Scentre Group [1] : Appendix 4E

For the year ended 31 December 2016

(previous corresponding period being the year ended 31 December 2015)

Results for Announcement to the Market:

			2016	**2015**
Revenue ($million)	down	12.1%	2,520.7	2,867.8
Profit after tax attributable to members of Scentre Group ($million)	up	10.4%	2,990.5	2,707.8

			2016	**2015**
Funds from operations (FFO) attributable to members of Scentre Group ($million)	up	3.2%	1,237.6	1,199.2
FFO per security attributable to members of Scentre Group (cents per stapled security) [(i)]	up	3.2%	23.30	22.58

[(i)] The number of securities on issue as at 31 December 2016 was 5,324,296,678 (31 December 2015: 5,324,296,678). In calculating the FFO per stapled security 5,311,595,241 (31 December 2015: 5,311,595,241) weighted average securities was used. This excluded 12,701,437 (31 December 2015: 12,701,437) securities held by the Scentre Executive Option Plan Trust which have been consolidated and eliminated in accordance with accounting standards.

Dividend/Distributions for Scentre Group

	Cents per stapled security
Dividend/distributions for the year ended 31 December 2016	**21.30**
Final dividend/distributions in respect of Scentre Group earnings to be paid on 28 February 2017 comprising: [(ii)]	**10.65**
- dividend in respect of a Scentre Group Limited share	2.70
- distribution in respect of a Scentre Group Trust 1 unit	3.45
- distribution in respect of a Scentre Group Trust 2 unit	4.33
- distribution in respect of a Scentre Group Trust 3 unit	0.17
Interim dividend/distributions in respect of Scentre Group earnings paid on 31 August 2016 comprising: [(iii)]	**10.65**
- dividend in respect of a Scentre Group Limited share	Nil
- distribution in respect of a Scentre Group Trust 1 unit	3.50
- distribution in respect of a Scentre Group Trust 2 unit	7.15
- distribution in respect of a Scentre Group Trust 3 unit	Nil

[(ii)] The number of securities entitled to distributions on the record date, 14 February 2017 was 5,324,296,678.

[(iii)] The number of securities entitled to distributions on the record date, 15 August 2016 was 5,324,296,678.

The dividend/distributions per security have been determined by reference to the number of securities on issue at the record date. The record date for determining entitlements to the final distribution was 5pm, 14 February 2017 and the distribution will be paid on 28 February 2017. The Group does not operate a distribution reinvestment plan.

The dividend in respect of Scentre Group Limited and distribution in respect of Scentre Group Trust 3 are fully franked. Details of the full year components of distributions in respect of Scentre Group Trust 1 and Scentre Group Trust 2 will be provided in the Annual Tax Statements which will be sent to members in July 2017.

Additional information

Commentary on the results is contained in the media release and the results presentation released to the Australian Securities Exchange (ASX). The additional information requiring disclosure to comply with listing rule 4.3A is contained in the attached Annual Financial Report which includes the audited consolidated financial report. The annual general meeting will be held on 5 April 2017.

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

SCENTRE GROUP

Owner and Operator of Westfield in Australia and New Zealand

Annual Financial Report
31 December 2016

Scentre Group Limited ABN 66 001 671 496

Annual Financial Report

SCENTRE GROUP [1]
For the Financial Year ended 31 December 2016

Contents

(1) Scentre Group comprises Scentre Group Limited and its controlled entities as defined in Note 1.

Directors' Report

The Directors of Scentre Group Limited (Company) submit the following report for the period 1 January 2016 to 31 December 2016 (Financial Year).

1. OPERATIONS AND ACTIVITIES

1.1 Financial results

We are pleased to report on the performance of Scentre Group (Group or SCG) for the Financial Year.

Profit after tax, funds from operations and distribution for the period [i]

	31 Dec 16 $million	31 Dec 15 $million
Net property income	**1,762.0**	1,785.9
Net project and management income	**127.5**	131.1
Overheads	**(86.4)**	(91.0)
Net financing costs	**(461.6)**	(499.3)
Interest on other financial liabilities	**(63.0)**	(81.0)
Mark to market of derivatives and property linked notes	**148.8**	(166.6)
Exchange differences (including amounts transferred from foreign currency translation reserve) on realisation of net investment in foreign operations	**24.2**	130.9
Gain in respect of capital transactions	**35.5**	19.2
Property revaluations	**1,580.1**	1,538.8
Tax expense	**(45.6)**	(38.3)
Profit after tax	**3,021.5**	2,729.7
Adjusted for:		
– Property revaluations	**(1,580.1)**	(1,538.8)
– Amortisation of tenant allowances	**47.7**	38.6
– Net fair value loss/(gain) and associated credit risk on currency derivatives that do not qualify for hedge accounting	**(23.6)**	27.5
– Exchange differences (including amounts transferred from foreign currency translation reserve) on realisation of net investment in foreign operations	**(24.2)**	(130.9)
– Net fair value loss/(gain) on interest rate hedges that do not qualify for hedge accounting	**(144.3)**	113.6
– Net fair value loss on other financial liabilities	**19.1**	25.5
– Deferred tax benefit	**(29.5)**	(33.6)
– Gain in respect of capital transactions	**(35.5)**	(19.2)
– Funds from operations attributable to external non controlling interests [ii]	**(13.5)**	(13.2)
Funds from operations (FFO) [iii]	**1,237.6**	1,199.2
Less: amount retained	**(106.2)**	(89.0)
Dividend/distributions	**1,131.4**	1,110.2

(i) The Group's income and expenses have been prepared on a proportionate basis. The proportionate basis presents the net income from equity accounted entities on a gross basis.

(ii) FFO attributable to external non controlling interests of $13.5 million (31 December 2015: $13.2 million) consists of profit after tax attributable to external non controlling interests of $31.0 million (31 December 2015: $21.9 million) less FFO adjustments of $17.5 million (31 December 2015: $8.7 million).

(iii) A key measure of the financial performance of the Group is FFO. FFO is a widely recognised measure of the performance of real estate investment groups by the property industry and is a useful measure of operating performance.

The Group's measure of FFO is based upon the National Association of Real Estate Investment Trusts' (NAREIT) definition, adjusted to reflect the Group's profit after tax and non controlling interests reported in accordance with the Australian Accounting Standards and International Financial Reporting Standards (IFRS).

The Group's FFO excludes property revaluations of consolidated and equity accounted property investments, unrealised currency gains/losses, net fair value gains or losses on interest rate hedges and other financial liabilities, deferred tax, gains/losses from capital transactions and amortisation of tenant allowances from the reported profit after tax and non controlling interests.

	31 Dec 16 cents	31 Dec 15 cents
FFO per security [iv]	**23.30**	22.58
Dividend/distribution per security	**21.30**	20.90

(iv) In calculating the FFO per stapled security, 5,311,595,241 (31 December 2015: 5,311,595,241) weighted average number of securities was used.

The Group's FFO earnings for the Financial Year was $1.238 billion representing 23.30 cents per security up 3.2% and distribution of 21.30 cents per security up 2%. Excluding the impact of transactions FFO growth would have been approximately 5%.

The Group's profit for the year was $2.991 billion including revaluations of $1.6 billion. These revaluations reflect the strong net operating income growth throughout the portfolio, the value creation from the completion of major redevelopments and the continued improvement in capitalisation rates.

Return on contributed equity (ROCE) was 11.8% compared to 11.4% in 2015.

1.2 Operating environment

The Group's portfolio comprises 34 centres in Australia and 5 centres in New Zealand with a combined value of A$32.3 billion[i].

Comparable net operating income increased 2.9%, at the top end of guidance.

The Group continues to improve the retail product offering by introducing more relevant, on-trend and desirable retailers. These retailers continue to drive demand for retail space across the Scentre Group portfolio which remains more than 99.5% leased.

The portfolio achieved solid sales growth, with comparable specialty sales growing 2.6% for the 12 months with average annual specialty sales of $11,203 per square metre. Strong sales performance was seen across most categories, with good increases in the jewellery, health & beauty, food retail and technology categories.

(i) Pro forma post the sale of WestCity expected to settle in 2017.

In line with its strategy to continually enhance retailer and customer experience, during the year, the Group restructured a number of its operating divisions to create:

- a Leasing & Retail Solutions Team, the purpose of which is to add value to our retail partners through a broader range of offerings including insights and analysis;
- a Customer Experience Team, combining centre management, marketing, media, digital and customer insights to drive improved customer experience.

The Group has continued to focus on the integration of fashion, food, leisure and entertainment experiences in each shopping centre, curating a retail environment that connects customers with retail partners, goods and services that will resonate with the local community.

1.3 Development activities

The Group has a vertically integrated development, design and construction platform.

In line with its purpose 'creating extraordinary places, connecting and enriching communities', during the year, the Group continued to invest in the redevelopment of its shopping centres for the benefit of its customers and retailers and to deliver attractive long-term total returns to its securityholders.

During the Financial Year, the Group:

- completed and opened $665 million (Group share: $410 million) of redevelopments including Westfield Warringah Mall and Westfield North Lakes, with yields in excess of 7.5%. Both centres are trading strongly;
- commenced $605 million (Group share: $480 million) of redevelopments, including Westfield Chermside and Westfield Whitford City; and
- completed the $670 million third party design and construction project at Pacific Fair.

The Group also commenced two new redevelopments with a value of $430 million (Group share: $390 million) at Westfield Carousel and Westfield Plenty Valley, while predevelopment work continues to progress well on both Westfield Coomera and Westfield Newmarket. The Group continues to work on development opportunities, with a development pipeline in excess of $3 billion.

The Group's development activities are expected to deliver earnings accretion and create significant long term value.

1.4 Retailer and shopper initiatives

During the year, the Group continued to enhance the customer experience through advanced data analytics and the development of new technology throughout its portfolio.

Advanced data analytics were implemented with the purpose of identifying the best retail mix within each centre to optimise retailer locations for both the retailer and consumer.

Ticketless parking and parking guidance systems continue to be implemented across the portfolio, to improve the customer car park experience. The Group also commenced implementation of a net promoter system to facilitate customer feedback on their experiences enabling such matters to be addressed in a timely manner, improving the customer experience.

Following the success of the nation-wide in-house digital advertising network in Australia, the Group will broaden the network across the shopping centre portfolio in New Zealand.

1.5 Capital management

During the year, the Group recognised revenue from the sale of Casey Central in Australia (gross proceeds of $221 million) and Chartwell and Queensgate in New Zealand (gross proceeds of NZ$445 million). The Group also entered into an agreement for the sale of WestCity in New Zealand to the DiMauro Group for a total of $147 million subject to the approval of the Overseas Investment Office. The sale is expected to complete in 2017.

The sale of these centres is in line with the Group's strategic focus of redirecting capital into higher performing assets. The proceeds of sale are being reinvested in the Group's development pipeline which is expected to generate internal rates of return (IRR) of at least 15%.

1.6 Financing

The Group's strategy is to optimise its capital structure through the management of its capital, funding and liquidity.

During the year, the Group refinanced $3.3 billion of debt comprising the extension of $2.6 billion of bilateral bank loans and the issue of €500 million ($745 million) of bonds to fund the redemption of $900 million of domestic bonds. Following this redemption, the Group has no debt maturities until July 2018.

The Group redeemed $578 million of property-linked notes, of which $161 million was repaid in June 2016 and $417 million was repaid in January 2017, effectively increasing the Group's economic interest in four high quality regional centres in Australia. Review dates for the remaining notes of $596 million were also extended to 2021-2023.

At 31 December 2016, the Group's gearing was 33.3% and the average debt maturity is 5.1 years.

The Group's economic share of interest rate hedging was maintained at a high level, being 80% hedged at 31 December 2016.

1.7 Principal activities

The principal activities of Scentre Group during the year were the ownership, development, design, construction, asset management, leasing and marketing activities with respect to its Australian and New Zealand portfolio of retail properties. There were no significant changes in the nature of those activities during the year.

1.8 Strategy, Key Drivers and Outlook

(a) Strategy and key drivers

Scentre Group's purpose is to create extraordinary places connecting and enriching communities by owning, managing and developing the best retail assets in Australia and New Zealand. Strategic priorities include:

- intensive management of its existing portfolio to maximise the sales productivity of retailers and to provide superior experiences to consumers;
- improving the quality of its portfolio to adapt to the next generation of retail;
- generating new income opportunities by leveraging the scale of the Group's portfolio;
- executing its current and future development pipeline to enhance the value, scale and quality of the portfolio;
- active management of its capital positions to enhance long term earnings growth potential and return on equity; and
- using digital technology to better connect retailers and consumers.

(b) Intensive management

Scentre Group concentrates on intensively managing its shopping centres, with particular emphasis on delivering an optimal mix of retailers, maximising the sales productivity of retailers at each shopping centre and providing superior experiences to consumers.

The Group seeks to develop strong relationships with retailers and to provide a high standard of service to customers while seeking to strictly control operating costs. It does this by working closely with retailers to provide a superior shopping experience and developing strong relationships with consumers through various marketing initiatives, including supporting the local community surrounding each shopping centre. These experiences range from parking, shopping centre ambience and retailer mix to food, leisure and entertainment precincts and digital connectivity.

(c) Operating strategy

The Group's strategy is to create and own leading retail destinations across Australia and New Zealand.

Scentre Group continues to focus on generating new income opportunities across its portfolio. This includes a focus on expanding media and advertising revenues, digital, storage, car parking and infrastructure services as well as the provision of customer services such as valet parking and other concierge services.

The Group recognises the emergence of digital technology as an important element in better connecting the retailer and our centres with the consumer and improving the shopping experience for both groups.

(d) Development activities

Scentre Group's development capabilities include all elements of development, design, construction and project leasing for shopping centres in Australia and New Zealand. The nature of shopping centre ownership provides for a consistent pipeline of redevelopment and expansion opportunities for existing shopping centres in the portfolio.

(e) Capital management

Scentre Group's capital management strategy is to invest capital in the ownership and development of high quality shopping centres across Australia and New Zealand and position Scentre Group to enhance long term earnings growth and ROCE.

A key component of this strategy involves efficient sourcing of capital. This allows the Group to reduce invested capital in assets that no longer meet the Group's investment criteria.

The Group's strategy is to own the highest quality assets. Capital will be invested in the $3 billion development pipeline to ensure that the Group's centres remain at the forefront of retail in Australia and New Zealand such that the portfolio will generate strong long term growth and risk adjusted returns.

(f) Outlook

The Group forecasts FFO growth for the 12 months ending 31 December 2017 of approximately 4.25%, with underlying FFO growth of approximately 5% excluding the impact of transactions. The distribution is forecast to be 21.73 cents per security, an increase of 2%.

1.9 Subsequent events

Since the end of the Financial Year, there are no subsequent events to report.

2. SUSTAINABILITY

Environmental laws and regulations in force in the various jurisdictions in which Scentre Group operates are applicable to areas of the Group's operations and in particular to its development, construction and shopping centre management activities. The Group has in place procedures to identify and comply with such requirements including, where applicable, obtaining and complying with the conditions of relevant authority consents and approvals and the obtaining of any necessary licences.

These compliance procedures are regularly reviewed and audited and their application closely monitored. Westfield Group's Sustainability Reports from prior years that include Scentre Group assets can be found at http://www.scentregroup.com/about/sustainability/.

Scentre Group's 2016 Sustainability Report will be published in the first quarter of 2017 and will be available on its website.

3. DIVIDENDS/DISTRIBUTIONS

The Company did not determine to pay a dividend for the 6 month period to 30 June 2016. For the 6 month period to 31 December 2016 the Company determined a dividend of 2.70 cents per share.

A distribution of 10.65 cents per Scentre Group security was paid on 31 August 2016. This distribution was an aggregate distribution from Scentre Group Trust 1 and Scentre Group Trust 2.

A distribution of 10.65 cents per Scentre Group security will be paid on 28 February 2017. This distribution is an aggregate dividend from the Company and a distribution from Scentre Group Trust 1, Scentre Group Trust 2 and Scentre Group Trust 3.

4. DIRECTORS AND SECRETARIES

4.1 Board Membership and Qualifications

Scentre Group is a stapled entity which operates as a single economic entity. The entities comprising Scentre Group are the Company, Scentre Group Trust 1 Scentre Group Trust 2 and Scentre Group Trust 3. The Boards of the Company, Scentre Management Limited (as responsible entity of Scentre Group Trust 1), RE1 Limited (as responsible entity of Scentre Group Trust 2) and RE2 Limited (as responsible entity of Scentre Group Trust 3) are identical.

As part of the Board's commitment to succession planning and a strong and diverse membership, Ms Carolyn Kay and Ms Margaret Seale were appointed to the Board in February 2016.

Mr Frank Lowy AC retired on 5 May 2016 at the conclusion of the Company's AGM and Mr Brian Schwartz was appointed Chairman. Mr Richard Egerton-Warburton AO LVO also retired on 5 May 2016 at the conclusion of the AGM.

Details of the qualifications, experience and special responsibilities of each of the Directors as at the date of this report are set out below.

Brian Schwartz AM, Independent Chairman

Skills and Experience:

Brian Schwartz is the non-executive Chairman of Scentre Group. He is also Chairman of the Group's Nomination Committee. Brian is a non-executive Director and Deputy Chairman of Westfield Corporation. In a career with Ernst & Young Australia spanning more than 25 years, he rose to the positions of Chairman (1996 – 1998) and then CEO of the firm from 1998 to 2004. From 2005 to 2009, Brian was the CEO of Investec Bank (Australia) Limited. He is a fellow of the Australian Institute of Company Directors and the Institute of Chartered Accountants. Brian was previously a Director of Brambles Limited, Chairman of Insurance Australia Group Limited and Deputy Chairman of Football Federation Australia Limited.

Peter Allen, Chief Executive Officer

Skills and Experience:

Peter Allen is an executive Director and Chief Executive Officer of Scentre Group. Prior to the establishment of Scentre Group in 2014, Peter was an executive Director and Chief Financial Officer of Westfield Group. Peter joined Westfield in 1996 and between 1998 and 2004 was Westfield's CEO of the United Kingdom/Europe and responsible for establishing Westfield's presence in the United Kingdom. Prior to joining Westfield, Peter worked for Citibank in Melbourne, New York and London. Peter is Chairman of the Shopping Centre Council of Australia and a Director of the Victor Chang Cardiac Research Institute.

Andrew Harmos, Independent Non-Executive Director

Skills and Experience:

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

Michael Ihlein, Independent Non-Executive Director

Skills and Experience:

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

Carolyn Kay, Independent Non-Executive Director

Skills and Experience:

Carolyn Kay is a non-executive Director of Scentre Group. She is also a member of Scentre Group's Audit and Risk Committee. Carolyn has had more than 30 years of experience in the finance sector as an executive and non-executive director. In addition, Carolyn has been and remains a non-executive director of enterprises across a broad range of industries. She is currently a member of The Future Fund Board of Guardians and the Australia-China Council, a non-executive director of Brambles and John Swire & Sons and an External Board Member of Allens Linklaters. In the not for profit sector, Carolyn is also a non-executive director of Chief Executive Women and The General Sir John Monash Foundation. As an executive Carolyn worked as a banker and lawyer at Morgan Stanley, JP Morgan and Linklaters & Paines in London, New York and Australia. She was formerly a non-executive director of a number of organizations including Commonwealth Bank of Australia and Infrastructure NSW. Carolyn holds Bachelor Degrees in Law and Arts (University of Melbourne), a Graduate Diploma in Management (AGSM) and is a Fellow of the Australian Institute of Company Directors. She was awarded a Centenary Medal for services to Australian society in business leadership.

Aliza Knox, Independent Non-Executive Director

Skills and Experience:

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

Steven Lowy AM, Non-Executive Director

Skills and Experience:

Steven Lowy is a non-executive Director of Scentre Group. He holds a Bachelor of Commerce (Honours) from the University of NSW. Prior to joining Westfield in 1987, Steven worked in investment banking in the US. He is an executive Director of Westfield Corporation and currently serves as its Co-Chief Executive Officer. Steven is Chairman of Football Federation Australia Limited and is a Director of the Lowy Institute for International Policy. His previous appointments include President of the Board of Trustees of the Art Gallery of New South Wales, Chairman of the Victor Chang Cardiac Research Institute and Presiding Officer of the NSW Police Force Associate Degree in Policing Practice Board of Management.

Margaret Seale, Independent Non-Executive Director

Skills and Experience:

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

4.2 Directors' Relevant Interests

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

Director	Number of Stapled Securities
Brian Schwartz	103,781
Peter Allen	2,617,701
Andrew Harmos	50,000
Michael Ihlein	33,048
Carolyn Kay	17,000
Aliza Knox	16,000
Steven Lowy	216,467,389
Margaret Seale	39,250

Mr Frank Lowy and Mr Richard Warburton retired from the Board on 5 May 2016. On the date of retirement, Mr Lowy held a relevant interest in 216,467,389 Scentre Group securities. Mr Warburton held a relevant interest in 73,445 Scentre Group securities.

To underpin the alignment of Directors and securityholders, during the year the Board introduced a minimum securityholding requirement for Non-Executive Directors, in line with the requirement for Executive Key Management Personnel. Non-Executive Directors are required to maintain a minimum holding of securities equal to one year's base board fees. Non-Executive Directors have 3 years to meet this requirement.

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

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

Details of the equity-linked incentives held by the Chief Executive Officer are set out in the Remuneration Report.

4.3 Directors' attendance at meetings

The following tables set out the number of Board and Committee meetings held during the Financial Year and attendance by Directors.

Number of Meetings held:	
Board of Directors	6
Audit and Risk Committee	5
Human Resources Committee	5
Nomination Committee	4

Director[1]	Board		Audit and Risk Committee		Human Resources Committee		Nomination Committee	
	A	B	A	B	A	B	A	B
Brian Schwartz	6	6	2	2	2	2	4	4
Peter Allen	6	6	–	–	–	–	–	–
Andrew Harmos	6	6	–	–	5	5	4	4
Michael Ihlein	6	6	5	5	2	2	1	1
Carolyn Kay	5	5	3	3	–	–	–	–
Aliza Knox	6	6	–	–	3	3	–	–
Steven Lowy	6	6	–	–	–	–	–	–
Margaret Seale	5	5	3	3	3	3	–	–
Frank Lowy	2	2	–	–	–	–	–	–
Richard Egerton-Warburton	2	2	2	2	–	–	3	3

A = Number of meetings eligible to attend.

B = Number of meetings attended

[1] Mr Frank Lowy and Mr Richard Egerton-Warburton retired from the Board on 5 May 2016. Ms Carolyn Kay and Ms Margaret Seale were appointed to the Board on 24 February 2016. Ms Kay and Ms Seale were each appointed to the Audit and Risk Committee on 5 May 2016. Ms Seale was also appointed to the Human Resources Committee on that date.

4.4 Directors' directorships of other listed companies

The following table sets out the directorships of other Australian listed entities held by the Company's Directors during the 3 years preceding the end of the Financial Year and up to the date of this report, and the time for which each directorship has been held:

Director	Company	Date appointed	Date resigned
Brian Schwartz	Scentre Management Limited(1)	6 May 2009	Continuing
	RE1 Limited(1)	30 June 2014	Continuing
	RE2 Limited(1)	30 June 2014	Continuing
	Westfield America Management Limited(2)	6 May 2009	Continuing
	Westfield Corporation Limited(2)	8 April 2014	Continuing
	Insurance Australia Group Limited	1 January 2005	31 March 2016
	Brambles Limited	13 March 2009	30 June 2014
Peter Allen	Scentre Management Limited(1)	25 May 2011	Continuing
	RE1 Limited(1)	12 August 2010	Continuing
	RE2 Limited(1)	12 August 2010	Continuing
	Westfield America Management Limited(2)	25 May 2011	30 June 2014
Andrew Harmos	Scentre Management Limited(1)	30 June 2014	Continuing
	RE1 Limited(1)	21 December 2010	Continuing
	RE2 Limited(1)	21 December 2010	Continuing
Michael Ihlein	Scentre Management Limited(1)	30 June 2014	Continuing
	RE1 Limited(1)	21 December 2010	Continuing
	RE2 Limited(1)	21 December 2010	Continuing
	CSR Limited	7 July 2011	Continuing
	MG Unit Trust (3)	3 July 2015	Continuing
Carolyn Kay	Scentre Management Limited(1)	24 February 2016	Continuing
	RE1 Limited(1)	24 February 2016	Continuing
	RE2 Limited(1)	24 February 2016	Continuing
	Brambles Limited	21 August 2006	Continuing
Aliza Knox	Scentre Management Limited(1)	7 May 2015	Continuing
	RE1 Limited(1)	7 May 2015	Continuing
	RE2 Limited(1)	7 May 2015	Continuing
	InvoCare Limited	4 October 2011	31 August 2015
Steven Lowy	Scentre Management Limited(1)	28 June 1989	Continuing
	RE1 Limited(1)	12 August 2010	Continuing
	RE2 Limited(1)	12 August 2010	Continuing
	Westfield America Management Limited(2)	20 February 1996	Continuing
	Westfield Corporation Limited(2)	28 November 2013	Continuing
Margaret Seale	Scentre Management Limited(1)	24 February 2016	Continuing
	RE1 Limited(1)	24 February 2016	Continuing
	RE2 Limited(1)	24 February 2016	Continuing
	Ramsay Health Care Limited	28 April 2015	Continuing
	Telstra Corporation Limited	7 May 2012	Continuing
	Bank of Queensland Limited	21 January 2014	Continuing

Notes:

(1) Scentre Group comprises Scentre Group Limited, Scentre Group Trust 1 (the responsible entity of which is Scentre Management Limited), Scentre Group Trust 2 (the responsible entity of which is RE1 Limited) and Scentre Group Trust 3 (the responsible entity of which is RE2 Limited), the securities of which are stapled and trade on the ASX as Scentre Group (ASX: SCG). Scentre Management Limited is also the responsible entity of Carindale Property Trust, a listed managed investment scheme (ASX: CDP).

(2) Westfield America Management Limited formed part of the prior Westfield Group. It is now part of Westfield Corporation. Westfield Corporation comprises Westfield Corporation Limited, Westfield America Trust and WFD Trust (the responsible entity of both schemes being Westfield America Management Limited), the securities of which are stapled and trade on the ASX as Westfield Corporation (ASX: WFD).

(3) MG Unit Trust (ASX: MGC) is a listed management investment scheme, the responsible entity of which is MG Responsible Entity Limited.

Directors' Report (continued)

4.5 Secretaries

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

Ms Maureen McGrath

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

Mr Paul Giugni

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

5. OPTIONS

No options were issued by the Company during or since the end of the Financial Year and no Director or member of the Senior Executive Team holds options over issued or unissued Scentre Group stapled securities.

Details of the equity-linked incentives held by the Executive Key Management Personnel are set out in the Remuneration Report.

6. INDEMNITIES AND INSURANCE PREMIUMS

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

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

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

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

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of its standard terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment under the indemnity was made to Ernst & Young during or since the end of the Financial Year.

