business impacts, and governments continue to assess and implement measures in response to the pandemic. However, at the date of this report and subject to no material changes in the future, these events are not expected to have a material impact on the carrying value of the Trust's assets as reported in this half-year financial report.

SCENTRE GROUP TRUST 3
DIRECTORS' DECLARATION

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

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the Financial Statements and notes thereto are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - (ii) giving a true and fair view of the financial position as at 30 June 2021 and the performance of the consolidated entity for the half-year ended on that date in accordance with section 305 of the Corporations Act 2001.

Made on 24 August 2021 in accordance with a resolution of the Board of Directors.



Brian Schwartz AM
Chairman



Michael Ihlein
Director

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Scentre Group Trust 3 and its controlled entities (the Trust), which comprises the balance sheet as at 30 June 2021, statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- a. giving a true and fair view of the consolidated financial position of the Trust as at 30 June 2021 and of its consolidated financial performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

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

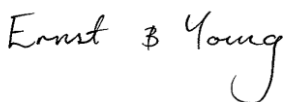
Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Trust's consolidated financial position as at 30 June 2021 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

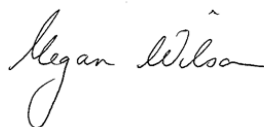
Independence

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



Ernst & Young

Sydney, 24 August 2021



Megan Wilson
Partner

SCENTRE GROUP TRUST 3 DIRECTORS' REPORT

The Directors of RE2 Limited (the Responsible Entity), the responsible entity of Scentre Group Trust 3 (the Trust or SGT3) submit the following report for the half-year ended 30 June 2021 (Financial Period).

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

1. Directors

As at the date of this report, the Board comprised the following Directors.

Brian Schwartz AM	Non-Executive Chairman
Peter Allen	Managing Director / Chief Executive Officer
Ilana Atlas AO	Non-Executive Director
Andrew Harnos	Non-Executive Director
Michael Ihlein	Non-Executive Director
Carolyn Kay	Non-Executive Director
Steven Leigh	Non-Executive Director
Guy Russo	Non-Executive Director
Margaret Seale	Non-Executive Director
Michael Wilkins AO	Non-Executive Director

Ilana Atlas was appointed to the Board as an independent non-executive Director on 28 May 2021.

All other Directors held office for the entire Financial Period. All non-executive Directors are independent Directors.

The Board of Scentre Group Limited and the Boards of Scentre Management Limited, RE1 Limited and RE2 Limited (as Responsible Entities of SGT1, SGT2 and SGT3, respectively) are identical. If a Director ceases to be a Director of Scentre Group Limited for any reason, they must also retire as a Director of each Responsible Entity.

2. Review and results of operations

2.1 Investors

Financial performance

Profit after tax for the Financial Period was \$564,000 (30 June 2020: \$363,000). The increase in profit after tax is primarily from increased advertising activities as compared to last year. For the 6 months ended 30 June 2021, Scentre Group will pay a distribution of 7.00 cents per security on 31 August 2021. This will be paid by SGT1 and SGT2 with no distribution payable by SGT3.

As at 30 June 2021, the Trust had net assets of \$18,553,000 (31 December 2020: \$18,011,000) which includes total assets of \$19,529,000 (31 December 2020: \$1,026,001,000) and total liabilities of \$976,000 (31 December 2020: \$1,007,990,000).

During the Financial Period, the Trust settled all NZ\$ interest bearing loans receivable and payable.

Liquidity and capital management

As at 30 June 2021, the Trust had available financing facilities of \$4,454,000 (31 December 2020: \$4,258,000), after deducting facilities utilised by its borrowings.

Scentre Group's interest cover for the period was 3.3 times and balance sheet gearing at 30 June 2021 was 27.9%.

Scentre Group maintains "A" grade credit ratings by S&P, Fitch and Moody's.

A detailed review and results of operations for Scentre Group is contained in the Directors' Report in Scentre Group's Half-Year Financial Report which is available at www.scentre.com.

2.2 Outlook

Scentre Group continues to target a distribution of 14 cents per security for the year to 31 December 2021. This is based on the assumption that the current government restrictions substantially ease by the end of October 2021.

3. Events after the reporting period

Post 30 June 2021, New South Wales, Queensland, Victoria, South Australia and the Australian Capital Territory have extended or re-imposed lockdown restrictions in response to the COVID-19 pandemic. As at the date of this report, lockdowns are still in place in New South Wales, Australian Capital Territory and Victoria. Both Victoria and New South Wales have also reinstated rent relief schemes to apply until January 2022.

As the COVID-19 pandemic is ongoing, uncertainties remain over its extent, duration and consequential economic and business impacts, and governments continue to assess and implement measures in response to the pandemic. However, at the date of this report and subject to no material changes in the future, these events are not expected to have a material impact on the carrying value of the Trust's assets as reported in this half-year financial report.

4. Risk management

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

A number of important strategic risks and how such risks are managed and monitored are outlined in the Directors' Report in the Scentre Group Half-Year Financial Report which is available at www.scentre.com.

5. Principal activity

The principal activities of the Trust were:

- Interests in long term brand alliance agreements with various third parties in respect of a number of properties. These agreements provide for the licensing of space for the display of advertising in consideration for the payment of licence fees; and
- Financing of the New Zealand equity accounted entities of SGT1 and SGT2.

There was no significant change in the nature of the principal activities other than all interest bearing loans being repaid during the Financial Period.

6. Rounding

The Trust is of a kind referred to in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. Accordingly, the amounts shown in the Directors' Report, the Financial Statements and Notes to the Financial Statements have been rounded to the nearest thousand dollars, unless otherwise indicated. Amounts shown as 0 represent amounts less than \$500 that have been rounded down.

7. ASX listing

ASX reserves the right (but without limiting its absolute discretion) to remove SGL, SGT1, SGT2 and SGT3 from the official list of ASX if any of the shares or units comprising those stapled securities cease to be stapled together, or any equity securities are issued by a Scentre Group entity which are not stapled to the equivalent securities in the other entities.

8. Auditor's independence declaration

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



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

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Auditor's Independence Declaration to the Directors of RE2 Limited

As lead auditor for the review of the financial report of Scentre Group Trust 3 for the half-year ended 30 June 2021, I declare to the best of my knowledge and belief, there have been:

- a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b. no contraventions of any applicable code of professional conduct in relation to the review.

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

Ernst & Young

24 August 2021

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

This report is made on 24 August 2021 in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.

Megan Wilson
Partner

Brian Schwartz AM
Chairman

Michael Ihlein
Director

DIRECTORY

Scentre Group
Scentre Group Limited
ABN 66 001 671 496

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

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

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

Registered Office
Level 30
85 Castlereagh Street
Sydney NSW 2000

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

Secretaries
Maureen T McGrath
Paul F Giugni

Auditor
Ernst & Young
200 George Street
Sydney NSW 2000

Investor Information
Scentre Group
Level 30
85 Castlereagh Street
Sydney NSW 2000
Telephone: +61 2 9358 7877
Facsimile: +61 2 9358 7881
E-mail: investor@scentregroup.com
Website: www.scentregroup.com/investors

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

Listing
Australian Securities Exchange – SCG

Website
www.scentregroup.com