7. AUDIT

7.1 Audit and Risk Committee

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

7.2 Non-Audit Services and Auditor Independence

Details of the amount paid to Ernst & Young, which includes amounts paid for non-audit services, are set out in Note 35 to the Financial Statements. The Board is satisfied that the provision of non-audit services by the auditor during the Financial Year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. Furthermore, the provision of non-audit services by the auditor during the Financial Year did not compromise the independence requirements under the Corporations Act 2001 because:

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

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

(c) under the Non-Audit Services Protocol, the auditor is required to report as to its compliance with the terms of the Protocol and, in all instances, confirm the position that the independence of Ernst & Young as statutory auditor has been maintained; and

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

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

EY
Building a better
working world

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

As lead auditor for the audit of Scentre Group Limited for the financial year ended 31 December 2016, I declare to the best of my knowledge and belief, there have been:

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

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

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

Ernst & Young

Graham Ezzy

Ernst & Young

Graham Ezzy
Partner

Sydney, 21 February 2017

Liability limited by a scheme approved under Professional Standards Legislation.

8. REMUNERATION REPORT

Message from the Chairman of the Human Resources Committee

Dear Securityholders

On behalf of the Board, I am pleased to introduce Scentre Group's FY16 remuneration report.

Our approach to remuneration has a number of key objectives. Specifically, we seek to align executive remuneration with the Group's business strategy and the interests of securityholders. Our remuneration strategy also supports our people strategy by providing competitive rewards to attract, motivate and retain our people as well as delivering rewards differentiated by business and individual performance.

Our remuneration structure comprises fixed remuneration and at risk remuneration (comprising short term and long term incentives), the details of which are outlined in this report.

The Board assesses a number of factors when determining remuneration outcomes. Assessment of performance is weighted towards financial and operating results but also includes implementation of strategic initiatives as well as non-financial measures.

FY16 continued to be a period of significant activity for the Group, both operationally and in its continued evolution as an independent entity with its own "Scentre Group" identity. Significantly in FY16, the Group:

- achieved Funds from Operations (FFO) ahead of guidance and distribution forecasts
- continued its strategic focus on making long term decisions for the management of its assets by rebalancing the portfolio and reallocating capital to higher performing assets
- commenced $605 million of redevelopments (SCG share: $480 million) and completed $665 million (SCG share: $410 million) of redevelopments
- continued its focus on creating a "customer-centric" culture through the creation of an integrated Customer Experience division and a Leasing and Retail Solutions division aimed at enhancing the Group's retailer and customer experience through a range of offerings including digital initiatives and data insights and analysis
- achieved an employee engagement survey score of 85%, considered to be a "best in class" result.

Following a review at the end of FY15, we revised our long term hurdles for FY16 replacing the FFO measure (measured over one year) with a long term, 3 year development return hurdle (measured at the end of year 3). For FY17, the LTI hurdles will remain the same as for FY16 being: a Return on Contributed Equity (ROCE) hurdle with a 75% weighting (ROCE will be assessed by reference to ROCE in year 3) and a development return hurdle with a 25% weighting (measured at the end of year 3). As the Group's development program is a significant driver of growth for the Group the Board considers that a development return hurdle coupled with ROCE are closely aligned to the long term strategy of the Group and remain appropriate measures for the LTI plan.

Other than the change in the LTI hurdle, there were no changes in FY16 to the remuneration framework for the executive Key Management Personnel being the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer (Executive KMP) or the Senior Executive Team. The Board considers that the FY16 remuneration outcomes appropriately reflect the Group's performance and the performance of the Executive KMP.

Notably, the fixed remuneration for the Chief Executive Officer and Chief Financial Officer has not increased since the establishment of the Group in FY14 and the fixed remuneration for the Chief Operating Officer (appointed November 2015) has not increased since his appointment.

Following the strong financial and operating performance of the Group during the year and having regard to the individual performance indicators for the Executive KMP, the 2016 STI payment for the CEO was paid at 100% of target (85% of potential maximum), the CFO at 90% of target (74% of potential maximum) and the COO at 95% of target (79% of potential maximum).

To underpin the alignment of Directors and securityholders the Board has also introduced a minimum security holding requirement for Non-Executive Directors, in line with the requirement for Executive KMP. Non-Executive Directors are required to maintain a minimum holding of securities equal to one year's base board fees and will be given 3 years to meet this requirement.

The Board and Committee fees for Non-Executive Directors for FY17 remain unchanged from FY16.

In FY17, the Committee will continue to oversee remuneration and human resources policies to ensure that they are aligned with and promote the long term strategies of the Group as well as the Group's purpose and values.

I trust you will find this report helpful in understanding the remuneration policies and practices of the Group.

Andrew Harmos
Chairman, Human Resources Committee

8. REMUNERATION REPORT FOR 2016

This remuneration report, prepared in accordance with the requirements of the Corporations Act 2001 (Cwth) (Corporations Act), provides an overview of Scentre Group's remuneration policies and practices. The report has been audited by the Group's statutory auditors, Ernst & Young as required by section 308(3C) of the Corporations Act.

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8.1 Key Management Personnel

In line with statutory requirements, this report explains our approach to remuneration of our Key Management Personnel (KMP). KMP are those individuals having the authority and responsibility for planning, directing and controlling the activities of Scentre Group, either directly or indirectly. They include Non-Executive Directors, the Chief Executive Officer and those senior executives considered Executive KMP.

For the year ended 31 December 2016, KMP were:

Name	Position	Term
Executive Director		
Peter Allen	Chief Executive Officer	Full year
Senior Executives		
Mark Bloom	Chief Financial Officer	Full year
Greg Miles	Chief Operating Officer	Full year
Non-Executive Directors		
Brian Schwartz	Chairman	Full year (appointed Chairman 5 May 2016)
Andrew Harmos	Director	Full year
Michael Ihlein	Director	Full year
Carolyn Kay	Director	Part year (appointed 24 February 2016)
Aliza Knox	Director	Full year
Steven Lowy	Director	Full year
Margaret Seale	Director	Part year (appointed 24 February 2016)
Frank Lowy	Chairman	Part year (retired 5 May 2016)
Richard Egerton-Warburton	Director	Part year (retired 5 May 2016)

8.2 Key Questions

Key questions		Further information
Remuneration in 2016		
1. How is the Group's performance reflected in this year's remuneration outcomes?	– 3.2% FFO growth ahead of guidance – distribution of 21.3 cents per security – development starts of $605 million (SCG's share $480 million) – 2.9% comparable net operating income growth	Section 8.6 and section 1.2
2. What changes have been made to the remuneration structure in FY16?	For FY16 we revised our long term hurdles replacing the FFO measure (measured over one year) with a longer term, 3 year development return hurdle (measured at the end of year 3). The FY16 hurdles were a Return on Contributed Equity (ROCE) hurdle with a 75% weighting and a development return hurdle with a 25% weighting.	Section 8.5 (c) (ii)
3. Are any changes planned for FY17?	There are no planned changes to the Group's remuneration framework.	Section 8.3
Remuneration framework		
4. What is the remuneration structure?	Remuneration comprises fixed and "at risk" remuneration.	Section 8.3
5. Does the Group issue retention awards without performance hurdles?	No. All short term incentives (STIs) and long term incentives (LTIs) issued by the Group are subject to performance hurdles.	Section 8.5 (c) (iii)
6. What proportion of the remuneration is 'at risk'?	The FY16 "at risk" proportion of target remuneration for the CEO was 72% and was 68% for the CFO and COO.	Section 8.5 (b) and section 8.6 (a)
7. Are there any clawback or cancellation provisions for incentives?	Yes. The plans contain provisions for the lapsing of all unvested awards in a number of circumstances.	Section 8.5 (c) (iii)
8. Does the Group have a minimum securityholding requirement?	Yes. Executive KMP and Non-Executive Directors are required to maintain a minimum holding of securities.	Section 8.3 and section 8.10
At risk remuneration		
9. Are any STI payments deferred?	Yes. 30% of the actual STI is delivered as performance rights.	Section 8.3 and section 8.5 (c) (i)
10. Are STI payments capped?	Yes. The potential maximum STI for Executive KMP is capped at 150% of their fixed remuneration.	Section 8.5 (c) (i)
11. What are the performance measures for the LTI?	The LTI hurdles are: a Return on Contributed Equity (ROCE) hurdle with a 75% weighting (ROCE will be assessed by reference to ROCE in year 3) and a development return hurdle with a 25% weighting (measured at the end of year 3).	Section 8.5 (c) (ii)
12. Does the LTI have re-testing?	No. If full qualification for awards is not achieved, there is no provision for re-testing the hurdles.	Section 8.5 (c) (ii)
13. Is the size of LTI grants increased in light of performance conditions?	The size of the grant is not increased. However, the percentage of rights vesting is based on a graduated scale dependent on performance.	Section 8.5 (c) (ii)
14. Can participants hedge their unvested awards?	No. Participants are prohibited from hedging awards.	Section 8.5 (c) (iii)
15. Does Scentre Group buy securities or issue new securities?	The Group acquires the securities on-market and transfers the securities to executives.	Section 8.5 (c) (iii)
16. Are distributions paid during the vesting period?	No. Participants in the plans only receive distributions on securities following vesting.	Section 8.5 (c) (iii)
Executive agreements		
17. What is the maximum Executive KMP can receive on termination?	Subject to the Corporations Act, redundancy between 12 and 24 months fixed remuneration and, in certain circumstances, partial vesting of performance rights.	Section 8.9 and Section 8.5 (c) (iii)

8.3 Remuneration philosophy and link to business strategy

The relationship between the Group's remuneration framework and the link to strategy and performance is outlined below. The Group's fixed remuneration is positioned at the 75th percentile of comparable groups, with the STI and LTI designed to deliver remuneration based on individual and business performance. No changes are proposed to the remuneration framework in FY17.

Remuneration objective	Remuneration element	Link to Scentre Group's strategy and performance
Enable the Group to attract and retain key executives capable of contributing to the Group's business and who will create sustainable value for securityholders and other stakeholders	**Fixed remuneration** Comprised of base salary inclusive of superannuation	– Fixed remuneration is set at market competitive levels to attract and retain key talent. – Fixed remuneration is set having regard to the complexity of the role and the skills and competencies required for the role.
Fairly reward executives having regard to their individual performance against agreed objectives, the overall performance of the Group and the external compensation environment and Appropriately align the interests of executives with securityholders	**At risk remuneration** *Short term incentive (STI)* Annual incentive delivered through a combination of cash and deferred equity	– The STI is directly linked to Group divisional and individual performance with weightings based on the roles and responsibilities of the executive. – The amount of STIs awarded to an executive is determined by the level of their performance against Key Performance Indicators (KPIs). – KPIs are based on a mixture of financial and non-financial measures including development, construction, retail management, corporate or strategic targets, health and safety, sustainability and the Group's values. – 70% of the actual STI is paid in cash. – 30% of the actual STI is delivered as performance rights which vest after 3 years creating a longer term and retention focus.
	Long term incentive (LTI) Delivered as performance rights which vest in 2 tranches at the end of year 3 and year 4 if performance hurdles are achieved	– The LTI plan is designed to encourage and reward superior performance by the senior leadership team aligned with the interests of securityholders. – The performance hurdles for FY16 were a development return hurdle (25% weighting) and return on contributed equity (ROCE) (75% weighting). – The combination of the performance hurdles and vesting period incentivises the achievement of targeted objectives and assists in the retention of the senior leadership team. – The value of the awards granted under the equity-linked plans increases or decreases depending on the security price.
	Minimum securityholding requirement	– Executive KMP are required to maintain a minimum holding of Group securities that is at least a one-time multiple of their fixed remuneration (before tax). Executive KMP have 3 years to meet the requirement from the date the requirement was introduced (November 2014) or date of appointment (if later). Each of the CEO, CFO and COO meet the minimum securityholding requirement.

8.4 Remuneration governance

The Group's remuneration governance framework is outlined below.

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

Human Resources Committee

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

The Committee is responsible for making recommendations on the:

- Remuneration policies and practices affecting the Group.
- Remuneration packages for the Executive KMP. The Committee also considers and makes recommendations on the remuneration packages for 11 other executives performing senior operational and corporate roles (Senior Executive Team).
- Fees for Non-Executive Directors.
- Group's equity-linked plans.
- Succession planning policies in relation to the Senior Executive Team.
- Termination entitlements of the Senior Executive Team.
- Policies that promote and support equal opportunity and diversity within the Group.

The Committee is comprised of 3 independent Non-Executive Directors: Andrew Harmos (Chairman), Aliza Knox and Margaret Seale.

External Advisers

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

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

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

Management

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

During FY16, the Committee re-appointed Mark Bieler Associates to provide remuneration advisory services. The Committee also sought benchmarking and commentary on executive remuneration matters from Willis Towers Watson. The Group also benchmarks Non-Executive Director fees. No remuneration recommendations were made by either Mark Bieler Associates or Willis Towers Watson.

8.5 Executive remuneration policy and overview of equity-linked plans

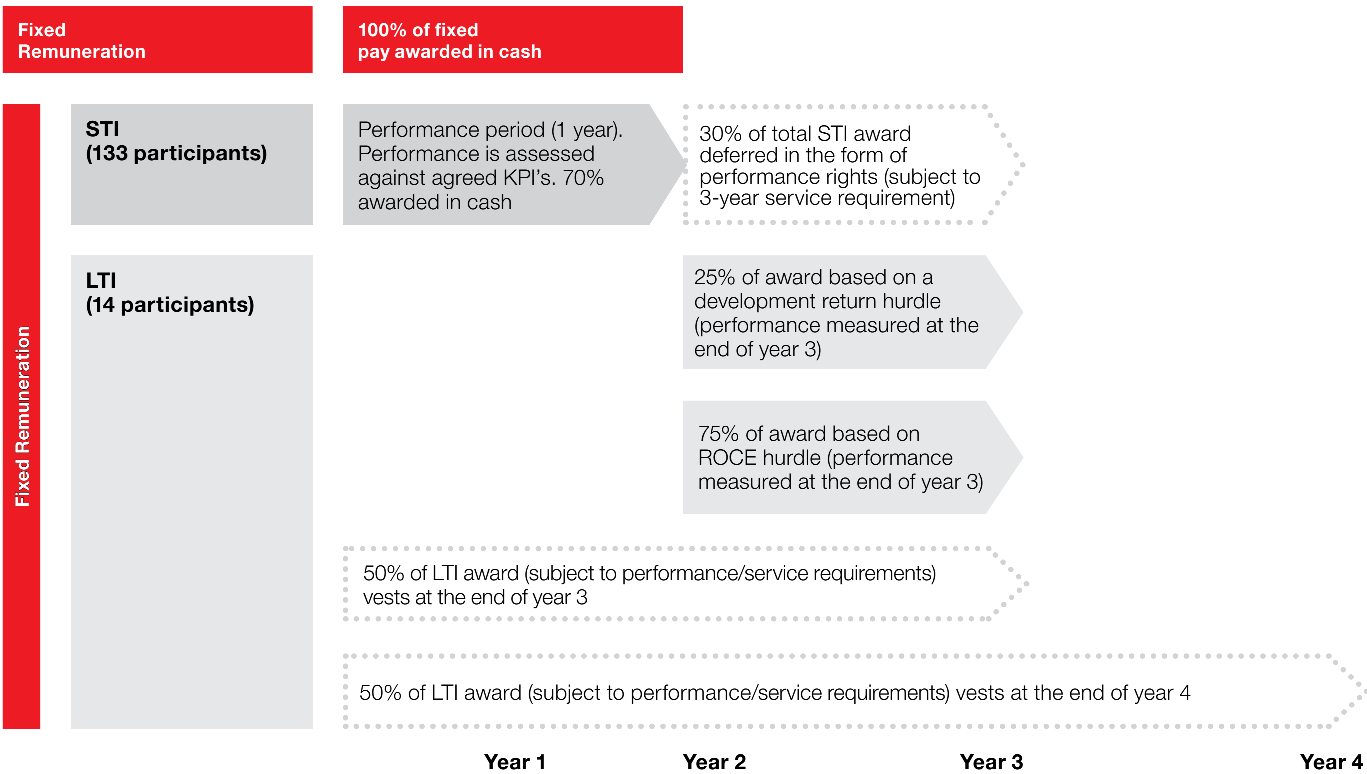
(a) Policy and overview

Total remuneration for the Senior Executive Team comprises a mix of fixed remuneration and at risk remuneration, through the Group's STI and LTI plans.

The Group's remuneration practices are benchmarked against relevant comparable groups. This extends beyond fixed remuneration to the Group's STI plan and LTI plan which are an important part of the package of initiatives used by the Group to attract, incentivise and retain executives.

The potential maximum remuneration that can be achieved by Executive KMP is the executive's fixed remuneration and at risk remuneration assuming the maximum level of performance by the executive against their KPIs and full vesting of the deferred performance rights granted under the STI and LTI plans.

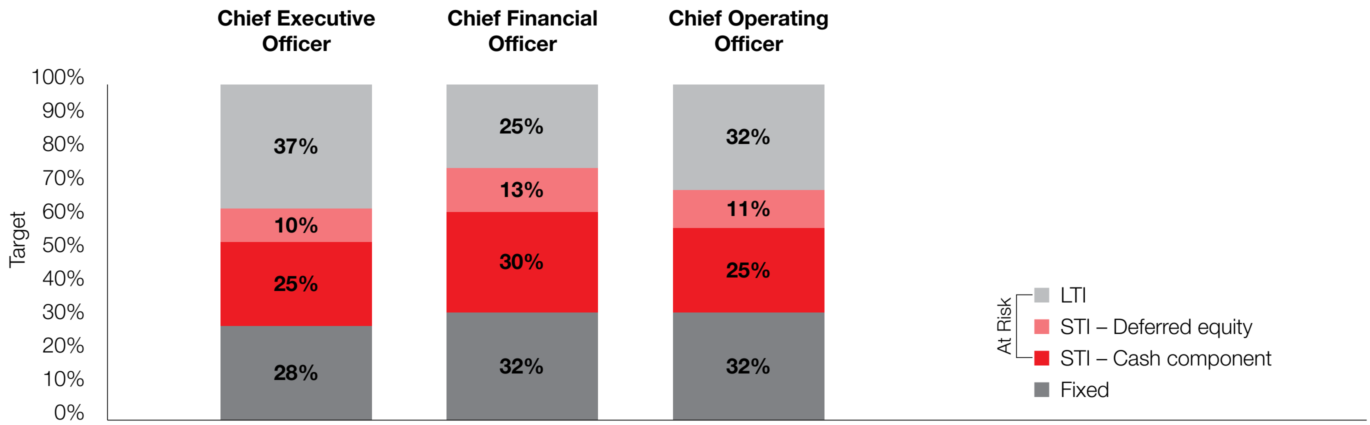
The components of the remuneration mix and the vesting profiles of the STI and LTI for FY16 are outlined below.



Directors’ Report (continued)

(b) Remuneration outcomes

The charts below show each of the components as a percentage of target remuneration for the Executive KMP for FY16. The actual amount delivered under the STI and LTI depends of the level of achievement of performance measures.



(c) Key elements of the Group’s at risk remuneration (STI plan and LTI plan)

(i) STI plan

<table>
<tr><th>Element</th><th>Description</th></tr>
<tr><td>What is the purpose of the STI plan?</td><td>The purpose of the STI plan is to reward executives against the achievement of KPIs. Each executive’s KPIs are set annually with the purpose of motivating that executive to achieve performance objectives which will contribute to the short and longer term success of the Group.</td></tr>
<tr><td>Who is eligible to participate in the STI plan?</td><td>The STI is a broader based plan than the LTI. Executive KMP, other members of the Senior Executive Team and high performing executives participate in the STI plan. In FY16 there were 133 participants in the STI plan.</td></tr>
<tr><td>What is the target and maximum STI opportunity for Executive KMP?</td><td><table>
<tr><th>Role</th><th>Target STI (as a % of fixed remuneration)</th><th>Potential maximum STI (as a % fixed remuneration)</th></tr>
<tr><td>CEO</td><td>127.5</td><td>150</td></tr>
<tr><td>CFO</td><td>132</td><td>150</td></tr>
<tr><td>COO</td><td>117</td><td>150</td></tr>
</table>
Potential maximum STIs will only be awarded in exceptional circumstances where an executive has significantly exceeded their KPIs.</td></tr>
<tr><td>How is the STI delivered?</td><td>For participants in the STI, 70% of the STI is paid in cash with the balance (30%) delivered as performance rights under the Group’s Performance Rights Plan which are eligible to vest at the end of year 3. There are no additional performance hurdles.</td></tr>
<tr><td>What are the STI performance measures?</td><td>KPIs are established each year under a performance review and development system. KPIs are designed to measure both financial and non-financial performance. The objectives vary according to the role of the executive and typically relate to development, construction, retail management, corporate or strategic targets.

Non-financial objectives include matters such as health and safety, risk management, compliance, people and culture, sustainability and a range of other matters relevant to the Group’s business.</td></tr>
<tr><td>How is performance against KPIs assessed?</td><td>The actual STI awarded to an executive is determined by reference to the performance of the executive against the agreed KPIs, the corporate performance of the Group and any other aspect of the executive’s performance which is considered relevant in the context of the review, including participation in a major corporate or operational project undertaken by the Group in that year.</td></tr>
<tr><td>What are the performance weightings?</td><td>Performance weightings for the Executive KMP are as follows:
<table>
<tr><th>Role</th><th>Financial Measures</th><th>Non-Financial Measures</th></tr>
<tr><td>CEO</td><td>65%</td><td>35%</td></tr>
<tr><td>COO</td><td>80%</td><td>20%</td></tr>
<tr><td>CFO</td><td>80%</td><td>20%</td></tr>
</table></td></tr>
</table>

(ii) LTI plan

Element	Description
What is the purpose of the LTI plan?	The LTI plan is designed to encourage and reward superior performance by members of the Senior Executive Team emphasising the strategic leadership role of that team. Through the LTI plan, participants are provided with a benefit aligned with the interests of securityholders. Through a combination of performance hurdles (which are determined annually by the Board) and a 3 – 4 year vesting period, the Group aims to incentivise achievement of targeted objectives and assist in the retention of the Executive KMP and other members of the Senior Executive Team for an extended period.
Who is eligible to participate in the LTI plan?	Only members of the Senior Executive Team participate in the LTI plan. In FY16, the Senior Executive Team comprised 14 executives.
What is the target and maximum LTI grant opportunity?	(see table below)

Role	Target LTI grant (as a % of fixed remuneration)	Potential maximum LTI grant (as a % fixed remuneration)
CEO	135	150
CFO	77	100
COO	100	120

Element	Description
How is the LTI delivered and what is the Group's allocation methodology?	LTI awards are delivered as performance rights under the Performance Incentive Rights Plan (PIR Plan).
What were the FY16 LTI performance hurdles?	For FY16, the performance hurdles were:

Development return hurdle (25% weighting)

The development return hurdle is designed to measure the actual incremental yield that has been generated through the completion of major developments (over $50 million) compared to Board approved feasibilities.

Major developments that commenced in FY16 have Board approved feasibilities including the annual cash flow impact of the forecast incremental NOI. The forecast FY18 incremental NOI for these projects will be aggregated and a yield calculated based on the Board approved development cost for the projects.

At the end of FY18, the actual incremental NOI from these projects will be aggregated and a yield calculated based on the actual development cost. These 2 yields will then be compared and, based on a graduated table, the percentage of LTI that will vest will be calculated. The hurdle will be achieved at 100% if the forecast yield is met.

Achievement below forecast yield will result in a reduction of the percentage of vesting.

Achievement above the target development return hurdle will result in an increase of the percentage of vesting, with a cap of 125% vesting.

ROCE hurdle (75% weighting)

The ROCE hurdle enables the Board to reward the performance of management having regard to the level of returns generated on securityholder equity through a combination of improving earnings and capital management.

The Group's ROCE is calculated by applying FFO for the relevant financial year as a percentage of the Group's weighted average contributed equity during the year.

The ROCE hurdle operates on a graduated scale which is approved by the Board prior to awards being granted under the plan. Performance against the ROCE hurdle will be measured by reference to ROCE achieved in year 3 of the vesting period. Achievement of the ROCE component of the FY16 LTI will be measured at the end of FY18 and published in the FY18 annual report. The Group does not publish details of the ROCE hurdle prior to the year in which it is tested (year 3) as this would result in the disclosure of commercially sensitive information in connection with the Group's forecast of growth in FFO and the amount of contributed equity.

The hurdle will be achieved at 100% if the target ROCE is met.

Achievement below target ROCE will result in a reduction of the percentage of vesting.

Achievement above target ROCE will result in an increase of the percentage of vesting, with a cap of 150% vesting.

Element	Description
What was the level of vesting?	Both hurdles will be measured at the end of year 3 (FY18).
What performance/vesting period applies to the LTI awards?	The awards issued under the LTI plan are confirmed at the end of the vesting period in 2 tranches with 50% vesting at the end of year 3 and 50% at the end of year 4.
How is performance against the LTI hurdles assessed?	Vesting in relation to a particular hurdle will occur if the measures in relation to that hurdle are achieved. Actual performance against the hurdles which apply determines the final number of awards the executive will receive at the end of the vesting period. If full qualification for awards is not achieved, there is no provision in the plan for re-testing those hurdles in subsequent years.
Can the LTI hurdles be adjusted?	Yes. The Board reserves the right to adjust performance hurdles under the LTI plan to reflect the impact of any capital transaction occurring during the performance period (for example: a significant equity issue or the sale or joint venture of a material part of the portfolio).
Will the FY17 LTI hurdles change from FY16?	No. For FY17, the LTI hurdles remain the same as for FY16. Refer "What were the FY16 LTI performance hurdles?" above for a description of the hurdles.

Element	Description
Were other hurdles considered?	Following a review at the end of FY15, we revised our long term hurdles for FY16 replacing the FFO measure (measured over one year) with a long term, 3 year development return hurdle (measured at the end of year 3). This change was in response to a number of factors including concerns raised by securityholders in relation to a one year measure under the LTI. In revising the LTI hurdles for FY16, the Board had regard to the implementation of a hurdle based on measurement of total shareholder return (TSR), either on a comparative basis or in absolute terms. The Committee also considered a FFO hurdle measured over an extended 3 year period as well as retaining the FFO hurdle measured over one year.

(iii) STI and LTI: Common features

The common features of the STI plan and LTI plan, in relation to the grant of deferred equity, are outlined below.

Element	Description
Are there common rules under the STI plan and LTI plan?	Yes. The Group's Performance Rights Plan governs the grants of awards of deferred equity under the STI plan and the LTI plan. Having a common set of rules enables the grant of deferred equity under those plans to be administered on a consistent basis across participating executives.
What are the mechanics of the Performance Rights Plan?	Under the Performance Rights Plan, on maturity, the executive is entitled to receive, at the election of Scentre Group and for no further consideration, either: – one Scentre Group security for each award; or – a cash payment to the same value. The relevant common features of both plans are as follows: – based on principles and remuneration bands approved by the Board, participating executives earn the opportunity to participate in a plan and are informed of a dollar amount in relation to their participation at the beginning of each financial year in which they are offered participation; – that dollar amount is converted into an award which is based on the market price of Scentre Group securities. For example, assuming a market price of $4.00 per security, a participant entitled to a grant of $400,000 would receive an award equal to the economic benefit of 100,000 Scentre Group securities; assuming the executive remains employed by the Group through the vesting period and any applicable performance hurdles are satisfied, the executive will receive either Scentre Group securities or a cash pay-out equal to the capital value of the securities represented by the award. The maximum level of vesting under the LTI plan is described in "What were the FY16 LTI performance hurdles?" on page 13.
How are securities delivered under the STI and LTI?	Where awards are settled with securities, the Group acquires the securities on-market and transfers the securities to executives.
Can retention awards be issued without hurdles?	No. All STIs and LTIs issued by the Group are subject to performance hurdles. The final retention awards issued to Executive KMP by the prior Westfield Group (which were not subject to performance hurdles) vested in December 2016.
Are distributions paid during the vesting period?	Participants in the Performance Rights Plan only receive distributions on securities following vesting.
What happens if an executive leaves the Group?	In the event of: – voluntary resignation (other than for retirement, see below): the awards will be forfeited – death or permanent disability: the awards will vest in full – redundancy: where redundancy or termination (other than for cause) occurs earlier than one year prior to the end of the relevant performance period, a pro-rata vesting applies up to the date of termination. Awards which have less than one year to the end of the relevant performance period vest in full. Awards that have been granted for less than 6 months lapse – retirement: provided the executive has reached the age of 55 years or the aggregate of the age of the executive and the number of years in service is equal to or greater than 70 and, in each case, the executive has at least 5 years continuous service, the executive will continue in the plans until the date of vesting in respect of awards granted at least 6 months prior to the date of termination (subject to any performance hurdles).
What happens if there is a change of control?	Awards do not vest automatically as a consequence of a control transaction or a corporate restructuring. In relation to control transactions, the Board retains the discretion to accelerate the vesting date for awards issued under the plans in such circumstances.
Does clawback or cancellation apply to the STI and LTI?	The plans contain provisions for the lapsing of unvested awards in a number of circumstances including if an executive engages in any act or omission constituting serious misconduct or where the Group forms the opinion, based on reasonable grounds, that the executive has committed any fraud, dishonesty or defalcation in relation to the Group.
Are there any other forfeiture events?	Unvested awards will also lapse in the event of a participant: – becoming bankrupt or committing an act of bankruptcy – failing to comply with a "Competition and Confidentiality Condition" (being standard confidentiality, non-compete and non-solicitation conditions).
What is the hedging policy?	Participants in the plans are prohibited from entering into hedging arrangements in respect of unvested awards or rights (or rights the subject of a holding lock) in any plan.

8.6 Remuneration outcomes and the link between performance and reward

The STI and LTI outcomes reflect and reward the strong results across all measures of performance in FY16. The following table sets out the KPIs for the Executive KMP and weightings between these measures.

(a) KPIs and outcomes

Category	KPI	Commentary
FINANCIAL MEASURES CEO: 65% – CFO/COO: 80%	**Financial targets and results**	– FFO per security was 23.30 cents per security, representing a 3.2% increase on the prior year (ahead of guidance of growth of 3%) – Distribution of 21.3 cents per security, representing a 2% increase on the prior year – ROCE was 11.8%, in line with target
	Portfolio Management Targets relate to executing board approved projects to meet time, leasing and financial metrics	– The portfolio was leased >99.5% – Comparable NOI growth for FY16 was 2.9% – Comparable specialty retail sales growth across the portfolio was 2.6% – During the year, centre specific strategic asset plans were also developed and implemented for each centre
	Development projects Objectives relate to the achievement of targets relating to the identification and progression of new developments, development starts and the completion of developments on time and on budget as well as refreshing the development pipeline	FY16 highlights include: – The commencement of $605 million of development projects (SCG share: $480 million) including: Westfield Chermside, Westfield North Lakes and Westfield Whitford City – The completion of $665 million (SCG share: $410 million) of redevelopments including Westfield Warringah Mall and Westfield North Lakes – Pre development works continues across the portfolio with a development pipeline in excess of $3 billion
	Strategic sales, acquisitions and joint ventures During FY16, the Group continued its review and implementation of the identification of potential acquisitions and/or JVs and the targeted sales of less productive assets	In FY16 the Group: – Acquired for $183 million the David Jones 77 Market Street site in Sydney (with Cbus Property), providing a unique opportunity to expand Westfield Sydney – Entered into contracts to sell two non-strategic assets being: Casey Central in Australia ($221 million) and WestCity in New Zealand ($147 million)
	Treasury and financial management Objectives include specific objectives relating to management of the Group's debt and derivatives and its equity base	The Group has a strong balance sheet and liquidity position. The Group's gearing was 33.3% at 31 December 2016 FY16 highlights include: – Issue of €500 million ($745 million) bonds – Early redemption of $900 million of domestic bonds – Redemption of $578 million of property-linked notes and extension of the review dates of the remaining notes of $596 million, effectively increasing the Group's economic interest in 4 high quality regional centres in Australia – Continued lengthening of maturity profile of debt facilities – No debt maturities until July 2018 – Interest rate hedging at 80%

Directors' Report (continued)

<table>
<tr><th>Category</th><th>KPI</th><th>Commentary</th></tr>
<tr><td rowspan="4">NON FINANCIAL MEASURES
CEO: 35% – CFO/COO: 20%</td><td>People and culture</td><td>In FY16 an employee engagement survey was undertaken with a score of 85% which puts the Group in the top 5% of surveyed high performing organisations from an employee engagement perspective
A number of strategic initiatives were undertaken in FY16 including embedding the Group's DNA. In addition a number of diversity and inclusion initiatives were undertaken including:
– The launch of a reconciliation action plan
– The launch of a LGBTI plan
– Development of guides, programs and education in relation to mental health and domestic violence</td></tr>
<tr><td>Customer Experience
– Creating a customer centric culture
– Identify the digital capabilities needed to connect shoppers with the retailers and the Group</td><td>– The creation of an integrated Customer Experience division combining centre management, marketing, digital and customer insights to drive increased customer experience
– The creation of a Leasing and Retail Solutions division to enhance the value-add to the Group's retailer partnerships through a broader range of offerings including insights and analysis
– The introduction of a Net Promoter Score System designed to measure customer satisfaction</td></tr>
<tr><td>Communication with stakeholders
Objectives relate to the communication with securityholders and other market participants</td><td>– Extensive engagement with debt and equity investors
– International investor presentations held in the United States, Europe and Asia
– Investor Day held at the recently redeveloped Westfield Miranda</td></tr>
<tr><td>Risk management
Objectives relate to all aspects of life safety issues, the improvement of information security and increased awareness and individual ownership of risk.</td><td>Scentre Group met or exceeded all important life safety objectives. There were no employee or contractor fatalities within the Group's workplaces in FY16.
In addition, focus areas for FY16 included:
– The implementation of a D&C safety culture strategy as part of the Group's "people protecting people" strategy
– Establishment of an Electrical Safety Committee
– Roll out of enhanced life safety training</td></tr>
</table>

The following table shows the actual STI outcomes for each of the CEO, CFO and COO for FY16.

Executive	STI target $	Actual STI as % of STI target[(i)]	Actual STI granted $	Cash $		Deferred equity $	
Peter Allen	2,550,000	100	2,550,000	1,785,000	70%	765,000	30%
Mark Bloom	1,450,000	90	1,305,000	913,500	70%	391,500	30%
Greg Miles	1,750,000	95	1,662,500	1,163,750	70%	498,750	30%

(i) The STI forfeited as a percentage of potential maximum STI was 15% for Mr Allen, 21% for Mr Bloom and 26% for Mr Miles.

(b) Scentre Group Performance

The following is an analysis of Scentre Group's performance during FY16 using a number of key metrics including earnings and security price growth.

(i) Earnings performance

The Group reports FFO as a key performance measure. FFO is an internationally recognised and accepted measure of profitability used by the real estate industry.

The Group's FFO for FY16 was 23.30 cents per security, representing a 3.2% increase on the prior year (higher than guidance of 3%).

The Group also continues to measure and publish earnings per security (EPS). The Group's EPS for the period was 56.30 cents.

Distributions

The distribution to be paid by the Group for FY16 is $1,131.4 million representing 21.3 cents per security, up 2% on the prior year.

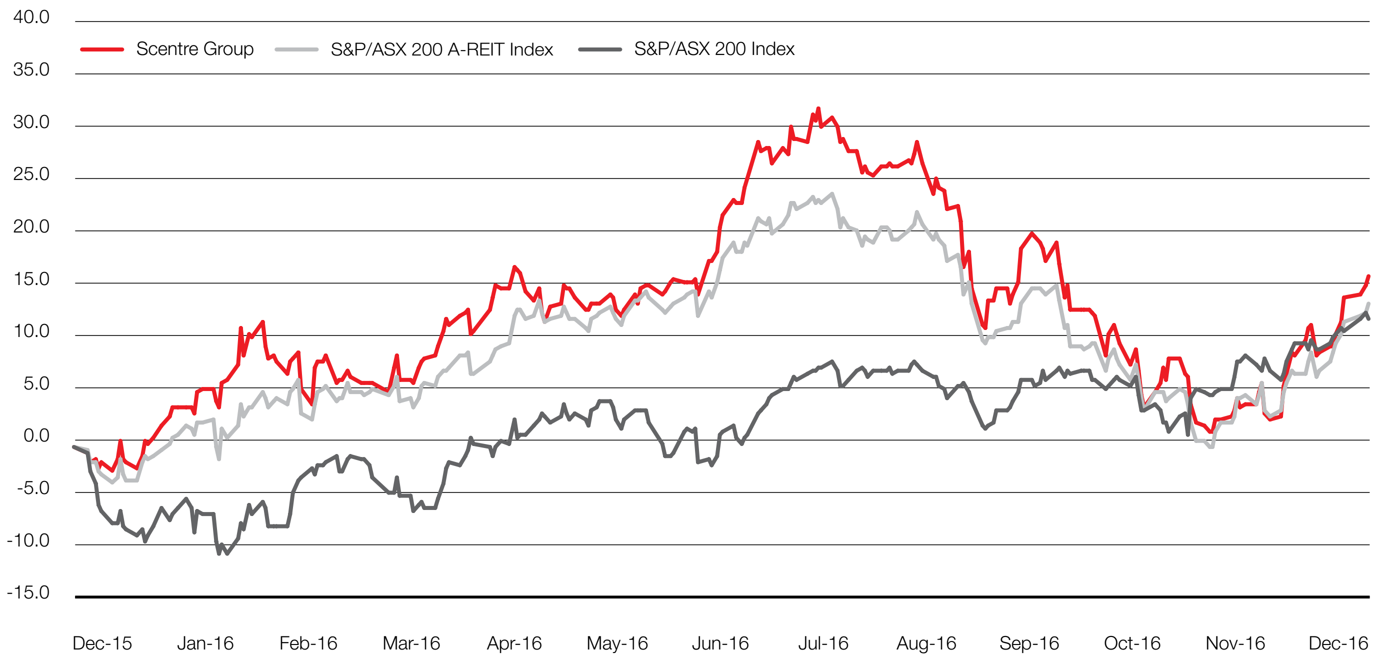
(ii) Scentre Group security price

The Group's security price for the period 25 June 2014 (being the date the securities commenced trading on a deferred settlement basis) to 31 December 2016 is shown in the chart below.

Source: Bloomberg

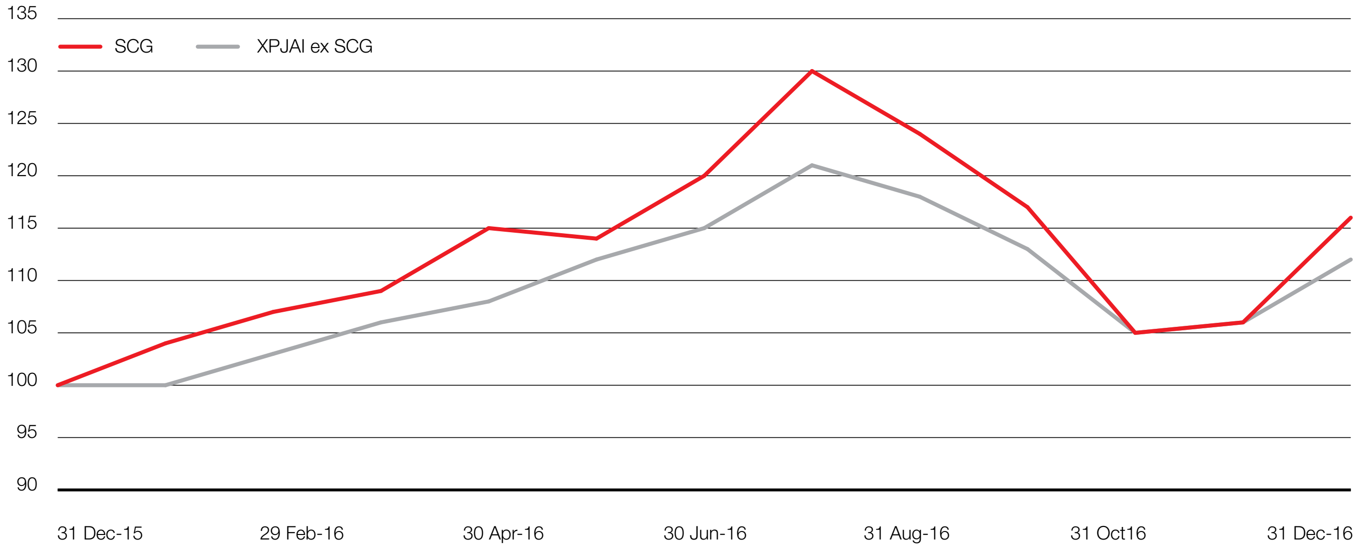
Scentre Group is included in the S&P/ASX A-REIT Index and the S&P/ASX 200 Index. Since the Group commenced trading in late June 2014, it has been one of the top performing A-REITs, and the stock has delivered a total return of 66.10%, outperforming both the S&P/ASX 200 A-REIT (+47.28%) and the S&P/ASX 200 Index (+17.61%).

The chart below shows the Group's relative performance on a daily basis against both the S&P/ASX 200 Index and the S&P/ASX 200 A-REIT Index for the period from 1 January 2016 to 31 December 2016.



Directors' Report (continued)

As at 31 December 2016, Scentre Group's weighting in the S&P/ASX A-REIT Index was approximately 15.82% of that index. Given the significant weighting of the Group in that index, it is informative to show the comparison of Scentre Group's total returns against the performance of other index participants (excluding Scentre Group) during that period.



Source: Standard & Poor's: UBS

The Corporations Act requires that the discussion on an entity's performance includes a discussion of the entity's earnings and the consequences of performance on shareholder wealth for the financial year to which the report relates and the previous 4 financial years.

The reporting entity is Scentre Group Limited (formerly Westfield Holdings Limited) which previously formed part of Westfield Group prior to the restructure and merger of Westfield Group and Westfield Retail Trust that resulted in the creation of Scentre Group (Restructure and Merger). Although not comparative, set out in section 8.12 is information relating to the historical performance of Westfield Group.

8.7 FY16 cash remuneration (non-statutory)

The table below sets out the actual FY16 remuneration received by the Executive KMP. The numbers in this table differ from those shown in section 8.8 (executive KMP statutory remuneration) primarily due to differences in the accounting treatment of share based payments. The table in section 8.8 includes an apportioned accounting value or amortised amount for all unvested STI and LTI awards during the year (some of which remain subject to satisfaction of performance hurdles and service conditions and may not ultimately vest). Further details of the accounting treatment of awards are set out in Note 29 to the financial statements.

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

The table below shows the market value of the STI, LTI and retention awards based on the awards that actually vested in FY16. The value of these awards increases or decreases depending on movement in the security price. Also included is the increase in the market value of these awards since the date of grant. As noted, the retention awards were inherited from Westfield Group. Scentre Group has discontinued retention awards that are not subject to performance hurdles.

The table below presents:

- Fixed remuneration
- Cash STI: the cash bonus earned in FY16 under the STI
- Deferred STI: the value of the deferred STI from prior years that vested in FY16
- LTI: the value of LTIs from prior years that vested in FY16
- Retention awards: the value of the retention awards granted in 2012 to the CFO by Westfield Group that vested in FY16.

FY16 cash remuneration

	Short term benefits			SCG share based payments		Equity growth SCG	**SCG sub total**	WDC share based payments	Equity growth WDC	FY16 Total cash value	FY15 Total cash value
				Deferred STI	LTI			Retention awards			
	Fixed remuneration[i] $	Cash STI $	Other short term benefits[ii] $	Market value at grant $	Market value at grant $	$	**$**	Market value at grant $	$	$	
Executive KMP											
Peter Allen	2,000,000	1,785,000	(35,769)	921,149	1,257,531	1,122,991	**7,050,902**	–	–	7,050,902	18,168,769
Mark Bloom	1,100,000	913,500	64,943	403,010	565,893	500,330	**3,547,676**	1,307,066	1,003,062	5,857,804	5,305,941
Greg Miles [iii]	1,500,000	1,163,750	30,769	740,731	181,663	42,744	**3,659,657**	–	–	3,659,657	273,365

(i) Base salary is inclusive of statutory superannuation benefits.

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

(iii) FY15 comparative remuneration is for 2 months to 31 December 2015.

8.8 Executive KMP statutory remuneration

The table below sets out the FY16 statutory remuneration for Executive KMP.

Mr Greg Miles was appointed COO on 1 November 2015. Accordingly, 2 months comparative numbers are shown for Mr Miles.

Mr Miles held a number of equity-linked awards issued by the former Westfield Group and Westfield Corporation. To the extent that those outstanding awards were not satisfied by Westfield Corporation prior to Mr Miles' return to Australia, Scentre Group assumed the liability of the unvested proportion of those awards. These awards will be satisfied by the delivery of Scentre Group securities on vesting. The effective grant date of those awards was 1 January 2016. However, the vesting period will be assessed by reference to the original grant date of the awards. Vesting is not subject to any specific performance hurdles. Details of these awards are set out in the tables below at 8.8(a) and 8.8(b).

		Short term benefits			Share based payments (iii)		Other long term benefits	Termination Benefits	Total remuneration
	Year	Fixed remuneration (i) $	Cash STI $	Other short term benefits (ii) $	Cash $	Equity $	$	$	$
Executive KMP									
Peter Allen	**2016**	**2,000,000**	**1,785,000**	**(35,769)**	**319,656**	**2,664,403**	**–**	**–**	**6,733,290**
	2015	2,000,000	1,606,500	25,769	3,398,938	2,207,290	–	–	9,238,497
Mark Bloom	**2016**	**1,100,000**	**913,500**	**64,943**	**362,587**	**1,077,914**	**–**	**–**	**3,518,944**
	2015	1,100,000	913,500	(49,289)	1,298,292	832,721	–	–	4,095,224
Greg Miles (iv)	**2016**	**1,500,000**	**1,163,750**	**30,769**	**–**	**1,629,920**	**–**	**–**	**4,324,439**
	2015	250,000	–	23,365	–	–	–	–	273,365

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

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

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

(iv) FY15 comparative remuneration is for 2 months to 31 December 2015.

(a) Participation in STI plan: CEO, CFO and COO

The following chart details awards under the STI plan held by the CEO, CFO and COO.

Performance Rights – Short Term Incentives

	Year	No. Granted	Total awards held post adjustment (i) WFD	SCG	Vesting Date	Fair Value at Grant (ii) $	Market value as at 31 Dec 2016 (iii) $
Executive KMP							
Peter Allen	1 Jul 2014 (iv)	308,362	–	308,362 (v)	15 Dec 2016	796,262	N/A
	1 Jan 2015	267,756	–	267,756	15 Dec 2017	795,235	1,242,388
	1 Jan 2016	194,099	–	194,099	14 Dec 2018	685,169	900,619
Total							**2,143,007**
Mark Bloom	1 Jan 2012	162,167	162,167	202,061	15 Dec 2016	969,759	N/A
	1 Jul 2014 (iv)	134,911	–	134,911 (v)	15 Dec 2016	348,371	N/A
	1 Jan 2015	117,143	–	117,143	15 Dec 2017	347,915	543,544
	1 Jan 2016	110,370	–	110,370	14 Dec 2018	389,606	512,117
Total							**1,055,661**
	1 Jan 2012 (vi)	180,666 (vii)	–	180,666	15 Dec 2016	706,404	N/A

(i) As described in section 8.11, executives were given the option to elect for awards issued prior to December 2013 to relate to Scentre Group securities and Westfield Corporation securities in the same proportion and on the same terms, through the application of the merger ratio, as securityholders in Westfield Group. The number of awards represents that adjustment.

(ii) The fair value of the awards issued under the STI plan is calculated using the Black Scholes option pricing methodology. Fair value is also calculated on the assumption that the employee remains employed with the Group for the full period of vesting. The fair value of awards (issued prior to the establishment of the Group in 2014) at grant date has been maintained since the value of the awards on issue immediately before the commencement of deferred trading of the securities of the Group and Westfield Corporation was the same as immediately after that date.

(iii) The market value as at 31 December 2016 is based on the closing price of Scentre Group securities of \$4.64. Market value as at 31 December 2016 is not included for awards that vested on 15 December 2016.

(iv) With an effective commencement date of 1 January 2014.

(v) The issue of 2014 awards were deferred until after the Restructure and Merger. 2014 awards relate solely to Scentre Group securities. Accordingly, no adjustments were made.

(vi) As noted, Scentre Group has assumed the liability of the unvested proportion of those awards which will be satisfied by the delivery of Scentre Group securities. The vesting period will be assessed by reference to the original grant date of the awards.

(vii) Represents the proportion of awards the liability of which was assumed by Scentre Group.

(b) Participation in LTI plan: CEO, CFO and COO

The following chart details awards under the LTI plan held by the CEO, CFO and COO

Performance Incentive Rights – Long Term Incentives

	Year	No. Granted	Total awards held post adjustment (i) WFD	SCG	Vesting Date	Fair Value at Grant (ii) $	Market value as at 31 Dec 2016 (iii) $
Peter Allen	1 Jan 2012	81,911	81,911	102,062	15 Dec 2016	489,828	N/A
	1 Jan 2013	56,997	56,997	71,019	15 Dec 2016	494,734	N/A
		74,149	74,149	92,390	15 Dec 2017	613,954	1,124,207
	1 Jul 2014 (vi)	201,177	–	201,177 (v)	15 Dec 2017	494,640	933,461
		209,627	–	209,627 (v)	14 Dec 2018	490,728	972,669
	1 Jan 2015	451,838	–	451,838	15 Dec 2017	1,341,959	2,096,528
		474,608	–	474,608	14 Dec 2018	1,328,902	2,202,181
	1 Jan 2016	380,587	–	380,587	14 Dec 2018	1,343,472	1,765,924
		397,691	–	397,691	16 Dec 2019	1,332,265	1,845,286
Total							**10,940,256**
Mark Bloom	1 Jan 2012	36,860	36,860	45,928	15 Dec 2016	220,423	N/A
	1 Jan 2013	25,649	25,649	31,959	15 Dec 2016	222,633	N/A
		33,367	33,367	41,576	15 Dec 2017	276,279	505,895
	1 Jul 2014 (vi)	90,533	–	90,533 (v)	15 Dec 2017	222,594	420,073
		94,331	–	94,331 (v)	14 Dec 2018	220,824	437,696
	1 Jan 2015	142,246	–	142,246	15 Dec 2017	422,471	660,021
		149,413	–	149,413	14 Dec 2018	418,356	693,276
	1 Jan 2016	119,815	–	119,815	14 Dec 2018	422,947	555,942
		125,199	–	125,199	16 Dec 2019	419,417	580,923
Total							**3,853,826**
Greg Miles	1 Jan 2012 (vi)	23,697 (vii)	–	23,697	15 Dec 2016	92,655	N/A
	1 Jan 2013 (vi)	20,611 (vii)	–	20,611	15 Dec 2016	80,589	N/A
		42,901 (vii)	–	42,901	15 Dec 2017	159,592	199,061
	1 Jul 2014 (vi)	41,793 (vii)	–	41,793	15 Dec 2017	155,470	193,920
		52,258 (vii)	–	52,258	14 Dec 2018	184,993	242,477
	1 Jan 2015 (vi)	46,161 (vii)	–	46,161	14 Dec 2018	163,410	214,187
		50,775 (vii)	–	50,775	16 Dec 2019	171,112	235,596
	1 Jan 2016	211,437	–	211,437	14 Dec 2018	746,373	981,068
		220,940	–	220,940	16 Dec 2019	740,149	1,025,162
Total							**3,091,471**

(i) As described in section 8.11, executives were given the option to elect for awards issued prior to 31 December 2013 to relate to Scentre Group securities and Westfield Corporation securities in the same proportion and on the same terms, through the application of the merger ratio, to securityholders in Westfield Group. The number of awards represents that adjustment.

(ii) The fair value of the awards issued under the LTI plan is calculated using the Black Scholes option pricing methodology. Fair value is also calculated on the assumption that the employee remains employed with the Group for the full period of vesting and that the relevant performance hurdles under the LTI plan are satisfied. The fair value of awards (issued prior to the establishment of the Group in 2014) at grant date has been maintained since the value of the awards on issue immediately before the commencement of deferred trading of the securities of the Group and Westfield Corporation was the same as immediately after that date.

(iii) The market value as at 31 December 2016 is based on the closing price of Westfield Corporation securities and Scentre Group securities of $9.38 and $4.64 respectively. Market value as at 31 December 2016 is not included for awards that vested on 15 December 2016.

(iv) With an effective commencement date of 1 January 2014.

(v) The issue of 2014 awards were deferred until after the Restructure and Merger. 2014 awards relate solely to Scentre Group securities for executives who were Scentre Group employees at the time of issue of rights. Accordingly, no adjustments were made.

(vi) As noted, Scentre Group has assumed the liability of the unvested proportion of those awards which will be satisfied by the delivery of Scentre Group securities. The vesting period will be assessed by reference to the original grant date of the awards.

(vii) Represents the proportion of awards the liability of which was assumed by Scentre Group.

8.9 Executive KMP service agreements

The service agreements for each Executive KMP are, in each case, a continuing arrangement inherited from the Westfield Group and date from September 2009. The terms outlined below apply to each Executive KMP.

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

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

Event	Termination payment	Treatment of STI (cash)	Treatment of STI and LTI (deferred equity)
Resignation and termination for cause	– Accrued statutory entitlements	– Payment of a pro-rata bonus for the relevant year may be considered in exceptional circumstances	– All unvested entitlements under the Group's equity-linked incentive plans are forfeited, without payment, on termination
Redundancy or termination by the Group (other than for cause)	– Accrued statutory entitlements – Redundancy between 12 and 24 months fixed remuneration depending on the length of service of the executive plus one month's salary in lieu of notice	– Pro-rata performance bonus to the date of termination	– Where redundancy or termination occurs more than one year before the end of the relevant performance period, a pro-rata vesting applies up to the date of termination. Awards which have less than one year to the end of the relevant performance period vest in full (excluding any awards which lapsed as a consequence of a failure to satisfy a performance hurdle). Awards that have been granted for less than 6 months lapse
Death or permanent disability	– Accrued statutory entitlements	– Pro-rata performance bonus to the date of termination	– Full vesting of outstanding awards under the Group's equity-linked incentive plans (excluding any awards which lapsed as a consequence of a failure to satisfy a performance hurdle) – "Retention awards" vest pro-rata to the date of death or permanent disability
Retirement (Provided an executive has reached the age of 55 years or the aggregate of the age of the participant and the number of years in service is equal to or greater than 70 and, in each case, the executive has at least 5 years continuous service)	– Accrued statutory entitlements	– Pro-rata performance bonus to the date of termination	– Maintain the right to continue in the Group's equity-linked incentive plans until the date of vesting of outstanding awards granted at least 6 months prior to the date of termination (excluding any awards which lapsed as a consequence of a failure to satisfy a performance hurdle) – In circumstances where continued participation in the plans is not permitted under the terms of the plans, the executive is entitled to a cash payment from the Group equivalent to the amount that would have been received had the executive been permitted to continue in the plan

8.10 Non-Executive Director Fees

The remuneration of the Non-Executive Directors is determined by the Board (within a total limit set by securityholders) acting on recommendations made by the Human Resources Committee. In making recommendations to the Board, the Human Resources Committee takes into account advice from independent consultants and advisers on trends in non-executive director remuneration.

The aggregate pool available for payment of fees to Non-Executive Directors is currently $3.5 million, as approved by securityholders at the Annual General Meeting of the Company held on 25 May 2011.

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

Board fees	Chairman	Non-Executive Director
Board	$700,000	$205,000
Committee Fees	**Committee Chair**	**Committee member**
Audit and Risk Committee	$60,000	$40,000
Human Resources Committee	$50,000	$30,000
Nomination Committee	$15,000	$10,000

The base Board fee paid to the Chairman is inclusive of Committee fees. The Chairman is also Chair of the Nomination Committee for which he does not receive a Committee Chair fee.

	Year	Total Fees
Non-Executive Director		
Brian Schwartz	**2016**	**573,643**
	2015	274,531
Andrew Harmos	**2016**	**258,215**
	2015	215,000
Michael Ihlein	**2016**	**281,951**
	2015	248,022
Carolyn Kay (appointed 24 February 2016)	**2016**	**200,850**
	2015	–
Aliza Knox (appointed 7 May 2015)	**2016**	**224,697**
	2015	120,453
Steven Lowy	**2016**	**205,000**
	2015	185,000
Margaret Seale (appointed 24 February 2016)	**2016**	**220,547**
	2015	–
Frank Lowy (retired 5 May 2016)	**2016**	**242,300**
	2015	500,000
Richard Egerton – Warburton (retired 5 May 2016)	**2016**	**90,000**
	2015	230,000

To underpin the alignment of Directors and securityholders the Board, in FY16, introduced a minimum securityholding requirement for non-executive directors, in line with the requirement for Executive KMP. Non-Executive Directors are required to maintain a minimum holding of securities equal to one year's base board fees. Non-Executive Directors have 3 years to meet this requirement.

8.11 Legacy remuneration arrangements

Equity-linked incentive plans
The former Westfield Group operated equity-linked plans.

Adjustments as a result of the Restructure and Merger
As noted in the Securityholder Booklets issued in relation to the Restructure and Merger (pages 83 and 146), awards granted under the Westfield Group equity-linked plans prior to 31 December 2013 remain on foot following the Restructure and Merger.

No awards were accelerated as a consequence of implementing the transaction.

Modification of plans
Immediately following implementation, existing awards under Westfield Group's plans relating to Australian and New Zealand employees were modified such that the awards relate, at the option of the holder, to:

– securities in Scentre Group only (adjusted in accordance with the formula detailed in the Securityholder Booklets); or
– securities in both Scentre Group and Westfield Corporation in the same proportion and on the same terms through the application of the merger ratio to securityholders in Westfield Group. Participants electing this option were, to this extent, effectively put in the same position as Westfield Group securityholders in respect of their awards granted prior to 31 December 2013.

The adjustment formula is set out on page 83 of the Securityholder Booklet issued to Westfield Group securityholders. All awards issued after 31 December 2013, including awards issued in 2014, to Scentre Group employees relate solely to Scentre Group securities. The issuer of awards in Australia and New Zealand is Scentre Group Limited.

8.12 Additional required disclosure – Former Westfield Group historical performance

(a) Earnings Performance

The Westfield Group reported on financial metrics being FFO and EPS.

Detailed commentary on these metrics is contained in Westfield Group's prior annual reports. The following table sets out Westfield Group's FFO and EPS for 2012 and 2013 and EPS for the period from 1 January 2014 to 30 June 2014. Westfield Group did not report FFO for the period 1 January 2014 to 30 June 2014.

FFO and EPS

Financial period	FFO ($m)	FFO (cents per security)	EPS (cents)	EPS growth (annual)
2014	–	–	37.53[i]	N/A
2013	1,438	66.51	74.13	(2.2)
2012	1,474	65.01	75.79	20.1

[i] Relates to EPS before Restructure and Merger charges for the period from 1 January 2014 to 30 June 2014 from continuing and discontinued operations.

(b) Distributions and Return on Contributed Equity

Distributions paid by Westfield Group for 2012 and 2013 and for the 6 month period from 1 January 2014 to 30 June 2014 are set out in the table below. Also set out is ROCE for 2012 and 2013.

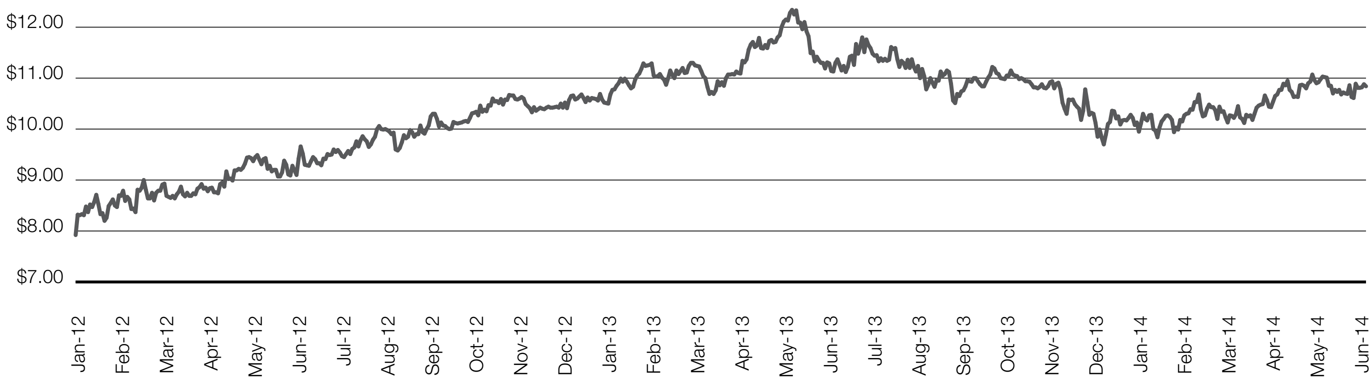
Financial period	Annual distribution per security (cents)	Annual distribution (total $)	ROCE (%)
2014*	26.25	545,500,000	N/A**
2013	51.00	1,079,800,000	11.8
2012	49.50	1,108,000,000	11.4

* Period from 1 January 2014 to 30 June 2014

** Westfield Group did not report ROCE for the period 1 January 2014 to 30 June 2014.

Westfield Group security price

Westfield Group's security price from 1 January 2012 to 24 June 2014 is shown in the chart below.



Glossary of key terms

Corporations Act	Corporations Act 2001 (Cwth)
Executive KMP	means the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer.
KMP or Key Management Personnel	KMP are those individuals having the authority and responsibility for planning, directing and controlling the activities of Scentre Group, either directly or indirectly. They include Non-Executive Directors, the Chief Executive Officer and those senior executives considered Executive KMP.
Key Performance Indicators	or KPIs are the performance objectives or measures used to assess the entitlement of executives to STIs in any year. Typically these measures are both financial and non-financial.
LTI	means a long term incentive granted under the LTI plan.
LTI plan	means the Group's long term incentive plan, in which only members of the Senior Executive Team participate. The grant of deferred equity under the LTI plan is governed by the rules of the Group's Performance Rights Plan. A description of the LTI plan can be found in section 8.5.
Non-Executive Director	means a member of the Board who does not form part of the executive management team.
Performance Rights Plan	means the Group's equity-linked plan, the rules of which govern the grant of awards of deferred equity under the STI plan and LTI plan. Having a common set of rules enables the grant of deferred equity under those plans to be administered on a consistent basis across participating executives.
Performance Hurdles	means the hurdles established by the Board in connection with awards granted under the LTI plan with a view to measuring performance of the executive team against key business metrics.
Senior Executive Team	means the Group's senior management team comprising the Executive KMP and 11 executives performing senior operational and corporate roles.
STI	means a short term incentive (comprising a cash component and grant of deferred equity), granted to an executive based on performance against KPIs which reflect the expected performance of that executive in relation to financial and non-financial matters. STIs are granted under the Group's STI plan.
STI plan	means the Group's short term incentive plan. The grant of deferred equity under the STI plan is governed by the rules of the Group's Performance Rights Plan. A description of the STI plan can be found in section 8.5.

9. ASIC DISCLOSURES

Rounding

The Company 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 the Notes thereto have been rounded to the nearest tenth of a million dollars, unless otherwise indicated. Amounts shown as 0.0 represent amounts less than $50,000 that have been rounded down.

Synchronisation of financial year

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

10. ASX LISTING

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

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

Brian Schwartz AM
Chairman

Michael Ihlein
Director

21 February 2017

Independent Auditor's Report

TO THE SHAREHOLDERS OF SCENTRE GROUP LIMITED

Building a better working world

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Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Scentre Group Limited (the Company), including its subsidiaries (the Group), which comprises the consolidated balance sheet as at 31 December 2016, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration.

In our opinion:

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

(i) giving a true and fair view of the Group's consolidated financial position as at 31 December 2016 and of its consolidated financial performance for the year ended on that date; and

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

Basis for Opinion

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

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

Key Audit Matters

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

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

Shopping Centre Investment Property Portfolio – Carrying values and revaluations

Why this matter is considered to be one of the most significant matters in the audit	*How the matter was addressed in the audit*
The Group has interests in shopping centre investment properties which are carried at a fair value of $32 billion at 31 December 2016 (from both consolidated shopping centres and equity accounted investments) and represents 92% of total assets. Fair values are determined each reporting period by reference to valuations, with changes in fair value recognised in the income statement. Valuations contain a number of assumptions which are based on market evidence of transaction prices for comparable properties. Minor changes in certain assumptions can lead to significant changes in the valuation. Note 3 of the financial report discloses the sensitivity of these valuations to changes in key assumptions. Refer to Note 3 of the financial report for a description of the accounting policy treatment for these assets.	We assessed the extent to which we could use the work of the valuation experts by considering, for a sample of the valuers, their competence and independence. We also evaluated the suitability of their valuation scope and methodology for the financial report. On a sample basis, we agreed data used in the valuation to the actual and budgeted financial performance of the specific properties. We considered the adequacy of the key inputs and assumptions used by the valuers by comparing this information to external market data obtained by our Real Estate valuation specialists.

Property Development and Project Management – Costs and revenues

Why this matter is considered to be one of the most significant matters in the audit	*How the matter was addressed in the audit*
The Group recognised $411 million of property development and project management revenue and $330 million of property development and project management costs for the year ended 31 December 2016. Revenue for property development and project management is recognised on a percentage of completion basis as construction progresses. The percentage of completion is assessed by reference to the stage of completion of the project based on the proportion of contract costs incurred and the estimated costs to complete. The determination of the costs to complete impacts the value and timing of revenue and profit recognised over the life of the project, and it is an estimate that requires significant expertise and judgment. Property development and project management revenue recognised in the period is disclosed in the consolidated income statement and the Segment Report in Note 2 of the financial report. Property development and project management costs are brought to account on an accruals basis and are disclosed in the consolidated income statement and the Segment Report in Note 2 of the financial report. Note 2 of the financial report discloses the accounting policy for recognition of such amounts.	We understood the Group's processes and assessed the design and operating effectiveness of key controls for accumulating property development and project management costs and for estimating costs to complete of major development projects. We evaluated the Group's budget and forecasting accuracy associated with project management costs and estimating costs to complete. We enquired of management for a selection of major projects to gain an understanding of the progress of developments, any material contract variations and the projected financial performance of projects against feasibility reports. We assessed project costs to date, estimates of revenue and costs to complete and estimates for remaining development risks. We inspected project feasibility reports, on a sample basis, and assessed the assumptions used in forecasting revenues and costs to complete. We also agreed a sample of costs incurred to invoice and/or payment, including testing whether they were allocated to the appropriate development. We also evaluated subsequent payments made after the reporting date to assess whether the costs were accrued in the correct reporting period. We assessed the calculation of revenue recognised in the period by the Group against the recognition criteria set out in Australian Accounting Standards – AASB 111 Construction Contracts.

Interest Bearing Liabilities and Financing Costs

Why this matter is considered to be one of the most significant matters in the audit	*How the matter was addressed in the audit*
The Group has interest bearing liabilities of $12 billion at 31 December 2016. During the year the Group incurred $484 million in financing and interest costs of which $18 million has been capitalised to assets under construction. The Group has established a range of finance facilities with various terms, counterparties and currencies. The Group's gearing, liquidity, solvency, covenant obligations and financing cost profile are influenced by this portfolio of interest bearing liabilities. Note 15 of the financial report discloses the Group's interest bearing liabilities. Refer to Note 15 of the financial report for a description of the accounting policy treatment for these liabilities.	We evaluated the Group's processes and assessed the design and operating effectiveness of key controls over recording and reporting the terms and conditions of interest bearing liabilities and the associated interest costs. We confirmed a selection of interest bearing liabilities directly with counterparties. We tested the calculation of interest recognised in the consolidated income statement and that capitalised during the period to assess whether these were calculated in accordance with the Group's accounting policy detailed in Note 12. We assessed the maturity profile of the Group's interest bearing liabilities to check that loans maturing within the next twelve months were classified in current liabilities.

Derivative Financial Instruments

Why this matter is considered to be one of the most significant matters in the audit	*How the matter was addressed in the audit*
The Group manages interest and currency risks through the use of derivative financial instruments ("Derivatives") which have been set out in Note 17, Note 23 and Note 24 of the financial report. Fair value movements in derivatives are driven by movements in financial markets. These complex transactions may have a significant financial effect and have extensive accounting and reporting obligations. Note 17 of the financial report discloses the fair value of the Group's derivative assets and liabilities outstanding at balance date. Refer to Note 17 of the financial report for a description of the accounting policy treatment for these instruments.	We evaluated the Group's processes and assessed the design and operating effectiveness of key controls for recording, reviewing and reporting the terms and conditions of its derivatives. We involved our treasury specialists to evaluate the accuracy with which the Group revalues derivatives, including periodic reviews of position reports by senior executives. We confirmed a selection of derivatives directly with counterparties. We tested the calculation of fair value movements on derivatives during the period to check these movements were recognised in the consolidated income statement or deferred in accordance with the Group's accounting policy detailed in Note 17.

Information other than the Financial Report and Auditor's Report

The Directors are responsible for the other information. The other information comprises the information in the Group's Annual Report for the year ended 31 December 2016, but does not include the financial report and the auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 24 of the Directors' Report for the year ended 31 December 2016.

In our opinion, the Remuneration Report of Scentre Group Limited for the year ended 31 December 2016, complies with section 300A of the *Corporations Act 2001.*

Responsibilities

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

Ernst & Young   Graham Ezzy

Ernst & Young

Graham Ezzy
Partner

Sydney, 21 February 2017

Liability limited by a scheme approved under Professional Standards Legislation.

Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	31 Dec 16 $million	31 Dec 15 $million
Revenue			
Property revenue		**2,053.0**	2,127.3
Property development and project management revenue		**410.7**	683.2
Property management income		**57.0**	57.3
		2,520.7	2,867.8
Share of after tax profits of equity accounted entities			
Property revenue		**208.1**	181.6
Property revaluations		**88.6**	80.9
Property expenses, outgoings and other costs		**(48.4)**	(41.2)
Net interest expense		**(0.6)**	(0.6)
Tax expense		**(16.0)**	(8.8)
	5(a)	**231.7**	211.9
Expenses			
Property expenses, outgoings and other costs		**(450.7)**	(481.8)
Property development and project management costs		**(329.5)**	(598.6)
Property management costs		**(10.7)**	(10.8)
Overheads		**(86.4)**	(91.0)
		(877.3)	(1,182.2)
Interest income		**7.2**	7.9
Currency gain	11	**47.8**	103.4
Financing costs	12	**(406.0)**	(726.7)
Gain in respect of capital transactions	13	**35.5**	19.2
Property revaluations		**1,491.5**	1,457.9
Profit before tax		**3,051.1**	2,759.2
Tax expense	6(a)	**(29.6)**	(29.5)
Profit after tax for the period		**3,021.5**	2,729.7
Profit after tax for the period attributable to:			
– Members of Scentre Group		**2,990.5**	2,707.8
– External non controlling interests		**31.0**	21.9
Profit after tax for the period		**3,021.5**	2,729.7

Net profit attributable to members of Scentre Group analysed by amounts attributable to:		
Scentre Group Limited (SGL) members	**114.9**	186.1
Scentre Group Trust 1 (SGT1), Scentre Group Trust 2 (SGT2) and Scentre Group Trust 3 (SGT3) members	**2,875.6**	2,521.7
Net profit attributable to members of Scentre Group	**2,990.5**	2,707.8

		cents	cents
Basic earnings per SGL share		**2.16**	3.50
Diluted earnings per SGL share		**2.16**	3.49
Basic earnings per stapled security	10(a)	**56.30**	50.98
Diluted earnings per stapled security	10(a)	**56.14**	50.83

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2016

	31 Dec 16 $million	31 Dec 15 $million
Profit after tax for the period	**3,021.5**	2,729.7
Other comprehensive income		
Movement in foreign currency translation reserve [(i)]		
– Realised and unrealised differences on the translation of investment in foreign operations, currency loans and asset hedging derivatives which qualify for hedge accounting	**9.6**	(12.3)
– Accumulated exchange differences transferred from foreign currency translation reserve on realisation of net investment in foreign operations	**(24.2)**	(130.9)
Total comprehensive income for the period	**3,006.9**	2,586.5
Total comprehensive income attributable to:		
– Members of Scentre Group	**2,975.9**	2,564.6
– External non controlling interests	**31.0**	21.9
Total comprehensive income for the period	**3,006.9**	2,586.5

Total comprehensive income attributable to members of Scentre Group analysed by amounts attributable to:		
SGL members	**115.4**	185.8
SGT1, SGT2 and SGT3 members [(ii)]	**2,860.5**	2,378.8
Total comprehensive income attributable to members of Scentre Group	**2,975.9**	2,564.6

(i) This may be subsequently recycled to the profit and loss. In relation to the foreign currency translation reserve, the portion relating to the foreign operations held by SGT1, SGT2 and SGT3 may be transferred to the profit and loss depending on how the foreign operations are sold.

(ii) Total comprehensive income attributable to members of SGT1, SGT2 and SGT3 consists of profit after tax for the period of $2,875.6 million (31 December 2015: $2,521.7 million), realised and unrealised differences on the translation of investment in foreign operations, currency loans and asset hedging derivatives which qualify for hedge accounting of $9.1 million (31 December 2015:-$12.0 million) and accumulated exchange differences transferred from foreign currency translation reserve on realisation of net investment in foreign operations of $24.2 million (31 December 2015: $130.9 million).

Balance Sheet

AS AT 31 DECEMBER 2016

	Note	31 Dec 16 $million	31 Dec 15 $million
Current assets			
Cash and cash equivalents	14(a)	**159.0**	142.7
Trade debtors		**26.3**	25.4
Derivative assets	17(a)	**–**	0.7
Receivables		**416.4**	205.0
Investment properties	3	**147.2**	417.3
Other current assets		**44.2**	41.5
Total current assets		**793.1**	832.6
Non current assets			
Investment properties	3	**29,725.1**	27,655.0
Equity accounted investments	5(b)	**2,467.9**	2,332.7
Derivative assets	17(a)	**788.5**	787.8
Plant and equipment		**23.4**	22.9
Deferred tax assets	6(b)	**65.5**	82.6
Other non current assets		**121.7**	127.7
Total non current assets		**33,192.1**	31,008.7
Total assets		**33,985.2**	31,841.3
Current liabilities			
Trade creditors		**253.3**	233.3
Payables and other creditors		**781.3**	901.8
Interest bearing liabilities	15	**731.4**	1,713.1
Other financial liabilities	16	**416.6**	1,154.9
Tax payable		**14.2**	43.2
Derivative liabilities	17(b)	**16.1**	18.9
Total current liabilities		**2,212.9**	4,065.2
Non current liabilities			
Payables and other creditors		**32.1**	37.1
Interest bearing liabilities	15	**10,899.2**	9,429.6
Other financial liabilities	16	**595.9**	–
Deferred tax liabilities	6(c)	**131.8**	179.9
Derivative liabilities	17(b)	**358.9**	223.3
Total non current liabilities		**12,017.9**	9,869.9
Total liabilities		**14,230.8**	13,935.1
Net assets		**19,754.4**	17,906.2
Equity attributable to members of SGL			
Contributed equity	18(b)	**674.4**	674.4
Reserves	19	**14.1**	21.1
Retained profits	20	**155.3**	40.4
Total equity attributable to members of SGL		**843.8**	735.9
Equity attributable to SGT1, SGT2 and SGT3 members			
Contributed equity	18(b)	**9,820.8**	9,820.8
Reserves	19	**101.2**	116.3
Retained profits	20	**8,721.4**	6,966.6
Total equity attributable to SGT1, SGT2 and SGT3 members		**18,643.4**	16,903.7
Equity attributable to external non controlling interests			
Contributed equity		**88.3**	94.0
Retained profits		**178.9**	172.6
Total equity attributable to external non controlling interests		**267.2**	266.6
Total equity		**19,754.4**	17,906.2
Equity attributable to members of Scentre Group analysed by amounts attributable to:			
SGL members		**843.8**	735.9
SGT1, SGT2 and SGT3 members		**18,643.4**	16,903.7
Total equity attributable to members of Scentre Group		**19,487.2**	17,639.6

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2016

	Contributed Equity $million	Reserves $million	Retained Profits $million	**31 Dec 16 Total $million**	Contributed Equity $million	Reserves $million	Retained Profits $million	31 Dec 15 Total $million
Changes in equity attributable to members of Scentre Group								
Balance at the beginning of the period	10,495.2	137.4	7,007.0	**17,639.6**	10,495.2	279.6	5,396.1	16,170.9
– Profit after tax for the period [i]	–	–	2,990.5	**2,990.5**	–	–	2,707.8	2,707.8
– Other comprehensive income [i] [ii]	–	(14.6)	–	**(14.6)**	–	(143.2)	–	(143.2)
Transactions with owners in their capacity as owners								
– Movement in employee share plan benefits reserve	–	(7.5)	–	**(7.5)**	–	1.0	–	1.0
– Dividends/distributions paid or provided for	–	–	(1,120.8)	**(1,120.8)**	–	–	(1,096.9)	(1,096.9)
Closing balance of equity attributable to members of Scentre Group	10,495.2	115.3	8,876.7	**19,487.2**	10,495.2	137.4	7,007.0	17,639.6
Changes in equity attributable to external non controlling interests								
Balance at the beginning of the period	94.0	–	172.6	**266.6**	94.0	–	163.9	257.9
Profit after tax for the period attributable to external non controlling interests [i]	–	–	31.0	**31.0**	–	–	21.9	21.9
Distribution paid or provided for	–	–	(13.4)	**(13.4)**	–	–	(13.2)	(13.2)
Decrease in external non controlling interest	(5.7)	–	(11.3)	**(17.0)**	–	–	–	–
Closing balance of equity attributable to external non controlling interests	88.3	–	178.9	**267.2**	94.0	–	172.6	266.6
Total equity	10,583.5	115.3	9,055.6	**19,754.4**	10,589.2	137.4	7,179.6	17,906.2

Closing balance of equity attributable to:								
– SGL members	674.4	14.1	155.3	**843.8**	674.4	21.1	40.4	735.9
– SGT1, SGT2 and SGT3 members	9,820.8	101.2	8,721.4	**18,643.4**	9,820.8	116.3	6,966.6	16,903.7
Closing balance of equity attributable to members of Scentre Group	10,495.2	115.3	8,876.7	**19,487.2**	10,495.2	137.4	7,007.0	17,639.6

[i] Total comprehensive income for the period amounts to a gain of $3,006.9 million (31 December 2015: $2,586.5 million).

[ii] Movement in reserves attributable to members of SGT1, SGT2 and SGT3 comprises realised and unrealised differences on the translation of investment in foreign operations, currency loans and asset hedging derivatives which qualify for hedge accounting of $9.1 million (31 December 2015:-$12.0 million) and accumulated exchange differences transferred from foreign currency translation reserve on realisation of net investment in foreign operations of $24.2 million (31 December 2015: $130.9 million).

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	31 Dec 16 $million	31 Dec 15 $million
Cash flows from operating activities			
Receipts in the course of operations (including Goods and Services Tax (GST))		**2,882.6**	3,087.9
Payments in the course of operations (including GST)		**(1,014.0)**	(1,121.3)
Dividends/distributions received from equity accounted investments		**104.0**	86.8
Income and withholding taxes paid		**(93.2)**	(53.9)
GST paid		**(219.3)**	(227.6)
Payments of financing costs (excluding interest capitalised)		**(550.4)**	(590.6)
Interest received		**7.2**	7.9
Net cash flows from operating activities	14(b)	**1,116.9**	1,189.2
Cash flows from investing activities			
Capital expenditure on property investments		**(708.6)**	(563.0)
Proceeds from the disposition of property investments		**423.8**	1,870.7
Acquisition of property investments		**(253.4)**	–
Acquisition of securities		**(16.9)**	–
Net outflows for investments in equity accounted entities		**(10.0)**	(3.2)
Purchase of plant and equipment		**(14.5)**	(16.0)
Financing costs capitalised to qualifying development projects and construction in progress		**(17.6)**	(12.5)
Settlement of asset hedging currency derivatives		**(8.3)**	–
Cash held by entities sold during the year		**–**	(0.1)
Cash reclassified to equity accounted from consolidated [i]		**–**	(0.1)
Net cash flows from/(used in) investing activities		**(605.5)**	1,275.8
Cash flows used in financing activities			
Net proceeds from/(repayment of) interest bearing liabilities		**800.0**	(1,122.1)
Repayment of other financial liabilities		**(161.5)**	(279.7)
Dividends/distributions paid		**(1,120.8)**	(1,096.9)
Distributions paid by controlled entities to non controlling interests		**(13.6)**	(12.2)
Net cash flows used in financing activities		**(495.9)**	(2,510.9)
Net increase/(decrease) in cash and cash equivalents held		**15.5**	(45.9)
Add opening cash and cash equivalents brought forward		**142.7**	189.0
Effects of exchange rate changes on opening cash and cash equivalents brought forward		**0.8**	(0.4)
Cash and cash equivalents at the end of the period [ii]	14(a)	**159.0**	142.7

[i] In 2015, certain investments in New Zealand were reclassified from consolidated to equity accounted following the sale of 49% interest in these entities.

[ii] Cash and cash equivalents comprises cash of $159.0 million (31 December 2015: $142.7 million) net of bank overdraft of nil (31 December 2015: nil).

Index of Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

(a) Corporate information

This financial report of Scentre Group (Group), comprising Scentre Group Limited (Parent Company) and its controlled entities, for the year ended 31 December 2016 was approved in accordance with a resolution of the Board of Directors of the Parent Company.

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

(b) Accounting for the Group

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

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

(c) Statement of Compliance

This financial report complies with Australian Accounting Standards and International Financial Reporting Standards issued by the International Accounting Standards Board. The accounting policies adopted are consistent with those of the previous financial year except that the Group has adopted the following new or amended standards which became applicable on 1 January 2016.

- AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations;
- AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle;
- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101; and
- AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality.

The adoption of these amended standards has no material impact on the financial statements of the Group.

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the year ended 31 December 2016. The impact of these new standards (to the extent relevant to the Group) and interpretations is as follows:

- AASB 9 Financial Instruments (effective from 1 January 2018)

  This standard includes requirements to improve and simplify the approach for classification and measurement, impairment and hedge accounting of financial instruments compared with the requirements of AASB 139 Financial Instruments: Recognition and Measurement. The Group is currently assessing the impact of this standard on the financial statements which is expected to be immaterial.

- IFRS 15 Revenue from Contracts with Customers (effective from 1 January 2018)

  This standard determines the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. This standard 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 2018)

  This standard 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 standard is not expected to have an impact on the financial statements on application.

- IFRS 16 Leases (effective from 1 January 2019)

  This standard contains requirements about lease classification and recognition, measurement and presentation and disclosures of leases for lessees and lessors. This standard is not expected to have a significant impact on the financial statements on application.

(d) Basis of Accounting

This financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 (Cth), Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. This financial report has also been prepared on a historical cost basis, except for investment properties, investment properties within equity accounted investments, derivative financial instruments, financial assets at fair value through profit and loss and other financial liabilities. The carrying values of recognised assets and liabilities that are hedged with fair value hedges and are otherwise carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged.

This financial report is presented in Australian dollars.

(e) Significant accounting judgements, estimates and assumptions

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

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements, in particular, Note 28: Other significant accounting policies, Note 3: Investment Properties, Note 4: Details of shopping centre investments and Note 27: Fair value of financial assets and liabilities. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the Group's financial results or its financial position in future periods.

(f) Comparative information

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

(g) Rounding

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

NOTE 2 SEGMENT REPORTING

The Group's operational segment comprises the property investment and property and project management segments.

(a) Property investments

Property investments segment includes net property income from shopping centres. A geographic analysis of net property investment income is also provided.

(b) Property and project management

Property and project management segment includes external fee income from third parties, primarily property management and development fees, and associated business expenses.

Transactions such as the change in fair value of financial instruments, impact of currency hedging, interest income, financing costs, property revaluations, taxation, gain/(loss) and financing costs in respect of capital transactions and overheads are not allocated to the above segments but are included in order to facilitate a reconciliation to the Group's net profit attributable to its members.

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

The proportionate format is used by management in assessing and understanding the performance and results of operations of the Group as it allows management to observe and analyse revenue and expense results and trends on a portfolio-wide basis. Management considers given that the assets underlying both the consolidated and the equity accounted components of the statutory income statement are similar (that is, Australian and New Zealand shopping centres), all centres are under common management and therefore the drivers of their results are similar, 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 Scentre Group's Australian and New Zealand operations.

(i) Income and expenses

	Property investment $million	**Property and project management $million**	**31 Dec 16 $million**	Property investment $million	Property and project management $million	31 Dec 15 $million
Revenue						
Property revenue	**2,261.1**	**–**	**2,261.1**	2,308.9	–	2,308.9
Property development and project management revenue	**–**	**410.7**	**410.7**	–	683.2	683.2
Property management income	**–**	**57.0**	**57.0**	–	57.3	57.3
	2,261.1	**467.7**	**2,728.8**	2,308.9	740.5	3,049.4
Expenses						
Property expenses, outgoings and other costs	**(499.1)**	**–**	**(499.1)**	(523.0)	–	(523.0)
Property development and project management costs	**–**	**(329.5)**	**(329.5)**	–	(598.6)	(598.6)
Property management costs	**–**	**(10.7)**	**(10.7)**	–	(10.8)	(10.8)
	(499.1)	**(340.2)**	**(839.3)**	(523.0)	(609.4)	(1,132.4)
Segment result	**1,762.0**	**127.5**	**1,889.5**	1,785.9	131.1	1,917.0
Overheads			**(86.4)**			(91.0)
Interest income			**7.7**			8.1
Currency gain			**47.8**			103.4
Financing costs			**(407.1)**			(727.5)
Gain in respect of capital transactions			**35.5**			19.2
Property revaluations			**1,580.1**			1,538.8
Tax expense – current			**(75.1)**			(71.9)
Tax expense – deferred			**29.5**			33.6
External non controlling interests			**(31.0)**			(21.9)
Net profit attributable to members of the Group [(i)]			**2,990.5**			2,707.8

[(i)] Net profit attributable to members of the Group was $2,990.5 million (31 December 2015: $2,707.8 million). Net profit after tax for the period which includes profit attributable to external non controlling interests of $31.0 million (31 December 2015: $21.9 million) was $3,021.5 million (31 December 2015: $2,729.7 million).

NOTE 2 SEGMENT REPORTING (CONTINUED)

(ii) Assets and liabilities of Scentre Group

	Property investment $million	Property and project management $million	31 Dec 16 $million	Property investment $million	Property and project management $million	31 Dec 15 $million
Total operational segment assets	**33,008.2**	**455.7**	**33,463.9**	30,821.7	455.3	31,277.0
Total group assets			**636.3**			670.9
Total operational segment liabilities	**1,050.1**	**271.3**	**1,321.4**	1,115.0	294.5	1,409.5
Total group liabilities			**13,024.4**			12,632.2
Net assets			**19,754.4**			17,906.2
Equity accounted investments included in – operational segment assets	**2,582.9**	**–**	**2,582.9**	2,439.3	–	2,439.3
Equity accounted investments included in – operational segment liabilities	**35.7**	**–**	**35.7**	35.8	–	35.8
Additions to segment non current assets during the year	**940.9**	**–**	**940.9**	580.9	–	580.9

(iii) Geographic information – Total revenue

	Australia $million	New Zealand $million	31 Dec 16 $million	Australia $million	New Zealand $million	31 Dec 15 $million
Property revenue	**2,107.3**	**153.8**	**2,261.1**	2,102.0	206.9	2,308.9
Property development and project management revenue	**403.0**	**7.7**	**410.7**	679.3	3.9	683.2
Property management income	**52.5**	**4.5**	**57.0**	53.9	3.4	57.3
Total revenue [(i)]	**2,562.8**	**166.0**	**2,728.8**	2,835.2	214.2	3,049.4

(i) Australia and New Zealand revenue of $2,728.8 million (31 December 2015: $3,049.4 million) equates to revenue of $2,520.7 million (31 December 2015: $2,867.8 million) on the income statement and property revenue of $208.1 million (31 December 2015: $181.6 million) included in the share of equity accounted profit.

(iv) Geographic information – Net property income

	Australia $million	New Zealand $million	31 Dec 16 $million	Australia $million	New Zealand $million	31 Dec 15 $million
Shopping centre base rent and other property income	**2,153.2**	**155.6**	**2,308.8**	2,138.5	209.0	2,347.5
Amortisation of tenant allowances	**(45.9)**	**(1.8)**	**(47.7)**	(36.5)	(2.1)	(38.6)
Property revenue	**2,107.3**	**153.8**	**2,261.1**	2,102.0	206.9	2,308.9
Property expenses, outgoings and other costs	**(460.3)**	**(38.8)**	**(499.1)**	(470.4)	(52.6)	(523.0)
Net property income	**1,647.0**	**115.0**	**1,762.0**	1,631.6	154.3	1,785.9

(v) Geographic information – Non current assets

	Australia $million	New Zealand $million	31 Dec 16 $million	Australia $million	New Zealand $million	31 Dec 15 $million
Non current assets	**31,190.4**	**1,098.6**	**32,289.0**	28,927.6	1,156.3	30,083.9
Group non current assets			**903.1**			924.8
Total non current assets			**33,192.1**			31,008.7

NOTE 2 SEGMENT REPORTING (CONTINUED)

(vi) Reconciliation of segment results

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

	Consolidated $million	Equity Accounted $million	31 Dec 16 $million	Consolidated $million	Equity Accounted $million	31 Dec 15 $million
Revenue						
Property revenue	**2,053.0**	**208.1**	**2,261.1**	2,127.3	181.6	2,308.9
Property development and project management revenue	**410.7**	**–**	**410.7**	683.2	–	683.2
Property management income	**57.0**	**–**	**57.0**	57.3	–	57.3
	2,520.7	**208.1**	**2,728.8**	2,867.8	181.6	3,049.4
Expenses						
Property expenses, outgoings and other costs	**(450.7)**	**(48.4)**	**(499.1)**	(481.8)	(41.2)	(523.0)
Property development and project management costs	**(329.5)**	**–**	**(329.5)**	(598.6)	–	(598.6)
Property management costs	**(10.7)**	**–**	**(10.7)**	(10.8)	–	(10.8)
	(790.9)	**(48.4)**	**(839.3)**	(1,091.2)	(41.2)	(1,132.4)
Segment result	**1,729.8**	**159.7**	**1,889.5**	1,776.6	140.4	1,917.0
Overheads	**(86.4)**	**–**	**(86.4)**	(91.0)	–	(91.0)
Interest income	**7.2**	**0.5**	**7.7**	7.9	0.2	8.1
Currency gain	**47.8**	**–**	**47.8**	103.4	–	103.4
Financing costs	**(406.0)**	**(1.1)**	**(407.1)**	(726.7)	(0.8)	(727.5)
Gain in respect of capital transactions	**35.5**	**–**	**35.5**	19.2	–	19.2
Property revaluations	**1,491.5**	**88.6**	**1,580.1**	1,457.9	80.9	1,538.8
Tax expense – current	**(64.1)**	**(11.0)**	**(75.1)**	(65.4)	(6.5)	(71.9)
Tax expense – deferred	**34.5**	**(5.0)**	**29.5**	35.9	(2.3)	33.6
External non controlling interests	**(31.0)**	**–**	**(31.0)**	(21.9)	–	(21.9)
Net profit attributable to members of the Group	**2,758.8**	**231.7**	**2,990.5**	2,495.9	211.9	2,707.8

	Consolidated $million	Equity Accounted $million	31 Dec 16 $million	Consolidated $million	Equity Accounted $million	31 Dec 15 $million
Cash and cash equivalents	**159.0**	**12.5**	**171.5**	142.7	10.3	153.0
Shopping centre investments	**29,174.7**	**2,486.1**	**31,660.8**	27,578.4	2,351.7	29,930.1
Development projects and construction in progress	**697.6**	**77.6**	**775.2**	493.9	70.7	564.6
Other assets	**1,486.0**	**6.7**	**1,492.7**	1,293.6	6.6	1,300.2
Total assets	**31,517.3**	**2,582.9**	**34,100.2**	29,508.6	2,439.3	31,947.9
Interest bearing liabilities	**11,630.6**	**15.2**	**11,645.8**	11,142.7	14.8	11,157.5
Other financial liabilities	**1,012.5**	**–**	**1,012.5**	1,154.9	–	1,154.9
Deferred tax liabilities	**131.8**	**64.1**	**195.9**	179.9	56.0	235.9
Other liabilities	**1,455.9**	**35.7**	**1,491.6**	1,457.6	35.8	1,493.4
Total liabilities	**14,230.8**	**115.0**	**14,345.8**	13,935.1	106.6	14,041.7
Net assets	**17,286.5**	**2,467.9**	**19,754.4**	15,573.5	2,332.7	17,906.2

NOTE 2 SEGMENT REPORTING (CONTINUED)

Accounting Policies

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and can be reliably measured. Rental income from investment properties is accounted for on a straight line basis over the lease term. Contingent rental income is recognised as income in the period in which it is earned. If not received at balance date, revenue is reflected in the balance sheet as a receivable and carried at its recoverable amount. Recoveries from tenants are recognised as income in the year the applicable costs are accrued.

Revenue from property management is recognised on an accruals basis, in accordance with the terms of the relevant management contracts.

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

Revenue is recognised from the sale of properties when the significant risks and rewards have transferred to the buyer. This will normally take place on unconditional exchange of contracts except where payment or completion is expected to occur significantly after exchange. For conditional exchanges, sales are recognised when these conditions are satisfied.

Revenue for development and construction projects carried out for third parties is recognised on a percentage of completion basis as construction progresses. The percentage of completion is assessed by reference to the stage of completion of the project based on the proportion of contract costs incurred to date and the estimated costs to complete. Where a property is under development and agreement has been reached to sell the property when construction is complete, consideration is given as to whether the contract comprises a development and construction project or a contract for the sale of a completed property. Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Where the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, revenue is recognised on a percentage of completion basis as construction progresses.

All other revenues are recognised on an accruals basis.

Expenses

Expenses are brought to account on an accruals basis.

	31 Dec 16 $million	31 Dec 15 $million
NOTE 3 INVESTMENT PROPERTIES		
Current		
Shopping centre investments	**147.2**	417.3
	147.2	417.3
Non Current		
Shopping centre investments	**29,027.5**	27,161.1
Development projects and construction in progress	**697.6**	493.9
	29,725.1	27,655.0
Total investment properties	**29,872.3**	28,072.3
Total investment properties is comprised of:		
Shopping centre investments	**29,174.7**	27,578.4
Development projects and construction in progress	**697.6**	493.9
Total investment properties	**29,872.3**	28,072.3
Movement in total investment properties		
Balance at the beginning of the year	**28,072.3**	29,007.3
Acquisition of properties	**253.4**	–
Disposal of properties	**(606.1)**	(1,869.5)
Transfer to equity accounted investment properties	**–**	(1,046.1)
Redevelopment costs	**650.9**	539.4
Net revaluation increment	**1,491.5**	1,457.9
Retranslation of foreign operations	**10.3**	(16.7)
Balance at the end of the year [(i)]	**29,872.3**	28,072.3

[(i)] The fair value of investment properties at the end of the year of $29,872.3 million (31 December 2015: $28,072.3 million) comprises investment properties at market value of $29,833.1 million (31 December 2015: $28,033.0 million) and ground leases included as finance leases of $39.2 million (31 December 2015: $39.3 million).

NOTE 3 INVESTMENT PROPERTIES (CONTINUED)

Accounting Policies

Investment properties

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

(i) Shopping centre investments

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

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

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

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

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

(ii) Development projects and construction in progress

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

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

Independent valuations are conducted in accordance with guidelines set by the International Valuation Standards Committee for Australian and New Zealand properties.

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

Australian shopping centres

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

New Zealand shopping centres

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

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

Refer to Notes 4(a) and 4(b) for a summary of the capitalisation rate for the property portfolio.

	Note	**31 Dec 16 $million**	31 Dec 15 $million
NOTE 4 DETAILS OF SHOPPING CENTRE INVESTMENTS			
Consolidated Australian shopping centres	(a)	**29,027.5**	27,009.7
Consolidated New Zealand shopping centres	(b)	**–**	151.4
Total consolidated shopping centres		**29,027.5**	27,161.1
Equity accounted Australian shopping centres	(a)	**1,366.5**	1,325.5
Equity accounted New Zealand shopping centres	(b)	**1,119.6**	1,026.2
Total equity accounted shopping centres		**2,486.1**	2,351.7
		31,513.6	29,512.8

NOTE 4 DETAILS OF SHOPPING CENTRE INVESTMENTS (CONTINUED)

(a) Shopping centre investments – Australia

Australian shopping centres	Ownership Interest % 31 Dec 16		Ownership Interest % 31 Dec 15		Carrying Amount 31 Dec 16 $million	Retail Capitalisation Rates 31 Dec 16 %	Carrying Amount 31 Dec 15 $million	Retail Capitalisation Rates 31 Dec 15 %
AUSTRALIAN CAPITAL TERRITORY								
Belconnen	**100.0**	**C**	100.0	C	**860.0**	**6.00%**	850.0	6.00%
Woden	**50.0**	**C**	50.0	C	**335.0**	**5.75%**	312.5	6.25%
NEW SOUTH WALES								
Bondi Junction	**100.0**	**C**	100.0	C	**2,885.8**	**4.50%**	2,655.9	4.75%
Burwood	**100.0**	**C**	100.0	C	**990.2**	**5.35%**	955.2	5.50%
Chatswood	**100.0**	**C**	100.0	C	**1,186.8**	**5.00%**	1,116.7	5.25%
Hornsby	**100.0**	**C**	100.0	C	**954.9**	**5.75%**	938.8	6.00%
Hurstville	**50.0**	**C**	50.0	C	**395.0**	**5.75%**	350.0	6.25%
Kotara [(i)]	**100.0**	**C**	100.0	C	**815.0**	**5.75%**	711.6	6.25%
Liverpool	**50.0**	**C**	50.0	C	**492.6**	**5.75%**	462.6	6.25%
Miranda	**50.0**	**C**	50.0	C	**1,120.3**	**5.00%**	1,062.8	5.25%
Mt Druitt	**50.0**	**E**	50.0	E	**280.0**	**6.25%**	258.0	6.75%
Parramatta	**50.0**	**C**	50.0	C	**899.2**	**5.25%**	871.8	5.50%
Penrith	**50.0**	**C**	50.0	C	**655.0**	**5.25%**	610.0	5.50%
Sydney [(ii)]	**100.0**	**C**	100.0	C	**4,529.8**	**4.37%**	4,118.3	4.62%
Tuggerah	**100.0**	**C**	100.0	C	**735.0**	**6.00%**	715.0	6.00%
Warringah Mall [(i)]	**50.0**	**C**	50.0	C	**850.0**	**5.25%**	584.7	6.00%
QUEENSLAND								
Carindale [(iv)]	**50.0**	**C**	50.0	C	**807.6**	**5.25%**	767.5	5.50%
Chermside [(iii)]	**100.0**	**C**	100.0	C	**1,703.0**	**5.50%**	1,703.0	5.50%
Garden City	**100.0**	**C**	100.0	C	**1,500.0**	**5.25%**	1,435.0	5.50%
Helensvale	**50.0**	**C**	50.0	C	**235.0**	**5.75%**	215.0	6.25%
North Lakes [(i)]	**50.0**	**C**	50.0	C	**407.5**	**5.50%**	238.3	6.25%
SOUTH AUSTRALIA								
Marion	**50.0**	**C**	50.0	C	**667.5**	**5.75%**	640.0	5.75%
Tea Tree Plaza	**50.0**	**E**	50.0	E	**360.5**	**6.00%**	355.0	6.00%
West Lakes	**50.0**	**C**	50.0	C	**245.0**	**6.00%**	245.0	6.00%
VICTORIA								
Airport West	**50.0**	**C**	50.0	C	**187.0**	**6.50%**	183.0	6.75%
Doncaster	**50.0**	**C**	50.0	C	**1,045.0**	**5.00%**	927.5	5.25%
Fountain Gate	**100.0**	**C**	100.0	C	**1,853.8**	**5.00%**	1,716.9	5.25%
Geelong	**50.0**	**C**	50.0	C	**252.5**	**6.00%**	242.5	6.25%
Knox	**50.0**	**C**	50.0	C	**525.0**	**6.25%**	515.0	6.25%
Plenty Valley	**50.0**	**C**	50.0	C	**190.0**	**6.00%**	170.0	6.25%
Southland	**50.0**	**E**	50.0	E	**726.0**	**5.63%**	712.5	5.63%
WESTERN AUSTRALIA								
Carousel [(iii)]	**100.0**	**C**	100.0	C	**1,080.0**	**5.50%**	1,075.0	5.50%
Innaloo	**100.0**	**C**	100.0	C	**329.0**	**6.25%**	325.1	6.25%
Whitford City [(iii)]	**50.0**	**C**	50.0	C	**295.0**	**6.25%**	295.0	6.25%
Total Australian portfolio					**30,394.0**	**5.29%** [(v)]	28,335.2	5.51% [(v)]

	31 Dec 16 $million	31 Dec 15 $million
Consolidated	**29,027.5**	27,009.7
Equity accounted	**1,366.5**	1,325.5
Total Australian portfolio	**30,394.0**	28,335.2

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

E **Equity Accounted** – Centres held through a separate vehicle with joint control are treated as a joint venture and accounted for under the equity method of accounting.

(i) Development completed during the year.

(ii) Sydney comprises Sydney Central Plaza, the Sydney City retail complex and office towers. As at 31 December 2016, the weighted average capitalisation rate of Sydney was 4.61%, comprising retail 4.37% (Sydney City 4.25% and Sydney Central Plaza 4.75%) and office 5.33%. As at 31 December 2015, the weighted average capitalisation rate of Sydney was 4.84%, comprising retail 4.62% (Sydney City 4.50% and Sydney Central Plaza 5.00%) and office 5.47%.

(iii) Properties currently under redevelopment.

(iv) 50% interest in this shopping centre is consolidated and 23.5% (31 December 2015: 25.0%) is shown as non controlling interest. In 2016, the Group acquired additional securities in Carindale Property Trust (CPT) increasing the Group's interest in CPT to 53.0% (31 December 2015: 50.0%).

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

NOTE 4 DETAILS OF SHOPPING CENTRE INVESTMENTS (CONTINUED)

(b) Shopping centre investments – New Zealand

New Zealand shopping centres	**Ownership Interest % 31 Dec 16**		Ownership Interest % 31 Dec 15		**Carrying Amount 31 Dec 16 NZ$million**	**Retail Capitalisation Rates 31 Dec 16 %**	Carrying Amount 31 Dec 15 NZ$million	Retail Capitalisation Rates 31 Dec 15 %
Albany	**51.0**	**E**	51.0	E	**288.2**	**6.00%**	261.1	6.25%
Manukau	**51.0**	**E**	51.0	E	**186.1**	**7.00%**	179.5	7.25%
Newmarket	**51.0**	**E**	51.0	E	**141.8**	**6.63%**	135.1	6.75%
Riccarton	**51.0**	**E**	51.0	E	**292.7**	**6.75%**	271.3	7.00%
St Lukes	**51.0**	**E**	51.0	E	**255.0**	**6.50%**	247.4	6.63%
WestCity (i)	**–**	**–**	100.0	C	**–**	**–**	161.5	8.38%
Total New Zealand portfolio					**1,163.8**	**6.55%** (ii)	1,255.9	6.98% (ii)
Exchange rate					**1.0395**		1.0665	
Total New Zealand portfolio in A$					**1,119.6**		1,177.6	
Consolidated					**–**		151.4	
Equity accounted					**1,119.6**		1,026.2	
Total New Zealand portfolio					**1,119.6**		1,177.6	

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

E **Equity Accounted** – Centres held through a separate vehicle with joint control are treated as a joint venture and accounted for under the equity method of accounting.

(i) In December 2016, this centre was sold subject to the approval of the Overseas Investment Office in New Zealand, and accordingly was reclassified to current assets.

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

NOTE 5 DETAILS OF EQUITY ACCOUNTED INVESTMENTS

	31 Dec 16 $million	31 Dec 15 $million
(a) Details of the Group's share of equity accounted entities' net profit and comprehensive income		
Property revenue	**208.1**	181.6
Interest income	**0.5**	0.2
Revenue	**208.6**	181.8
Property expenses, outgoings and other costs	**(48.4)**	(41.2)
Financing costs	**(1.1)**	(0.8)
Expenses	**(49.5)**	(42.0)
Share of profit before property revaluations and tax expense of equity accounted entities	**159.1**	139.8
Property revaluations	**88.6**	80.9
Share of profit before tax of equity accounted entities	**247.7**	220.7
Current tax expense	**(11.0)**	(6.5)
Deferred tax expense	**(5.0)**	(2.3)
Tax expense	**(16.0)**	(8.8)
Share of after tax profit of equity accounted entities	**231.7**	211.9
Other comprehensive income (i)	**13.5**	(31.9)
Share of total comprehensive income of equity accounted entities	**245.2**	180.0

(i) Relates to the net exchange difference on translation of equity accounted foreign operations.

NOTE 5 DETAILS OF EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

	31 Dec 16 $million	31 Dec 15 $million
(b) Details of the Group's share of equity accounted entities' assets and liabilities		
Cash and cash equivalents	**12.5**	10.3
Shopping centre investments	**2,486.1**	2,351.7
Development projects and construction in progress	**77.6**	70.7
Other assets	**6.7**	6.6
Total assets	**2,582.9**	2,439.3
Payables	**(35.7)**	(35.8)
Interest bearing liabilities – finance leases	**(15.2)**	(14.8)
Deferred tax liabilities	**(64.1)**	(56.0)
Total liabilities	**(115.0)**	(106.6)
Net assets (i)	**2,467.9**	2,332.7

(i) The Group's equity accounted investments include investments in Australia and New Zealand. The Group's investment in its New Zealand equity accounted entities is represented by equity of $473.7 million (31 December 2015: $394.8 million) and long term loans of $622.1 million (31 December 2015: $606.4 million). Inter-entity interest charges on the loans amounted to $23.8 million (31 December 2015: $22.6 million).

(c) Equity accounted entities economic interest

			Economic interest	
Name of investments	Type of Equity	Balance Date	**31 Dec 16**	31 Dec 15
Australian investments (i)				
Mt Druitt (ii)	Trust units	30 Jun	**50.0%**	50.0%
Southland (ii)	Trust units	30 Jun	**50.0%**	50.0%
Tea Tree Plaza (ii)	Trust units	30 Jun	**50.0%**	50.0%
New Zealand investments (i) (iii)				
Albany	Shares	31 Dec	**51.0%**	51.0%
Manukau	Shares	31 Dec	**51.0%**	51.0%
Newmarket	Shares	31 Dec	**51.0%**	51.0%
Riccarton	Shares	31 Dec	**51.0%**	51.0%
St Lukes	Shares	31 Dec	**51.0%**	51.0%

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

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

(iii) Under the Shareholders' Agreement, the Group and GIC, Singapore's sovereign wealth fund, each has two representatives in the Shareholders' Committee with voting power in proportion to each shareholder's shareholding. While the Group has a 51% interest in these entities, 75% of the votes is required to pass a resolution. Accordingly, the Group's 51% interest in these investments is accounted for using the equity accounted method.

	31 Dec 16 $million	31 Dec 15 $million
NOTE 6 TAXATION		
(a) Tax expense		
Current – underlying operations	**(64.1)**	(65.4)
Deferred tax benefit	**34.5**	35.9
	(29.6)	(29.5)
The prima facie tax on profit before tax is reconciled to the income tax expense provided in the financial statements as follows:		
Profit before income tax	**3,051.1**	2,759.2
Less: Trust income not taxable for the Group – tax payable by members	**(2,932.7)**	(2,585.0)
	118.4	174.2
Prima facie tax expense at 30%	**(35.5)**	(52.3)
Deferred tax release on New Zealand capital transactions	**40.6**	55.7
Tax on inter-entity transactions	**(35.5)**	(36.0)
Prior year over provision	**0.8**	3.1
Tax expense	**(29.6)**	(29.5)
(b) Deferred tax assets		
Provisions and accruals	**65.5**	82.6
	65.5	82.6
(c) Deferred tax liabilities		
Tax effect of book value in excess of the tax cost base of investment properties	**59.3**	109.6
Other timing differences	**72.5**	70.3
	131.8	179.9

Accounting Policies

Taxation

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

(i) Taxable and non taxable entities of the Group

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

SGT1 and SGT2 are not liable for Australian income tax provided that members are presently entitled to the income of each Trust as determined in accordance with its constitution. The members of each Trust are taxable on their share of the taxable income of each Trust.

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

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

(ii) Accounting for income tax

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

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

	Note	31 Dec 16 $million	31 Dec 15 $million
NOTE 7 SIGNIFICANT ITEMS			
The following significant items are relevant in explaining the financial performance of the business:			
Property revaluations		**1,491.5**	1,457.9
Equity accounted property revaluations		**88.6**	80.9
Net fair value gain/(loss) and associated credit risk on currency derivatives that do not qualify for hedge accounting	11	**23.6**	(27.5)
Exchange differences (including amounts transferred from foreign currency translation reserve) on realisation of net investment in foreign operations	11	**24.2**	130.9
Net fair value gain/(loss) on interest rate hedges that do not qualify for hedge accounting	12	**144.3**	(113.6)
Net fair value loss on other financial liabilities	12	**(19.1)**	(25.5)
Gain in respect of capital transactions	13	**35.5**	19.2
Deferred tax benefit	6	**34.5**	35.9
Equity accounted deferred tax expense	5(a)	**(5.0)**	(2.3)

	31 Dec 16 $million	31 Dec 15 $million
NOTE 8 DIVIDENDS/DISTRIBUTIONS		
(a) Final dividend/distribution paid		
Dividend/distribution in respect of the 6 months to 31 December 2016		
Parent Company: 2.70 cents per share [i] (31 December 2015: nil)	**143.4**	–
SGT1: 3.45 cents per unit (31 December 2015: 4.35 cents per unit)	**183.3**	231.1
SGT2: 4.33 cents per unit (31 December 2015: 6.10 cents per unit)	**230.0**	324.0
SGT3: 0.17 cents per unit [i] (31 December 2015: nil)	**9.0**	–
Scentre Group 10.65 cents per stapled security (31 December 2015: 10.45 cents)	**565.7**	555.1

[i] Dividends to be paid by the Parent Company and distributions to be paid by SGT3 are franked at the corporate tax rate of 30%.

Interim dividend/distributions of 10.65 cents were paid on 31 August 2016. Final dividend/distributions will be paid on 28 February 2017. The record date for the final dividends/distributions was 5pm, 14 February 2017. The Group does not operate a Distribution Reinvestment Plan.

	31 Dec 16 $million	31 Dec 15 $million
(b) Dividends/distributions paid during the year		
Dividend/distribution in respect of the 6 months to 30 June 2016		
Parent Company: nil (30 June 2015: nil)	**–**	–
SGT1: 3.50 cents per unit (30 June 2015: 4.20 cents per unit)	**185.9**	223.1
SGT2: 7.15 cents per unit (30 June 2015: 6.25 cents per unit)	**379.8**	332.0
SGT3: nil (30 June 2015: nil)	**–**	–
Dividend/distribution in respect of the 6 months to 31 December 2015		
Parent Company: nil (31 December 2014: 2.85 cents per share) [i]	**–**	151.4
SGT1: 4.35 cents per unit (31 December 2014: 2.85 cents per unit)	**231.1**	151.4
SGT2: 6.10 cents per unit (31 December 2014: 4.50 cents per unit)	**324.0**	239.0
SGT3: nil (31 December 2014: nil)	**–**	–
	1,120.8	1,096.9

[i] Dividends paid by the Parent Company have been franked at the corporate tax rate of 30%.

(c) Franking credit balance of the Group

As at 31 December 2016, franking credits available for use in future distributions amount to $134.4 million (31 December 2015: $149.9 million).

	31 Dec 16 $	31 Dec 15 $
NOTE 9 NET TANGIBLE ASSET BACKING		
Net tangible asset backing per security	**3.67**	3.32

Net tangible asset backing per security is calculated by dividing total equity attributable to stapled security holders of the Group by the number of securities on issue. The number of securities used in the calculation of the consolidated net tangible asset backing is 5,311,595,241 (31 December 2015: 5,311,595,241).

	31 Dec 16 cents	31 Dec 15 cents

NOTE 10 EARNINGS PER SECURITY

(a) Summary of earnings per security

Earnings per security		
Basic earnings per stapled security attributable to members of Scentre Group	**56.30**	50.98
Diluted earnings per stapled security attributable to members of Scentre Group	**56.14**	50.83
Basic earnings per SGL share	**2.16**	3.50
Diluted earnings per SGL share	**2.16**	3.49

(b) Income and security data

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

	31 Dec 16 $million	31 Dec 15 $million
Earnings used in calculating basic earnings per stapled security [i]	**2,990.5**	2,707.8
Adjustment to earnings on options which are considered dilutive	**–**	–
Earnings used in calculating diluted earnings per stapled security	**2,990.5**	2,707.8

[i] Refer to the income statement for details of the profit after tax attributable to members of the Group.

Earnings used in calculating basic earnings per SGL share	**114.9**	186.1
Adjustment to earnings on options which are considered dilutive	**–**	–
Earnings used in calculating diluted earnings per SGL share	**114.9**	186.1

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

	31 Dec 16 Number of securities	31 Dec 15 Number of securities
Weighted average number of ordinary securities used in calculating basic earnings per stapled security	**5,311,595,241**	5,311,595,241
Weighted average number of potential employee performance rights which, if securities were issued, would be dilutive [ii]	**15,586,147**	15,668,078
Adjusted weighted average number of ordinary securities used in calculating diluted earnings per stapled security	**5,327,181,388**	5,327,263,319

[ii] At 31 December 2016 10,651,290 (31 December 2015: 11,270,150) actual employee award scheme security options were on hand.

(c) Conversions, calls, subscription or issues after 31 December 2016

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

Accounting Policies

Earnings per security

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

	31 Dec 16 $million	31 Dec 15 $million

NOTE 11 CURRENCY GAIN/(LOSS)

Net fair value gain/(loss) and associated credit risk on currency derivatives that do not qualify for hedge accounting	**23.6**	(27.5)
Exchange differences (including amounts transferred from foreign currency translation reserve) on realisation of net investment in foreign operations	**24.2**	130.9
	47.8	103.4

Accounting Policies

Translation of foreign currency transactions

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

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

	31 Dec 16 $million	31 Dec 15 $million
NOTE 12 FINANCING COSTS		
Gross financing costs (excluding net fair value gain/(loss) on interest rate hedges that do not qualify for hedge accounting)	**(483.6)**	(516.4)
Financing costs capitalised to qualifying development projects and construction in progress	**17.6**	12.5
Financing costs	**(466.0)**	(503.9)
Net fair value gain/(loss) on interest rate hedges that do not qualify for hedge accounting	**144.3**	(113.6)
Finance leases interest expense	**(2.2)**	(2.7)
Interest expense on other financial liabilities	**(63.0)**	(81.0)
Net fair value loss on other financial liabilities	**(19.1)**	(25.5)
	(406.0)	(726.7)

Accounting Policies

Financing costs

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

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

	31 Dec 16 $million	31 Dec 15 $million
NOTE 13 GAIN IN RESPECT OF CAPITAL TRANSACTIONS		
Asset dispositions		
– proceeds from asset dispositions	**644.6**	1,870.7
– less: carrying value of assets disposed and other capital costs	**(609.1)**	(1,851.5)
Gain in respect of capital transactions	**35.5**	19.2
NOTE 14 CASH AND CASH EQUIVALENTS		
(a) Components of cash and cash equivalents		
Cash	**159.0**	142.7
Bank overdrafts	**–**	–
Total cash and cash equivalents	**159.0**	142.7
(b) Reconciliation of profit after tax to net cash flows from operating activities		
Profit after tax	**3,021.5**	2,729.7
Property revaluations	**(1,491.5)**	(1,457.9)
Share of equity accounted profit in excess of dividend/distribution received	**(127.7)**	(125.1)
Deferred tax benefit	**(34.5)**	(35.9)
Net fair value loss/(gain) and associated credit risk on currency derivatives	**(23.6)**	27.5
Exchange differences (including amounts transferred from foreign currency translation reserve) on realisation of net investment in foreign operations	**(24.2)**	(130.9)
Net fair value loss/(gain) on interest rate hedges that do not qualify for hedge accounting	**(144.3)**	113.6
Net fair value loss on other financial liabilities	**19.1**	25.5
Gain from capital transactions	**(35.5)**	(19.2)
Decrease/(increase) in working capital attributable to operating activities	**(42.4)**	61.9
Net cash flows from operating activities	**1,116.9**	1,189.2

Accounting Policies

Cash and cash equivalents

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

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

	31 Dec 16 $million	31 Dec 15 $million
NOTE 15 INTEREST BEARING LIABILITIES		
Current		
Unsecured		
Commercial paper and uncommitted facility		
– A$ denominated	**730.9**	793.1
Notes payable		
– A$ denominated	**–**	919.5
Finance leases	**0.5**	0.5
	731.4	1,713.1
Non current		
Unsecured		
Bank loans		
– A$ denominated	**1,177.0**	65.0
– NZ$ denominated	**410.0**	497.8
Notes payable		
– US$ denominated	**3,260.3**	3,225.4
– € denominated	**3,844.2**	3,189.3
– £ denominated	**1,369.6**	1,618.1
– A$ denominated	**582.4**	583.2
Finance leases	**38.7**	38.8
Secured		
Bank loans and mortgages		
– A$ denominated	**217.0**	212.0
	10,899.2	9,429.6
Total interest bearing liabilities	**11,630.6**	11,142.7

The Group maintains a range of interest bearing liabilities. The sources of funding are spread over various counterparties to minimise credit risk and the terms of the instruments are negotiated to achieve a balance between capital availability and the cost of debt. Refer to Note 23 for details relating to fixed rate debt and derivatives which hedge floating rate liabilities.

	31 Dec 16 $million	31 Dec 15 $million
(a) Summary of financing facilities		
Committed financing facilities available to the Group:		
Total financing facilities at the end of the year	**14,275.7**	14,754.7
Total interest bearing liabilities	**(11,630.6)**	(11,142.7)
Total bank guarantees	**(37.0)**	(35.0)
Available financing facilities [(i)]	**2,608.1**	3,577.0
Cash	**159.0**	142.7
Financing resources available at the end of the year	**2,767.1**	3,719.7

(i) Total available financing facilities at the end of the financial period of $2,608.1 million (31 December 2015: $3,577.0 million) is in excess of the Group's net current liabilities of $1,419.8 million (31 December 2015: $3,232.6 million). Net current liabilities comprise current assets less current liabilities.

These facilities comprise fixed and floating rate notes and both secured and unsecured interest only floating rate facilities. Certain facilities are also subject to negative pledge arrangements which require the Group to comply with specific minimum financial and non-financial requirements. These facilities exclude the property linked notes liability of $1,012.5 million (31 December 2015: $1,154.9 million). Amounts which are denominated in foreign currencies are translated at exchange rates ruling at balance date.

NOTE 15 INTEREST BEARING LIABILITIES (CONTINUED)

	Maturity Date	Committed financing facilities 31 Dec 16 $million	Total interest bearing liabilities 31 Dec 16 $million	Committed financing facilities 31 Dec 15 $million	Total interest bearing liabilities 31 Dec 15 $million
(b) Summary of maturity and amortisation profile of consolidated financing facilities and interest bearing liabilities					
Year ending December 2016 (i)		**–**	**–**	920.0	1,713.1
Year ending December 2017 (i)		**0.5**	**731.4**	150.5	93.5
Year ending December 2018		**784.2**	**784.2**	1,696.9	925.8
Year ending December 2019		**2,442.4**	**2,020.2**	2,681.7	1,322.7
Year ending December 2020		**2,605.8**	**1,552.0**	3,025.1	1,107.1
Year ending December 2021		**2,594.2**	**1,094.2**	1,386.7	1,086.7
Year ending December 2022		**1,116.3**	**716.3**	840.8	840.8
Year ending December 2023		**1,610.3**	**1,610.3**	804.2	804.2
Year ending December 2024		**875.9**	**875.9**	895.2	895.2
Year ending December 2025		**1,526.7**	**1,526.7**	1,510.3	1,510.3
Year ending December 2026		**685.4**	**685.4**	809.7	809.7
Due thereafter		**34.0**	**34.0**	33.6	33.6
		14,275.7	**11,630.6**	14,754.7	11,142.7
Total financing facilities and interest bearing liabilities are comprised of:					
Unsecured notes payable – US$ (ii)	Nov 19 to Oct 25	**3,260.3**	**3,260.3**	3,225.4	3,225.4
Unsecured notes payable – € (ii)	Jul 18 to Jul 24	**3,844.2**	**3,844.2**	3,189.3	3,189.3
Unsecured notes payable – £ (ii)	Apr 22 to Jul 26	**1,369.6**	**1,369.6**	1,618.1	1,618.1
Unsecured notes payable – A$	Oct 19 to Jul 22	**582.4**	**582.4**	1,502.7	1,502.7
Unsecured bank loan facilities	Jul 18 to Jul 23	**4,950.0**	**1,587.0**	4,949.9	562.8
Unsecured commercial paper and uncommitted facility (i)		**–**	**730.9**	–	793.1
Secured bank loans and mortgages	Aug 20	**230.0**	**217.0**	230.0	212.0
Finance leases		**39.2**	**39.2**	39.3	39.3
		14,275.7	**11,630.6**	14,754.7	11,142.7

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

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

NOTE 15 INTEREST BEARING LIABILITIES (CONTINUED)

	Maturity Date	Committed financing facilities (local currency) 31 Dec 16 million	Total interest bearing liabilities (local currency) 31 Dec 16 million	Committed financing facilities (local currency) 31 Dec 15 million	Total interest bearing liabilities (local currency) 31 Dec 15 million
(c) Details of consolidated financing facilities and interest bearing liabilities					
Commercial paper and uncommitted facility (i)	Current	**–**	**A$730.9**	–	A$793.1
Unsecured notes payable – bonds	18-Oct-16	**–**	**–**	A$919.5	A$919.5
Unsecured bank loan – bilateral facility (ii)	3-Jul-17	**–**	**–**	A$100.0	A$10.0 NZ$88.5
Unsecured bank loan – bilateral facility (ii)	3-Jul-17	**–**	**–**	A$50.0	–
Unsecured bank loan – bilateral facility (iii)	31-Mar-18	**–**	**–**	A$200.0	NZ$213.4
Unsecured bank loan – bilateral facility	2-Jul-18	**A$200.0**	**A$200.0**	A$200.0	–
Unsecured bank loan – bilateral facility (iii)	2-Jul-18	**–**	**–**	A$200.0	–
Unsecured bank loan – bilateral facility (iii)	2-Jul-18	**–**	**–**	A$200.0	A$35.0
Unsecured bank loan – bilateral facility (iii)	2-Jul-18	**–**	**–**	A$100.0	–
Unsecured bank loan – bilateral facility (iii)	2-Jul-18	**–**	**–**	A$100.0	–
Unsecured bank loan – bilateral facility (iv)	2-Jul-18	**–**	**–**	A$100.0	NZ$100.0
Unsecured notes payable – bonds	16-Jul-18	**€400.0**	**€400.0**	€400.0	€400.0
Unsecured bank loan – bilateral facility (iii)	2-Jan-19	**A$200.0**	**A$200.0**	–	–
Unsecured bank loan – bilateral facility (iii)	1-Apr-19	**A$150.0**	**NZ$143.2**	–	–
Unsecured bank loan – bilateral facility	1-Jul-19	**A$100.0**	**A$100.0**	A$100.0	A$20.0
Unsecured bank loan – bilateral facility	1-Jul-19	**A$250.0**	**A$80.0**	A$250.0	–
Unsecured bank loan – bilateral facility (iii)	1-Jul-19	**A$100.0**	**–**	–	–
Unsecured bank loan – bilateral facility (iii)	1-Jul-19	**–**	**–**	A$250.0	–
Unsecured bank loan – bilateral facility (iii)	1-Jul-19	**–**	**–**	A$250.0	–
Unsecured bank loan – bilateral facility (iii)	1-Jul-19	**–**	**–**	A$150.0	NZ$129.0
Unsecured bank loan – bilateral facility (iii)	1-Jul-19	**–**	**–**	A$150.0	–
Unsecured bank loan – bilateral facility (iii)	1-Jul-19	**–**	**–**	A$100.0	–
Unsecured bank loan – bilateral facility (iii)	1-Jul-19	**–**	**–**	A$250.0	–
Unsecured bank loan – bilateral facility (iii)	2-Jul-19	**A$200.0**	**A$60.0**	–	–
Unsecured bank loan – bilateral facility (iii)	2-Jul-19	**A$100.0**	**A$100.0**	–	–
Unsecured bank loan – bilateral facility (iv)	2-Jul-19	**A$150.0**	**A$150.0**	–	–
Unsecured notes payable – bonds	23-Oct-19	**A$151.4**	**A$151.4**	A$151.9	A$151.9
Unsecured notes payable – bonds	5-Nov-19	**US$750.0**	**US$750.0**	US$750.0	US$750.0
Unsecured bank loan – bilateral facility	1-Jul-20	**A$250.0**	**NZ$35.8**	A$250.0	–
Unsecured bank loan – bilateral facility	1-Jul-20	**A$250.0**	**NZ$100.0**	A$250.0	–
Unsecured bank loan – bilateral facility	1-Jul-20	**A$150.0**	**NZ$147.2**	A$150.0	–
Unsecured bank loan – bilateral facility	1-Jul-20	**A$100.0**	**A$100.0**	A$100.0	–
Unsecured bank loan – bilateral facility	1-Jul-20	**A$150.0**	**–**	A$150.0	–
Unsecured bank loan – bilateral facility	1-Jul-20	**A$250.0**	**–**	A$250.0	–
Unsecured bank loan – bilateral facility	1-Jul-20	**A$100.0**	**A$87.0**	A$100.0	–
Unsecured bank loan – bilateral facility	1-Jul-20	**A$250.0**	**–**	A$250.0	–
Unsecured bank loan – bilateral facility (iii)	1-Jul-20	**–**	**–**	A$200.0	–
Unsecured bank loan – bilateral facility (iii)	1-Jul-20	**–**	**–**	A$200.0	–
Unsecured notes payable – bonds	16-Jul-20	**€600.0**	**€600.0**	€600.0	€600.0
Secured mortgage – Carindale	31-Aug-20	**A$230.0**	**A$217.0**	A$230.0	A$212.0
Unsecured bank loan – bilateral facility (iii)	31-Mar-21	**A$50.0**	**–**	–	–

NOTE 15 INTEREST BEARING LIABILITIES (CONTINUED)

	Maturity Date	**Committed financing facilities (local currency) 31 Dec 16 million**	**Total interest bearing liabilities (local currency) 31 Dec 16 million**	Committed financing facilities (local currency) 31 Dec 15 million	Total interest bearing liabilities (local currency) 31 Dec 15 million
(c) Details of consolidated financing facilities and interest bearing liabilities (continued)					
Unsecured notes payable – bonds	28-Apr-21	**US$500.0**	**US$500.0**	US$500.0	US$500.0
Unsecured bank loan – bilateral facility [(iii)]	1-Jul-21	**A$250.0**	**–**	–	–
Unsecured bank loan – bilateral facility [(iii)]	1-Jul-21	**A$250.0**	**–**	–	–
Unsecured bank loan – bilateral facility [(iii)]	1-Jul-21	**A$150.0**	**–**	–	–
Unsecured bank loan – bilateral facility [(iii)]	1-Jul-21	**A$150.0**	**–**	–	–
Unsecured bank loan – bilateral facility [(iii)]	1-Jul-21	**A$100.0**	**–**	–	–
Unsecured bank loan – bilateral facility [(iii)]	1-Jul-21	**A$250.0**	**–**	–	–
Unsecured bank loan – bilateral facility	30-Jul-21	**A$300.0**	**–**	A$300.0	–
Unsecured notes payable – bonds	8-Sep-21	**A$400.0**	**A$400.0**	A$400.0	A$400.0
Unsecured bank loan – bilateral facility [(iii)]	3-Jan-22	**A$200.0**	**–**	–	–
Unsecured bank loan – bilateral facility [(iii)]	3-Jan-22	**A$200.0**	**–**	–	–
Unsecured notes payable – bonds	8-Apr-22	**£400.0**	**£400.0**	£400.0	£400.0
Unsecured notes payable – bonds	4-Jul-22	**A$31.0**	**A$31.0**	A$31.2	A$31.2
Unsecured notes payable – bonds	22-Mar-23	**€500.0**	**€500.0**	–	–
Unsecured bank loan – bilateral facility	18-Jul-23	**A$100.0**	**A$100.0**	–	–
Unsecured notes payable – bonds	11-Sep-23	**€534.7**	**€534.7**	€539.0	€539.0
Unsecured notes payable – bonds	16-Jul-24	**€600.0**	**€600.0**	€600.0	€600.0
Unsecured notes payable – bonds	12-Feb-25	**US$600.0**	**US$600.0**	US$600.0	US$600.0
Unsecured notes payable – bonds	28-Oct-25	**US$500.0**	**US$500.0**	US$500.0	US$500.0
Unsecured notes payable – bonds	16-Jul-26	**£400.0**	**£400.0**	£400.0	£400.0
Total A$ equivalent of the above		**A$14,236.5**	**A$11,591.4**	A$14,715.4	A$11,103.4
Add:					
Finance leases		**A$39.2**	**A$39.2**	A$39.3	A$39.3
Consolidated financing facilities and interest bearing liabilities		**A$14,275.7**	**A$11,630.6**	A$14,754.7	A$11,142.7

(i) Drawings on the Group's commercial paper program and uncommitted facility may be refinanced by the Group's non current unsecured bank loan facilities.

(ii) During the year, these facilities were repaid and cancelled.

(iii) During the year, these bilateral facilities were extended and are shown separately at the new maturity date.

(iv) During the year, these bilateral facilities were increased and extended. These are shown separately at the new maturity date.

The Group consolidates Carindale Property Trust and the borrowings in this trust are secured by a mortgage over the trust's interest in Westfield Carindale. The recorded fair value of the Carindale centre is $807.6 million (31 December 2015: $767.5 million) compared to borrowings of $217.0 million (31 December 2015: $212.0 million).

The secured and unsecured bank loans, uncommitted facilities and notes payable are subject to negative pledge arrangements which require the Group to comply with certain minimum financial and non-financial requirements.

Accounting Policies

Interest bearing liabilities

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

Interest bearing liabilities are classified as current liabilities where the liability has been drawn under a financing facility which expires within one year. Amounts drawn under financing facilities which expire after one year are classified as non current.

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

The fair value of the Group's interest bearing borrowings as disclosed in Note 27 are determined as follows:

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

	31 Dec 16 $million	31 Dec 15 $million

NOTE 16 OTHER FINANCIAL LIABILITIES

Property linked notes		
Current	**416.6**	1,154.9
Non current	**595.9**	–
	1,012.5	1,154.9

The Property Linked Notes (Notes) are designed to provide returns based on the economic performance of certain Westfield Australian super regional and regional shopping centres. When the Notes were originally issued, these centres were: Parramatta, Hornsby and Burwood in Sydney, Southland in Melbourne, Tea Tree Plaza in Adelaide and Belconnen in the Australian Capital Territory (collectively the Westfield centres). The return under the Notes is based on a proportional interest, in respect of the relevant Westfield centre, as specified in the Note (Reference Property Interest). The first Review Date for each Note was 31 December 2016. Redemption events under the Notes include non performance events by the Issuer, changes in tax laws and sale of the relevant Westfield centre. The Notes may also be redeemed at a Review Date.

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

During the year, $161.5 million (31 December 2015: $279.7 million) of the Notes were repaid and terminated. In addition, $416.6 million of Notes were repaid in January 2017 and the Group agreed to extend the Review Dates of the remaining Notes linked to Parramatta, Southland and Hornsby to 31 December 2021, 2022 and 2023, respectively. The coupon on the remaining Notes is payable quarterly on 15 March, 15 June, 15 September and 15 December each year for as long as the Notes remain outstanding.

Accounting Policies

Other financial liabilities

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

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

	31 Dec 16 $million	31 Dec 15 $million

NOTE 17 DERIVATIVE ASSETS AND LIABILITIES

(a) Derivative assets		
Current		
Receivables on currency derivatives	**–**	0.7
	–	0.7
Non Current		
Receivables on currency derivatives	**430.9**	565.3
Receivables on interest rate derivatives	**357.6**	222.5
	788.5	787.8
(b) Derivative liabilities		
Current		
Payables on currency derivatives	**12.4**	17.7
Payables on interest rate derivatives	**3.7**	1.2
	16.1	18.9
Non current		
Payables on currency derivatives	**147.4**	–
Payables on interest rate derivatives	**211.5**	223.3
	358.9	223.3

The Group presents the fair value mark to market of its derivative assets and derivative liabilities on a gross basis. However, certain derivative assets and liabilities are subject to legally enforceable master netting arrangements. As at 31 December 2016, when these netting arrangements are applied to the derivative portfolio, derivative assets of $788.5 million would be reduced by $334.2 million to the net amount of $454.3 million and derivative liabilities of $375.0 million would be reduced by $334.2 million to the net amount of $40.8 million. As at 31 December 2015, derivative assets of $788.5 million would be reduced by $207.8 million to the net amount of $580.7 million and derivative liabilities of $242.2 million would be reduced by $207.8 million to the net amount of $34.4 million.

NOTE 17 DERIVATIVE ASSETS AND LIABILITIES (CONTINUED)

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

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

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

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

NOTE 18 CONTRIBUTED EQUITY

	31 Dec 16 Securities	31 Dec 15 Securities
(a) Number of securities on issue		
Balance at the beginning and end of the year [(i)]	**5,311,595,241**	5,311,595,241

[(i)] The number of securities on issue as at 31 December 2016 was 5,324,296,678 (31 December 2015: 5,324,296,678). The Scentre Executive Option Plan Trust holds 12,701,437 (31 December 2015: 12,701,437) securities in the Group, which have been consolidated and eliminated in accordance with accounting standards.

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

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

	31 Dec 16 $million	31 Dec 15 $million
(b) Amount of contributed equity		
of the Parent Company	**674.4**	674.4
of SGT1, SGT2 and SGT3 [(i)]	**9,820.8**	9,820.8
of the Group	**10,495.2**	10,495.2

[(i)] Comprises SGT1 $1,650.8 million (31 December 2015: $1,650.8 million), SGT2 $8,158.5 million (31 December 2015: $8,158.5 million) and SGT3 $11.5 million (31 December 2015: $11.5 million).

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

	31 Dec 16 $million	31 Dec 15 $million
NOTE 19 RESERVES		
of the Parent Company	**14.1**	21.1
of SGT1, SGT2 and SGT3 [(i)]	**101.2**	116.3
of the Group	**115.3**	137.4

(i) Comprises SGT1 $27.3 million (31 December 2015: $42.0 million), SGT2 $73.9 million (31 December 2015: $74.3 million) and SGT3 nil (31 December 2015: nil).

Total reserves of the Group		
Foreign currency translation reserve	**101.1**	115.7
Employee share plan benefits reserve	**14.2**	21.7
Balance at the end of the year	**115.3**	137.4
Movement in foreign currency translation reserve		
The foreign currency translation reserve is to record net exchange differences arising from the translation of the net investments, including qualifying hedges, in foreign controlled and equity accounted entities.		
Balance at the beginning of the year	**115.7**	258.9
Foreign exchange movement		
– realised and unrealised differences on the translation of investment in foreign operations, currency loans and asset hedging derivatives which qualify for hedge accounting [(ii)]	**9.6**	(12.3)
– accumulated exchange differences transferred from foreign currency translation reserve on realisation of net investment in foreign operations	**(24.2)**	(130.9)
Balance at the end of the year	**101.1**	115.7

(ii) Comprises net exchange gain on translation of foreign operations of $23.9 million (31 December 2015: loss of $61.6 million) and net realised and unrealised loss on currency loans and asset hedging derivatives which qualify for hedge accounting of $14.3 million (31 December 2015: gain of $49.3 million).

Accounting Policies

Translation of accounts of foreign operations

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

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

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

	31 Dec 16 $million	31 Dec 15 $million
Movement in employee share plan benefits reserve		
The employee share plan benefits reserve is used to record the value of share based payments provided to employees as part of their remuneration.		
Balance at the beginning of the year	**21.7**	20.7
– movement in equity settled share based payment	**(7.5)**	1.0
Balance at the end of the year	**14.2**	21.7
NOTE 20 RETAINED PROFITS		
of the Parent Company	**155.3**	40.4
of SGT1, SGT2 and SGT3 [(i)]	**8,721.4**	6,966.6
of the Group	**8,876.7**	7,007.0

(i) Comprises SGT1 $5,430.2 million (31 December 2015: $4,459.4 million), SGT2 $3,277.7 million (31 December 2015: $2,495.8 million) and SGT3 $13.5 million (31 December 2015: $11.4 million).

Movement in retained profits		
Balance at the beginning of the year	**7,007.0**	5,396.1
Profit after tax for the period	**2,990.5**	2,707.8
Dividends/distributions paid	**(1,120.8)**	(1,096.9)
Balance at the end of the year	**8,876.7**	7,007.0

NOTE 21 CAPITAL RISK MANAGEMENT

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

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

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

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

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

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

NOTE 22 FINANCIAL RISK MANAGEMENT

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

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

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

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

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

NOTE 23 INTEREST RATE RISK MANAGEMENT

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

NOTE 23 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date

The Group has interest rate risk on borrowings which are typically floating rate debt or notional borrowings entered into under currency derivatives. The exposures at reporting date together with the interest rate risk management transactions are as follows:

(i) Interest payable and receivable exposures

	Note	**31 Dec 16 $million**	31 Dec 15 $million
Principal amounts of all interest bearing liabilities and derivative liabilities:			
Interest bearing liabilities	15	**11,630.6**	11,142.7
Share of equity accounted entities interest bearing liabilities	5(b)	**15.2**	14.8
Cross currency swaps			
– A$	24(ii)	**8,129.2**	7,384.6
Total interest bearing liabilities		**19,775.0**	18,542.1
Principal amounts of all interest bearing assets and derivative assets:			
Cross currency swaps			
– £800.0 million (31 December 2015: £800.0 million)	24(ii)	**1,369.6**	1,618.1
– US$2,350.0 million (31 December 2015: US$2,350.0 million)	24(ii)	**3,260.3**	3,225.4
– €2,600.0 million (31 December 2015: €2,100.0 million)	24(ii)	**3,793.4**	3,131.1
Cash	5(b),14(a)	**171.5**	153.0
Total interest bearing assets		**8,594.8**	8,127.6
Principal amounts of net interest bearing liabilities		**11,180.2**	10,414.5
Principal amounts of fixed interest rate liabilities:			
Fixed rate debt			
– A$	23(ii)	**580.0**	1,380.0
– £800.0 million (31 December 2015: £800.0 million)	23(ii)	**1,369.6**	1,618.1
– US$2,350.0 million (31 December 2015: US$2,350.0 million)	23(ii)	**3,260.3**	3,225.4
– €2,200.0 million (31 December 2015: €1,700.0 million)	23(ii)	**3,209.8**	2,534.7
Fixed rate derivatives			
– A$	23(ii)	**7,872.5**	7,272.5
– NZ$440.0 million (31 December 2015: NZ$435.0 million)	23(ii)	**423.3**	407.9
Interest rate options			
– NZ$70.0 million (31 December 2015: NZ$70.0 million)	23(iii)	**67.3**	65.6
Principal amounts on which interest rate payable exposure has been hedged		**16,782.8**	16,504.2
Principal amounts of fixed interest rate assets:			
Fixed rate derivatives			
– A$	23(ii)	**150.0**	150.0
– £800.0 million (31 December 2015: £800.0 million)	23(ii)	**1,369.6**	1,618.1
– US$2,350.0 million (31 December 2015: US$2,350.0 million)	23(ii)	**3,260.3**	3,225.4
– €2,200.0 million (31 December 2015: €1,700.0 million)	23(ii)	**3,209.8**	2,534.7
Principal amounts on which interest rate receivable exposure has been hedged		**7,989.7**	7,528.2
Principal amounts of net interest bearing liabilities hedged by fixed rate debt and derivatives		**8,793.1**	8,976.0

At 31 December 2016, the Group has hedged 79% of its net interest bearing liabilities by way of fixed rate borrowings, interest rate swaps and interest rate options of varying durations. The remaining 21% is exposed to floating rates on a principal payable of $2,387.1 million, at an average interest rate of 3.1%, including margin (31 December 2015: 86% hedged with floating exposure on a principal payable of $1,438.5 million at an average interest rate of 3.4%). Changes to the fair value of derivatives due to interest rate movements are set out in Notes 23(ii) and 23(iii).

Interest rate sensitivity

The sensitivity of interest expense to changes in the floating exposure interest rate is proportional. An increase or decrease in interest rates of 100 basis points would increase or decrease interest expense by $23.9 million (31 December 2015: $14.4 million) for each year thereafter.

NOTE 23 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(ii) Fixed rate debt and interest rate swaps

Notional principal or contract amounts and contracted rates of the Group's fixed rate debt and interest rate swaps:

	Interest rate swaps		**Fixed rate borrowings**		Interest rate swaps		Fixed rate borrowings	
Fixed rate debt and swaps contracted as at the reporting date and outstanding at	**31 Dec 16 Notional principal amount million**	**31 Dec 16 Average rate**	**31 Dec 16 Principal amount million**	**31 Dec 16 Average rate including margin**	31 Dec 15 Notional principal amount million	31 Dec 15 Average rate	31 Dec 15 Principal amount million	31 Dec 15 Average rate including margin
A$ payable								
31 December 2015	**–**	**–**	**–**	**–**	A$(7,272.5)	2.93%	A$(1,380.0)	6.04%
31 December 2016	**A$(7,872.5)**	**2.92%**	**A$(580.0)**	**4.71%**	A$(7,867.5)	2.92%	A$(580.0)	4.71%
31 December 2017	**A$(7,663.5)**	**2.91%**	**A$(580.0)**	**4.71%**	A$(7,658.5)	2.91%	A$(580.0)	4.71%
31 December 2018	**A$(7,250.0)**	**2.89%**	**A$(580.0)**	**4.71%**	A$(7,245.0)	2.89%	A$(580.0)	4.71%
31 December 2019	**A$(6,240.0)**	**2.84%**	**A$(430.0)**	**4.60%**	A$(5,730.0)	2.86%	A$(430.0)	4.60%
31 December 2020	**A$(4,730.0)**	**2.89%**	**A$(430.0)**	**4.60%**	A$(3,960.0)	2.96%	A$(430.0)	4.60%
31 December 2021	**A$(3,280.0)**	**2.91%**	**A$(30.0)**	**5.96%**	A$(2,260.0)	3.06%	A$(30.0)	5.96%
31 December 2022	**A$(1,770.0)**	**2.80%**	**–**	**–**	A$(750.0)	3.10%	–	–
31 December 2023	**A$(500.0)**	**2.66%**	**–**	**–**	–	–	–	–
NZ$ payable								
31 December 2015	**–**	**–**	**–**	**–**	NZ$(435.0)	4.07%	–	–
31 December 2016	**NZ$(440.0)**	**3.59%**	**–**	**–**	NZ$(320.0)	4.00%	–	–
31 December 2017	**NZ$(350.0)**	**3.35%**	**–**	**–**	NZ$(230.0)	3.80%	–	–
31 December 2018	**NZ$(210.0)**	**3.34%**	**–**	**–**	NZ$(150.0)	3.62%	–	–
31 December 2019	**NZ$(230.0)**	**3.45%**	**–**	**–**	NZ$(150.0)	3.62%	–	–
31 December 2020	**NZ$(180.0)**	**3.43%**	**–**	**–**	NZ$(100.0)	3.68%	–	–
31 December 2021	**NZ$(100.0)**	**3.36%**	**–**	**–**	–	–	–	–
31 December 2022	**NZ$(50.0)**	**3.26%**	**–**	**–**	–	–	–	–
A$ receivable								
31 December 2015	**–**	**–**	**–**	**–**	A$150.0	3.05%	–	–
31 December 2016	**A$150.0**	**3.05%**	**–**	**–**	A$150.0	3.05%	–	–
31 December 2017	**A$150.0**	**3.05%**	**–**	**–**	A$150.0	3.05%	–	–
31 December 2018	**A$150.0**	**3.05%**	**–**	**–**	A$150.0	3.05%	–	–
£ receivable/(payable)								
31 December 2015	**–**	**–**	**–**	**–**	£800.0	3.13%	£(800.0)	3.13%
31 December 2016	**£800.0**	**3.13%**	**£(800.0)**	**3.13%**	£800.0	3.13%	£(800.0)	3.13%
31 December 2017	**£800.0**	**3.13%**	**£(800.0)**	**3.13%**	£800.0	3.13%	£(800.0)	3.13%
31 December 2018	**£800.0**	**3.13%**	**£(800.0)**	**3.13%**	£800.0	3.13%	£(800.0)	3.13%
31 December 2019	**£800.0**	**3.13%**	**£(800.0)**	**3.13%**	£800.0	3.13%	£(800.0)	3.13%
31 December 2020	**£800.0**	**3.13%**	**£(800.0)**	**3.13%**	£800.0	3.13%	£(800.0)	3.13%
31 December 2021	**£800.0**	**3.13%**	**£(800.0)**	**3.13%**	£800.0	3.13%	£(800.0)	3.13%
31 December 2022	**£400.0**	**3.88%**	**£(400.0)**	**3.88%**	£400.0	3.88%	£(400.0)	3.88%
31 December 2023	**£400.0**	**3.88%**	**£(400.0)**	**3.88%**	£400.0	3.88%	£(400.0)	3.88%
31 December 2024	**£400.0**	**3.88%**	**£(400.0)**	**3.88%**	£400.0	3.88%	£(400.0)	3.88%
31 December 2025	**£400.0**	**3.88%**	**£(400.0)**	**3.88%**	£400.0	3.88%	£(400.0)	3.88%
US$ receivable/(payable)								
31 December 2015	**–**	**–**	**–**	**–**	US$2,350.0	2.85%	US$(2,350.0)	2.85%
31 December 2016	**US$2,350.0**	**2.85%**	**US$(2,350.0)**	**2.85%**	US$2,350.0	2.85%	US$(2,350.0)	2.85%
31 December 2017	**US$2,350.0**	**2.85%**	**US$(2,350.0)**	**2.85%**	US$2,350.0	2.85%	US$(2,350.0)	2.85%
31 December 2018	**US$2,350.0**	**2.85%**	**US$(2,350.0)**	**2.85%**	US$2,350.0	2.85%	US$(2,350.0)	2.85%
31 December 2019	**US$1,600.0**	**3.07%**	**US$(1,600.0)**	**3.07%**	US$1,600.0	3.07%	US$(1,600.0)	3.07%
31 December 2020	**US$1,600.0**	**3.07%**	**US$(1,600.0)**	**3.07%**	US$1,600.0	3.07%	US$(1,600.0)	3.07%
31 December 2021	**US$1,100.0**	**3.39%**	**US$(1,100.0)**	**3.39%**	US$1,100.0	3.39%	US$(1,100.0)	3.39%
31 December 2022	**US$1,100.0**	**3.39%**	**US$(1,100.0)**	**3.39%**	US$1,100.0	3.39%	US$(1,100.0)	3.39%
31 December 2023	**US$1,100.0**	**3.39%**	**US$(1,100.0)**	**3.39%**	US$1,100.0	3.39%	US$(1,100.0)	3.39%
31 December 2024	**US$1,100.0**	**3.39%**	**US$(1,100.0)**	**3.39%**	US$1,100.0	3.39%	US$(1,100.0)	3.39%

NOTE 23 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(ii) Fixed rate debt and interest rate swaps (continued)

Fixed rate debt and swaps contracted as at the reporting date and outstanding at	**Interest rate swaps** **31 Dec 16 Notional principal amount million**	**31 Dec 16 Average rate**	**Fixed rate borrowings** **31 Dec 16 Principal amount million**	**31 Dec 16 Average rate including margin**	Interest rate swaps 31 Dec 15 Notional principal amount million	31 Dec 15 Average rate	Fixed rate borrowings 31 Dec 15 Principal amount million	31 Dec 15 Average rate including margin
€ receivable/(payable)								
31 December 2015	**–**	**–**	**–**	**–**	€1,700.0	2.28%	€(1,700.0)	2.28%
31 December 2016	**€2,200.0**	**2.07%**	**€(2,200.0)**	**2.07%**	€1,700.0	2.28%	€(1,700.0)	2.28%
31 December 2017	**€2,200.0**	**2.07%**	**€(2,200.0)**	**2.07%**	€1,700.0	2.28%	€(1,700.0)	2.28%
31 December 2018	**€2,200.0**	**2.07%**	**€(2,200.0)**	**2.07%**	€1,700.0	2.28%	€(1,700.0)	2.28%
31 December 2019	**€2,200.0**	**2.07%**	**€(2,200.0)**	**2.07%**	€1,700.0	2.28%	€(1,700.0)	2.28%
31 December 2020	**€1,600.0**	**2.29%**	**€(1,600.0)**	**2.29%**	€1,100.0	2.70%	€(1,100.0)	2.70%
31 December 2021	**€1,600.0**	**2.29%**	**€(1,600.0)**	**2.29%**	€1,100.0	2.70%	€(1,100.0)	2.70%
31 December 2022	**€1,600.0**	**2.29%**	**€(1,600.0)**	**2.29%**	€1,100.0	2.70%	€(1,100.0)	2.70%
31 December 2023	**€600.0**	**2.25%**	**€(600.0)**	**2.25%**	€600.0	2.25%	€(600.0)	2.25%

The Group's interest rate swaps do not meet the accounting requirements to qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement as a component of interest expense. At 31 December 2016, the aggregate fair value is a receivable of $143.8 million (31 December 2015: payable of $0.9 million). The change in fair value for the year ended 31 December 2016 was $144.7 million (31 December 2015: $120.4 million).

Fair value sensitivity		**31 Dec 16 $million**	31 Dec 15 $million
The sensitivity of fair value of interest rate swaps to changes in interest rates is as follows:	Interest rate movement	(Increase)/decrease in interest expense	
	-2.0%	**334.7**	338.1
	-1.0%	**152.2**	139.5
	-0.5%	**69.7**	64.9
	0.5%	**(73.2)**	(70.6)
	1.0%	**(134.0)**	(121.0)
	2.0%	**(237.6)**	(213.4)

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

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

(iii) Interest rate options

Notional principal and contracted rates of the Group's interest rate options:

Interest rate options contracted and outstanding as at the reporting date	**Interest rate options** **31 Dec 16 Maturity**	**31 Dec 16 Notional principal amount million**	**31 Dec 16 Average strike rates**	Interest rate options 31 Dec 15 Maturity	31 Dec 15 Notional principal amount million	31 Dec 15 Average strike rates
NZ$ payable collar	**Jan 19**	**NZ$(70.0)**	**3.39% – 5.25%**	Jan 19	NZ$(70.0)	3.39% – 5.25%

The Group's interest rate options do not meet the accounting requirements to qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement as a component of interest expense. At 31 December 2016, the aggregate fair value is a payable of $1.4 million (31 December 2015: $1.1 million). The change in fair value for the year ended 31 December 2016 was $0.3 million (31 December 2015: $1.6 million).

The sensitivity of the fair value of interest rate options to changes in interest rates is insignificant.

NOTE 24 EXCHANGE RATE RISK MANAGEMENT

The Group is exposed to exchange rate risk on its foreign currency earnings, its distribution and its foreign currency denominated shopping centre assets and other assets. The Group manages these exposures by entering into foreign currency derivative instruments and by borrowing in foreign currencies.

Summary of foreign exchange balance sheet positions at balance date

The Group's foreign exchange exposures at reporting date together with the foreign exchange risk management transactions which have been entered into to manage these exposures are as follows:

	Note	**31 Dec 16 million**	31 Dec 15 million
Foreign currency net investments			
New Zealand Dollar			
NZ$ net assets		**NZ$1,228.4**	NZ$1,545.1
NZ$ borrowings		**NZ$(442.5)**	NZ$(547.3)
NZ$ currency swaps	24(i)	**NZ$(293.2)**	NZ$(665.0)
NZ$ denominated net assets		**NZ$492.7**	NZ$332.8
US Dollar			
US$ net assets		**US$0.1**	US$1.8
US$ borrowings		**US$(2,350.0)**	US$(2,350.0)
US$ cross currency swaps	24(ii)	**US$2,350.0**	US$2,350.0
US$ denominated net assets		**US$0.1**	US$1.8
British Pound			
£ borrowings		**£(800.0)**	£(800.0)
£ cross currency swaps	24(ii)	**£800.0**	£800.0
£ denominated net assets		**–**	–
Euro			
€ borrowings		**€(2,600.0)**	€(2,100.0)
€ cross currency swaps	24(ii)	**€2,600.0**	€2,100.0
€ denominated net assets		**–**	–

The Group's foreign currency net assets are subject to exchange rate risk. Gains and losses arising from translation of the Group's foreign currency denominated net assets, and, where applicable, associated hedging instruments, where the Group has satisfied the accounting requirements to qualify for hedge accounting treatment, are reflected in the foreign currency translation reserve.

Where the Group does not satisfy the hedge accounting requirements, the changes in fair value are reflected in the income statement as either foreign exchange gains or losses as appropriate.

Foreign currency sensitivity		**31 Dec 16 $million**	31 Dec 15 $million
The sensitivity of NZ$ denominated net assets to changes in the year end A$/NZ$1.0395 rate (31 December 2015: 1.0665) is as follows:	A$/NZ$ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 cents	**112.9**	72.0
	- 10 cents	**50.5**	32.3
	- 5 cents	**24.0**	15.3
	+ 5 cents	**(21.8)**	(14.0)
	+ 10 cents	**(41.6)**	(26.7)
	+ 20 cents	**(76.5)**	(49.3)

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

The sensitivity of US$, £ and € denominated net assets to changes in exchange rates is insignificant.

NOTE 24 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

(i) Net investment hedges of the Group's foreign currency assets and liabilities

The following table summarises the foreign currency swaps outstanding at reporting date. These contracts have been designated and qualify as hedges of net investment of foreign operations, other than as noted below.

Foreign exchange contracts as at the reporting date and outstanding at	Weighted average exchange rate		Amount receivable/(payable) million			
	31 Dec 16	31 Dec 15	**31 Dec 16**	**31 Dec 16**	31 Dec 15	31 Dec 15
Contracts to receive A$ and pay NZ$						
31 December 2015	**–**	1.0979	**–**	**–**	A$605.7	NZ$(665.0)
31 December 2016	**1.1250**	–	**A$260.7**	**NZ$(293.2)**	–	–
31 December 2017	**1.1306**	–	**A$95.7**	**NZ$(108.2)**	–	–

The pay NZ$ exposure is an effective net investment hedge and is recorded directly in the foreign currency translation reserve. At 31 December 2016, the aggregate fair value is a payable of $19.5 million (31 December 2015: $17.0 million). The change in fair value for the year ended 31 December 2016 was $2.5 million (31 December 2015: $17.2 million).

NZ$ assets after borrowings of NZ$785.9 million (31 December 2015: NZ$997.8 million) have been partially hedged by the above foreign currency swaps. The unhedged NZ$ denominated net asset position is exposed to exchange rate risk and the sensitivity to changes in exchange rates is disclosed earlier in Note 24 on page 58.

(ii) Other foreign currency derivatives in respect of the Group's foreign currency assets and liabilities

The Group has transacted cross currency swaps and other financial derivatives in respect of its foreign currency assets and liabilities outstanding at reporting date. These contracts do not qualify as hedges of net investments of foreign operations.

Cross currency swaps contracted as at the reporting date and outstanding at	Weighted average exchange rate		Amount receivable/(payable) million			
	31 Dec 16	31 Dec 15	**31 Dec 16**	**31 Dec 16**	31 Dec 15	31 Dec 15
US$						
Contracts to receive US$ and pay A$						
31 December 2015	**–**	0.8270	**–**	**–**	A$(2,841.5)	US$2,350.0
31 December 2016	**0.8270**	0.8270	**A$(2,841.5)**	**US$2,350.0**	A$(2,841.5)	US$2,350.0
31 December 2017	**0.8270**	0.8270	**A$(2,841.5)**	**US$2,350.0**	A$(2,841.5)	US$2,350.0
31 December 2018	**0.8270**	0.8270	**A$(2,841.5)**	**US$2,350.0**	A$(2,841.5)	US$2,350.0
31 December 2019	**0.8009**	0.8009	**A$(1,997.7)**	**US$1,600.0**	A$(1,997.7)	US$1,600.0
31 December 2020	**0.8009**	0.8009	**A$(1,997.7)**	**US$1,600.0**	A$(1,997.7)	US$1,600.0
31 December 2021	**0.8155**	0.8155	**A$(1,348.9)**	**US$1,100.0**	A$(1,348.9)	US$1,100.0
31 December 2022	**0.8155**	0.8155	**A$(1,348.9)**	**US$1,100.0**	A$(1,348.9)	US$1,100.0
31 December 2023	**0.8155**	0.8155	**A$(1,348.9)**	**US$1,100.0**	A$(1,348.9)	US$1,100.0
31 December 2024	**0.8155**	0.8155	**A$(1,348.9)**	**US$1,100.0**	A$(1,348.9)	US$1,100.0
£						
Contracts to receive £ and pay A$						
31 December 2015	**–**	0.5311	**–**	**–**	A$(1,506.2)	£800.0
31 December 2016	**0.5311**	0.5311	**A$(1,506.2)**	**£800.0**	A$(1,506.2)	£800.0
31 December 2017	**0.5311**	0.5311	**A$(1,506.2)**	**£800.0**	A$(1,506.2)	£800.0
31 December 2018	**0.5311**	0.5311	**A$(1,506.2)**	**£800.0**	A$(1,506.2)	£800.0
31 December 2019	**0.5311**	0.5311	**A$(1,506.2)**	**£800.0**	A$(1,506.2)	£800.0
31 December 2020	**0.5311**	0.5311	**A$(1,506.2)**	**£800.0**	A$(1,506.2)	£800.0
31 December 2021	**0.5311**	0.5311	**A$(1,506.2)**	**£800.0**	A$(1,506.2)	£800.0
31 December 2022	**0.5491**	0.5491	**A$(728.5)**	**£400.0**	A$(728.5)	£400.0
31 December 2023	**0.5491**	0.5491	**A$(728.5)**	**£400.0**	A$(728.5)	£400.0
31 December 2024	**0.5491**	0.5491	**A$(728.5)**	**£400.0**	A$(728.5)	£400.0
31 December 2025	**0.5491**	0.5491	**A$(728.5)**	**£400.0**	A$(728.5)	£400.0
€						
Contracts to receive € and pay A$						
31 December 2015	**–**	0.6915	**–**	**–**	A$(3,036.9)	€2,100.0
31 December 2016	**0.6876**	0.6915	**A$(3,781.5)**	**€2,600.0**	A$(3,036.9)	€2,100.0
31 December 2017	**0.6876**	0.6915	**A$(3,781.5)**	**€2,600.0**	A$(3,036.9)	€2,100.0
31 December 2018	**0.6870**	0.6917	**A$(3,202.3)**	**€2,200.0**	A$(2,457.7)	€1,700.0
31 December 2019	**0.6870**	0.6917	**A$(3,202.3)**	**€2,200.0**	A$(2,457.7)	€1,700.0
31 December 2020	**0.6857**	0.6924	**A$(2,333.3)**	**€1,600.0**	A$(1,588.7)	€1,100.0
31 December 2021	**0.6857**	0.6924	**A$(2,333.3)**	**€1,600.0**	A$(1,588.7)	€1,100.0
31 December 2022	**0.6857**	0.6924	**A$(2,333.3)**	**€1,600.0**	A$(1,588.7)	€1,100.0
31 December 2023	**0.6903**	0.6903	**A$(869.2)**	**€600.0**	A$(869.2)	€600.0

At 31 December 2016, none of the above described foreign exchange derivatives qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement. At 31 December 2016, the aggregate fair value is a receivable of $290.6 million (31 December 2015: $565.3 million). The change in fair value for the year ended 31 December 2016 was $274.7 million (31 December 2015: $360.8 million).

The foreign currency receivable exposures above are matched to the foreign currency borrowings disclosed in Note 15, therefore the income statement is not affected by any movements in exchange rates in relation to these net positions.

NOTE 25 CREDIT AND LIQUIDITY RISK MANAGEMENT

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

In accordance with the Group policy, credit risk in respect of derivative financial instruments is spread among a number of creditworthy counterparties within specified limits. The Group had 37% (31 December 2015: 36%) of its aggregate credit risk spread over three counterparties each with an S&P long term rating of A+ or higher. The remainder is spread over counterparties each with less than 10% of the aggregate credit risk and with an S&P long term rating of BBB+ or higher.

The maximum exposure to credit risk at 31 December 2016 is the aggregate of the carrying amounts of financial assets as disclosed in Note 27.

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

Interest bearing liabilities, and funding facilities and their maturity profiles, are disclosed in Note 15. The maturity profiles of the principal amounts of interest bearing liabilities including aggregate future estimated nominal interest and the estimated future nominal cashflows of derivative financial instruments are set out below:

	31 Dec 16 $million	31 Dec 15 $million
Interest bearing liabilities and interest		
Due within one year	**(1,044.1)**	(2,054.0)
Due between one and five years	**(6,450.7)**	(4,475.5)
Due after five years	**(5,783.4)**	(6,487.1)
	(13,278.2)	(13,016.6)
Comprising:		
– principal amounts of current and non current interest bearing liabilities	**(11,630.6)**	(11,142.7)
– aggregate future estimated nominal interest	**(1,647.6)**	(1,873.9)
	(13,278.2)	(13,016.6)
Derivatives		
Due within one year	**(170.6)**	(142.5)
Due between one and five years	**(213.6)**	(175.0)
Due after five years	**(25.1)**	245.7
	(409.3)	(71.8)

Contingent liabilities are set out in Note 32 and are not included in the amounts shown above.

NOTE 26 FINANCIAL COVENANTS

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

a) Leverage ratio (net debt to net assets)

– shall not exceed 65%

b) Secured debt ratio (secured debt to total assets)

– shall not exceed 40% (and not exceed 45% on certain facilities)

c) Interest cover ratio (EBITDA to interest expense excluding gains or losses from mark to market)

– at least 1.5 times

d) Unencumbered leverage ratio (unencumbered assets to unsecured debt)

– at least 150% (and at least 125% on certain facilities)

At and during the years ended 31 December 2016 and 2015, the Group was in compliance with all the above financial covenants.

NOTE 27 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

		Fair value		Carrying amount	
	Fair value Hierarchy	**31 Dec 16 $million**	31 Dec 15 $million	**31 Dec 16 $million**	31 Dec 15 $million
Consolidated assets					
Cash and cash equivalents		**159.0**	142.7	**159.0**	142.7
Trade debtors [i]		**26.3**	25.4	**26.3**	25.4
Receivables [i]		**416.4**	205.0	**416.4**	205.0
Derivative assets [ii]	Level 2	**788.5**	788.5	**788.5**	788.5
Consolidated liabilities					
Payables [i]		**1,066.7**	1,172.2	**1,066.7**	1,172.2
Interest bearing liabilities [ii]					
– Fixed rate debt	Level 2	**8,810.3**	8,922.1	**8,472.8**	8,839.0
– Floating rate debt	Level 2	**3,160.2**	2,305.5	**3,157.8**	2,303.7
Other financial liabilities [ii]	Level 3	**1,012.5**	1,154.9	**1,012.5**	1,154.9
Derivative liabilities [ii]	Level 2	**375.0**	242.2	**375.0**	242.2

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

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

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

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

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

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

	Property linked notes [i] 31 Dec 16 $million	Property linked notes [i] 31 Dec 15 $million
Level 3 fair value movement		
Balance at the beginning of the year	**1,154.9**	1,409.1
Repayment of other financial liabilities	**(161.5)**	(279.7)
Net fair value loss included in financing costs in the income statement	**19.1**	25.5
Balance at the end of the year	**1,012.5**	1,154.9

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

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

NOTE 28 OTHER SIGNIFICANT ACCOUNTING POLICIES

(a) Consolidation and classification

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

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

i) Synchronisation of Financial Year

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

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

ii) Joint arrangements

Joint operations

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

Joint ventures

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

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

iii) Controlled entities

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

(b) Goodwill

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

(c) Goods and Services Tax (GST)

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

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

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

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

(d) Other financial instruments

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

i) Receivables

Trade and sundry debtors are carried at original invoice amount, less provision for doubtful debts, and are usually due within 30 days. Collectability of trade and sundry debtors is reviewed on an ongoing basis. Individual debts that are determined to be uncollectible are written off when identified. An impairment provision for doubtful debts is recognised when there is evidence that the Group will not be able to collect the receivable.

ii) Payables

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

(e) Recoverable amount of assets

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

	Note	Number of rights 31 Dec 16	Number of rights 31 Dec 15

NOTE 29 SHARE BASED PAYMENTS

(a) Rights over Scentre Group stapled securities [i]

	Note	Number of rights 31 Dec 16	Number of rights 31 Dec 15
– Performance rights – STI	29(b)(i)	**4,769,399**	7,414,264
– Performance rights – LTI	29(b)(ii)	**5,881,891**	3,855,886
		10,651,290	11,270,150

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

(b) Equity settled share based payments

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

	Number of rights 31 Dec 16	Number of rights 31 Dec 15
Movement in Performance rights – STI		
Balance at the beginning of the year	**7,414,264**	9,088,288
Rights issued during the year	**2,222,990**	2,555,452
Rights exercised during the year	**(4,354,985)**	(3,494,591)
Rights forfeited during the year	**(512,870)**	(734,885)
Balance at the end of the year	**4,769,399**	7,414,264

Vesting profile	Fair value granted $million 31 Dec 16	Number of rights at [i] 31 Dec 16	Fair value granted $million 31 Dec 15	Number of rights at [i] 31 Dec 15
2016	**–**	**–**	10.8	4,388,990
2017	**7.0**	**2,381,971**	7.4	2,512,946
2018	**7.8**	**2,387,428**	1.2	512,328
	14.8	**4,769,399**	19.4	7,414,264

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

Accounting Policies

Performance rights – STI

The Performance rights – STI is a plan in which senior executives and high performing employees participate. The fair value of the rights issued is measured at each grant date using a Black Scholes option pricing model. The inputs include the Group's 10 day volume weighted average security price prior to the grant date, the risk free interest rate, expected volatility and expected dividend yield during the vesting period. Expected volatility is based on the historical security price volatility over the past 3 years. Executives are not able to call for early exercise of the rights, however there are provisions in the plan to allow for early vesting at the discretion of the Board. Vesting conditions such as the number of employees remaining in service is taken into account in determining the total amortisation for each reporting period. The terms of the Performance rights – STI are described in section 8.5 of the Directors' Report.

NOTE 29 SHARE BASED PAYMENTS (CONTINUED)

(b) Equity settled share based payments (continued)

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

	Number of rights 31 Dec 16	Number of rights 31 Dec 15
Movement in Performance rights – LTI		
Balance at the beginning of the year	**3,855,886**	2,470,614
Rights issued during the year	**2,718,727**	2,028,748
Rights exercised during the year	**(645,365)**	(314,239)
Rights forfeited during the year	**(47,357)**	(329,237)
Balance at the end of the year	**5,881,891**	3,855,886

Vesting profile	**Fair value granted $million 31 Dec 16**	**Number of rights at[i] 31 Dec 16**	Fair value granted $million 31 Dec 15	Number of rights at[i] 31 Dec 15
2016	**–**	**–**	1.4	601,057
2017	**5.2**	**1,826,441**	4.9	1,754,299
2018	**8.1**	**2,666,913**	3.9	1,500,530
2019	**4.4**	**1,282,500**	–	–
2020	**0.4**	**106,037**	–	–
	18.1	**5,881,891**	10.2	3,855,886

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

Accounting Policies

Performance rights – LTI

The senior leadership team of Scentre Group participate in the Performance rights – LTI. The fair value of the rights issued is measured at each grant date using a Black Scholes option pricing model. The inputs include the Group's 10 day volume weighted average security price prior to the grant date, the risk free interest rate, expected volatility and expected dividend yield during the vesting period. Expected volatility is based on the historical security price volatility over the past 3 years. Other vesting conditions include meeting the performance hurdles applicable under the Performance rights – LTI as determined annually by the Human Resources Committee. The hurdles chosen by the Human Resources Committee for the 2016 qualifying year are set out in section 8.5(c) of the Directors' Report. Vesting conditions such as number of employees remaining in service is taken into account in determining the total amortisation for each reporting period. In calculating the Black Scholes' value of rights granted it has been assumed that the hurdle conditions are met and consequently, the value of the option is not reduced to reflect the hurdle conditions. The terms of the Performance rights – LTI are described in section 8.5 of the Directors' Report.

Accounting for equity settled share based payments

During the year, $12.7 million (31 December 2015: charge of $10.5 million) was charged to the income statement as gross amortisation in respect of equity settled share based payments and the corresponding entry is recorded against the employee share plan benefits reserve.

NOTE 29 SHARE BASED PAYMENTS (CONTINUED)

(c) Cash settled share based payments

(i) The Executive Deferred Award Plan (EDA Plan)

The Executive Deferred Award Plan – Cash settled over Scentre Group stapled securities (EDA Plan – SCG)

	Number of award securities 31 Dec 16	Number of award securities 31 Dec 15
Movement in EDA Plan – SCG		
Balance at the beginning of the year	**1,124,515**	1,524,797
Awards exercised during the year	**(1,124,515)**	(400,282)
Balance at the end of the year	**–**	1,124,515

Vesting profile	**Cumulative value granted $million 31 Dec 16**	**Number of award securities 31 Dec 16**	Cumulative value granted $million 31 Dec 15	Number of award securities 31 Dec 15
2016	**–**	**–**	2.6	1,124,515
	–	**–**	2.6	1,124,515

Accounting Policies

EDA Plan

The EDA Plan is a plan in which senior executives and high performing employees participate. The fair value of the EDA Plan is measured at each reporting date using inputs that include the number of employees remaining in service, the volume weighted average of the Scentre Group (EDA Plan – SCG) stapled security prices and their respective distribution policies during the vesting period. The EDA Plan operates in much the same manner as the Performance rights – STI except that the entitlements will be satisfied by a cash payment as opposed to the delivery of securities.

It is not anticipated that any further issues will be made under the EDA Plan.

(ii) Performance rights – STI – Cash settled over Westfield Corporation stapled securities (Performance rights – STI (WFD))

	Number of award securities 31 Dec 16	Number of award securities 31 Dec 15
Movement in Performance rights – STI (WFD)		
Balance at the beginning of the year	**625,618**	3,314,460
Awards exercised during the year	**(566,299)**	(2,624,653)
Awards forfeited during the year	**–**	(64,189)
Balance at the end of the year	**59,319**	625,618

Vesting profile	**Cumulative value granted $million 31 Dec 16**	**Number of award securities 31 Dec 16**	Cumulative value granted $million 31 Dec 15	Number of award securities 31 Dec 15
2016	**–**	**–**	3.1	566,299
2017	**0.4**	**59,319**	0.4	59,319
	0.4	**59,319**	3.5	625,618

Accounting Policies

Performance rights – STI (WFD)

The Performance rights – STI (WFD) is a plan in which senior executives and high performing employees participate. The fair value is measured at each reporting date using inputs that include the number of employees remaining in service, the volume weighted average of the Westfield Corporation stapled security prices and the distribution policy during the vesting period. The Performance rights – STI (WFD) operates in much the same manner as the Performance rights – STI except that the entitlements will be satisfied by a cash payment as opposed to the delivery of securities.

It is not anticipated that any further issues will be made under the Performance rights – STI (WFD).

NOTE 29 SHARE BASED PAYMENTS (CONTINUED)

(c) Cash settled share based payments (continued)

(iii) Performance rights – LTI – Cash settled over Westfield Corporation stapled securities (Performance rights – LTI (WFD))

	Number of award securities 31 Dec 16	Number of award securities 31 Dec 15
Movement in Performance rights – LTI (WFD)		
Balance at the beginning of the year	**740,421**	1,049,774
Awards exercised during the year	**(482,383)**	(252,195)
Awards forfeited during the year	**–**	(57,158)
Balance at the end of the year	**258,038**	740,421

Vesting profile	**Cumulative value granted $million 31 Dec 16**	**Number of award securities 31 Dec 16**	Cumulative value granted $million 31 Dec 15	Number of award securities 31 Dec 15
2016	**–**	**–**	2.8	482,383
2017	**2.8**	**258,038**	1.7	258,038
	2.8	**258,038**	4.5	740,421

Accounting Policies

Performance rights – LTI (WFD)

The senior leadership team of Scentre Group participate in the Performance rights – LTI (WFD). The fair value is measured at each reporting date using inputs that include the Group achieving the performance hurdles, the number of employees remaining in service, the volume weighted average of the Westfield Corporation stapled security prices and the distribution policy during the vesting period. The Performance rights – LTI (WFD) operates in much the same manner as the Performance rights – LTI except that the entitlements will be satisfied by a cash payment as opposed to the delivery of securities.

It is not anticipated that any further issues will be made under the Performance rights – LTI (WFD).

Accounting for cash settled share based payments

The accounts of the Group and the remuneration disclosures in this Annual Report disclose the full liability to members of the grant of awards under the Group's equity-linked plans, and not simply the amortisation of the nominal amount of the grant when it was originally made. At the date of granting an award, the nominal value of the award is adjusted for anticipated increases in the value of that award over its life.

Assumptions regarding both future distributions and security price increases are made to estimate the Group's future liability with respect to each award. The estimated future liability is then amortised over the life of the award. At the end of each accounting period (and at the date of settlement) the awards are adjusted to fair market value with any adjustments recognised in the profit or loss.

During the year, $2.1 million (31 December 2015: $12.6 million) was charged to the income statement as gross amortisation in respect of cash settled share based payments.

	31 Dec 16 $million	31 Dec 15 $million
NOTE 30 LEASE COMMITMENTS		
Operating lease receivables		
The following is prepared on a proportionate basis which includes both consolidated and equity accounted lease commitments.		
Substantially all of the property owned and leased by the Group is leased to third party retailers. Lease terms vary between retailers and some leases include percentage rental payments based on sales revenue.		
Future minimum rental revenues under non cancellable operating retail property leases:		
Due within one year	**1,542.7**	1,534.2
Due between one and five years	**3,841.2**	3,745.8
Due after five years	**2,142.2**	2,195.0
	7,526.1	7,475.0

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

	31 Dec 16 $million	31 Dec 15 $million

NOTE 31 CAPITAL EXPENDITURE COMMITMENTS

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

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

Due within one year	**485.0**	532.2
Due between one and five years	**158.2**	113.6
	643.2	645.8

NOTE 32 CONTINGENT LIABILITIES

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

Performance guarantees	**68.9**	89.1
	68.9	89.1

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

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

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

	31 Dec 16 $million	31 Dec 15 $million

NOTE 33 PARENT COMPANY

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

(a) Assets		
Current assets	**0.2**	0.1
Non current assets	**4,479.5**	4,471.2
Total assets	**4,479.7**	4,471.3
(b) Liabilities		
Current liabilities	**678.8**	700.5
Non current liabilities	**53.7**	56.3
Total liabilities	**732.5**	756.8
(c) Total equity		
Contributed equity	**371.1**	371.1
Employee share plan benefits reserve	**3.0**	2.3
Asset revaluation reserve	**3,248.5**	3,247.9
Reserves (i)	**175.6**	144.2
Retained profits	**(51.0)**	(51.0)
Total equity	**3,747.2**	3,714.5
(d) Comprehensive income		
Profit after tax for the period	**31.4**	124.1
Other comprehensive income	**0.6**	391.8
Total comprehensive income for the period	**32.0**	515.9
(e) Contingent liabilities		
Guaranteed borrowings of controlled entities (ii)	**12,333.7**	11,965.3
Total contingent liabilities	**12,333.7**	11,965.3

(i) During the year, the Directors of the Parent Company approved the transfer of $31.4 million of the Company's profit for the 2016 financial year to reserves. In 2015, the Directors of the Parent Company approved the transfer of $124.1 million of the Parent Company's profit for the 2015 financial year to reserves.

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

NOTE 34 SUBSIDIARIES

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

Scentre Group Trust 1

As at 31 December 2016, SGT1 held current assets of $1.7 billion, non current assets of $17.1 billion, current liabilities of $1.9 billion and non current liabilities of $9.4 billion (31 December 2015: current assets of $1.1 billion, non current assets of $16.2 billion, current liabilities of $2.8 billion and non current liabilities of $8.0 billion).

As at 31 December 2016, the total equity held by SGT1 was $7.4 billion (31 December 2015: $6.5 billion).

The profit after tax for the period was $1,433.6 million and total comprehensive income was $1,418.9 million (31 December 2015: profit after tax for the period was $1,139.4 million, total comprehensive income was $1,047.6 million). The revenue for the period was $577.3 million (31 December 2015: $582.8 million).

Scentre Group Trust 2

As at 31 December 2016, SGT2 held current assets of $0.2 billion, non current assets of $15.5 billion, current liabilities of $2.1 billion and non current liabilities of $2.0 billion (31 December 2015: current assets of $0.1 billion, non current assets of $14.4 billion, current liabilities of $2.6 billion and non current liabilities of $1.0 billion).

As at 31 December 2016, the total equity held by SGT2 was $11.6 billion (31 December 2015: $10.8 billion).

The profit after tax for the period was $1,485.9 million and total comprehensive income was $1,472.9 million (31 December 2015: profit after tax for the period was $1,420.0 million and total comprehensive income was $1,331.6 million). The revenue for the period was $524.4 million (31 December 2015: $527.0 million).

NOTE 35 AUDITOR'S REMUNERATION

	31 Dec 16 $000	31 Dec 15 $000
Amounts received or due and receivable by the auditor of the Parent Company and any other entity in the Group for:		
– Audit or review of the financial reports	**2,572**	2,588
– Assurance and compliance services	**1,145**	1,039
– Technical accounting advice and services [(i)]	**243**	286
	3,960	3,913
Amounts received or due and receivable by affiliates of the auditor of the Parent Company for:		
– Audit or review of the financial reports	**234**	256
– Assurance and compliance services	**37**	37
	271	293
	4,231	4,206

(i) These amounts represent non-audit services provided by the auditor.

NOTE 36 SUPERANNUATION COMMITMENTS

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

NOTE 37 RELATED PARTY DISCLOSURES

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

Nature of relationship with related parties

Key Management Personnel of the entity

Refer to Note 38 and the Remuneration Report in the Directors' Report for details of Key Management Personnel.

Other Related Parties

LFG Services Pty Limited (LFG), its related entities and other entities controlled by members of the Lowy family are considered to be related parties of the Group. This is due to LFG being under the control or significant influence of certain Directors of the Group, being Mr Frank Lowy (retired 5 May 2016) and Mr Steven Lowy.

The Lowy Institute for International Policy (the Lowy Institute) is considered to be a related party of the Group. This is due to the entity being under the control or significant influence of certain Directors of the Group, being Mr Frank Lowy (retired 5 May 2016) and Mr Steven Lowy.

Transactions and their terms and conditions with related parties

Transactions with Key Management Personnel of the entity

Refer to Note 38 and the Remuneration Report in the Directors' Report for remuneration of Key Management Personnel.

Transactions with Other Related Parties

The Group has a leasing agreement with LFG to provide office space at Westfield Sydney. The Group charged LFG $1,914,501 (31 December 2015: $1,851,408) for lease of office space at Westfield Sydney on commercial arm's length terms.

During the financial year, the Group provided development services to LFG and the Lowy Institute totalling $45,270 (31 December 2015: $536,388). The amount charged was on commercial arm's length terms.

There were no amounts payable to or receivable from LFG and the Lowy Institute as at 31 December 2016 (31 December 2015: nil).

No provision for doubtful debts has been recognised or bad debts incurred with respect to amounts payable or receivable from LFG and the Lowy Institute for the year ended 31 December 2016 (31 December 2015: nil).

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

NOTE 38 DETAILS AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

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

(a) Key Management Personnel

As at 31 December 2016, the Board comprises the following directors:

Brian Schwartz AM	Chairman/Non-Executive Director (appointed Chairman 5 May 2016)
Peter Allen	Chief Executive Officer/Executive Director
Andrew Harmos	Non-Executive Director
Michael Ihlein	Non-Executive Director
Carolyn Kay	Non-Executive Director (appointed 24 February 2016)
Aliza Knox	Non-Executive Director
Steven Lowy AM	Non-Executive Director
Margaret Seale	Non-Executive Director (appointed 24 February 2016)

During the year, Mr Frank Lowy AC and Mr Richard Egerton-Warburton AO LVO retired from the Board at the conclusion of the Parent Company's Annual General Meeting on 5 May 2016. Mr Brian Schwartz succeeded Mr Lowy as Chairman.

In addition to the Chief Executive Officer, during the year the following executives were Key Management Personnel.

Mark Bloom	Chief Financial Officer
Greg Miles	Chief Operating Officer (effective from 1 November 2015)

(b) Remuneration of Key Management Personnel

The amounts below represent the total remuneration amounts for Key Management Personnel. The Group has applied AASB 124 Related Party Disclosures which allows certain remuneration details to be disclosed in the Directors' Report rather than the financial report so as to avoid duplication of information. As such, refer to the Remuneration Report (which has been audited) in the Directors' Report for further details concerning disclosure of Key Management Personnel remuneration.

The comparative remuneration information for the year ended 31 December 2015 also includes amounts relating to Non-Executive Directors (Mr Laurence Brindle and Ms Sandra McPhee) who retired from the Board on 7 May 2015 and amounts relating to Mr John Widdup (Chief Operating Officer, Development, Design and Construction) who ceased to be an executive Key Management Personnel of the Group on 31 January 2015. Remuneration details relating to Key Management Personnel who retired in 2015 are disclosed in (e) on page 70.

The aggregate remuneration for the twelve months was:

	Short term benefits				**Post Employment**	**Termination Benefits**	**Share Based**	**TOTAL**
Key Management Personnel	Cash salary, fees and short term compensated absences $	Short term cash profit sharing and other bonuses $	Non-monetary benefits $	Other short term employee benefits[i] $	Other post employment benefits $	Termination benefits $	Amortisation of cash and equity settled share based payments[ii] $	$
Key management personnel – directors								
31 December 2016	**4,297,205**	**1,785,000**	**–**	**(35,769)**	**–**	**–**	**2,984,059**	**9,030,495**
31 December 2015	3,920,354	1,606,500	–	25,769	–	–	5,606,228	11,158,851
Key management personnel – non directors								
31 December 2016	**2,600,000**	**2,077,250**	**–**	**95,712**	**–**	**–**	**3,070,421**	**7,843,383**
31 December 2015	1,431,250	913,500	–	(43,042)	–	893,750	3,948,427	7,143,885
Total key management personnel								
31 December 2016	**6,897,205**	**3,862,250**	**–**	**59,943**	**–**	**–**	**6,054,480**	**16,873,878**
31 December 2015	5,351,604	2,520,000	–	(17,273)	–	893,750	9,554,655	18,302,736

(i) Other short term employee benefits represents amounts accrued with respect to annual leave and long service leave entitlements unless stated otherwise.

(ii) Cash settled share based payments represent amounts amortised in connection with the Group's cash settled equity-linked plans. Equity settled share based payments represent amounts amortised in connection with the Group's equity settled performance rights plan. Refer to the Remuneration Report in the Directors' Report for further details regarding the operation of these plans.

(c) Options and Rights – Holdings of Key Management Personnel

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

(d) Other transactions and balances with Key Management Personnel

(i) Other related party transactions and balances with Key Management Personnel are included in Note 37.

(ii) During the financial year, transactions occurred between the Group and Key Management Personnel which were within normal employee, customer or supplier relationships on terms and conditions no more favourable than those available to other employees, customers or suppliers, being the performance of contracts of employment, the reimbursement of expenses, and the payment of dividends/distributions by the Group in respect of stapled securities held in the Group.

NOTE 38 DETAILS AND REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

(e) Prior year comparative remuneration of Key Management Personnel who retired in 2015

In addition to remuneration details disclosed in the Directors' Report, the amounts below represent the total remuneration for Key Management Personnel who retired in 2015.

	Short term benefits				Post Employment	Termination Benefits	Share Based	TOTAL
Key Management Personnel	Cash salary, fees and short term compensated absences $	Short term cash profit sharing and other bonuses $	Non-monetary benefits $	Other short term employee benefits $	Other post employment benefits $	Termination benefits $	Amortisation of cash and equity settled share based payments $	$
Non-executive directors	147,348	–	–	–	–	–	–	147,348
John Widdup	81,250	–	–	(17,118)	–	893,750	1,817,414	2,775,296
31 December 2015	228,598	–	–	(17,118)	–	893,750	1,817,414	2,922,644

Mr John Widdup held the position of Chief Operating Officer, Development, Design and Construction. Mr Widdup retired on 31 January 2015. In accordance with the terms of the equity-linked plans and his employment arrangements, Mr Widdup will remain in those plans in respect of his awards which will vest over the ordinary course of the plans.

NOTE 39 DETAILS OF MATERIAL AND SIGNIFICANT ENTITIES

	31 Dec 16 – Interest			31 Dec 15 – Interest		
	Beneficial (i)			Beneficial (i)		
Name of entity	**Parent Company %**	**Scentre Group %**	**Consolidated or Equity accounted %**	Parent Company %	Scentre Group %	Consolidated or Equity accounted %
ENTITIES INCORPORATED IN AUSTRALIA						
Parent Company						
Scentre Group Limited	**100.0**	**100.0**	**100.0**	100.0	100.0	100.0
Consolidated Controlled Entities						
Scentre Group Trust 1	**–**	**100.0**	**100.0**	–	100.0	100.0
Scentre Group Trust 2	**–**	**100.0**	**100.0**	–	100.0	100.0
Scentre Group Trust 3	**–**	**100.0**	**100.0**	–	100.0	100.0
Scentre Finance (Aust) Limited	**100.0**	**100.0**	**100.0**	100.0	100.0	100.0
Scentre Limited	**100.0**	**100.0**	**100.0**	100.0	100.0	100.0
ENTITIES INCORPORATED IN NEW ZEALAND						
Consolidated Controlled Entities						
RE (NZ) Finance Limited	**–**	**100.0**	**100.0**	–	100.0	100.0
RE (NZ) Finance No. 2 Limited	**–**	**100.0**	**100.0**	–	100.0	100.0
Scentre NZ Holdings Limited	**–**	**100.0**	**100.0**	–	100.0	100.0
SCG1 Finance (NZ) Limited	**–**	**100.0**	**100.0**	–	100.0	100.0
SCG1 Finance (NZ) No. 2 Limited	**–**	**100.0**	**100.0**	–	100.0	100.0

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

Directors' Declaration

FOR THE YEAR ENDED 31 DECEMBER 2016

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

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

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

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

(ii) giving a true and fair view of the financial position as at 31 December 2016 and the performance of the consolidated entity for the year ended on that date in accordance with section 297 of the Corporations Act 2001;

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

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

Made on 21 February 2017 in accordance with a resolution of the Board of Directors.

Brian Schwartz AM
Chairman

Michael Ihlein
Director

21 February 2017

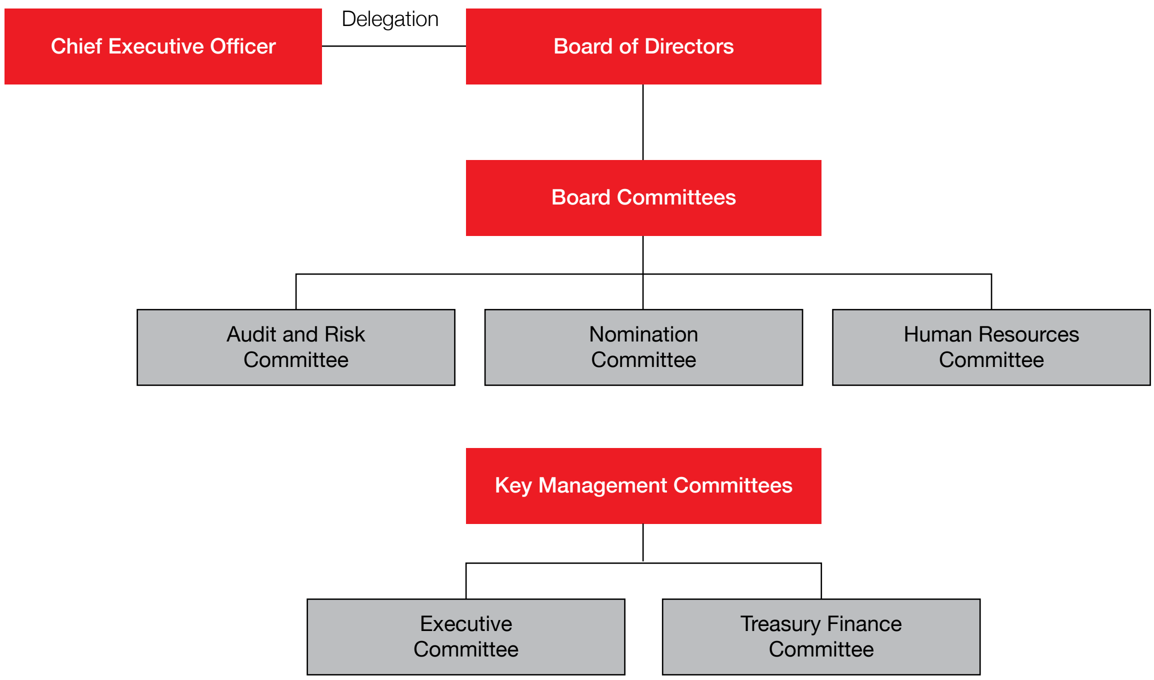
Corporate Governance Statement

Introduction

Scentre Group[i] is committed to ensuring that its policies and practices reflect a high level of corporate governance. During the year, the Group's corporate governance framework was consistent with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition).

The Group's governance framework is outlined in the diagram below. The Group's corporate governance documentation, including charters and relevant corporate policies and codes, are available in the corporate governance section on Scentre Group's website – http://www.scentregroup.com/about/governance/. This corporate governance statement was approved by the Scentre Group Board and is current as at 21 February 2017.

GOVERNANCE FRAMEWORK



At the date of this report, the Board comprised 7 Non-Executive Directors and one Executive Director. The independence status of, and the period of office held by, each Director is as follows.

Name	Position Held	Independent (Y/N)	Year Appointed[ii]
Brian Schwartz	Non-Executive Chairman	Y	May 2009
Peter Allen	Chief Executive Officer/ Executive Director	N	May 2011
Andrew Harmos	Non-Executive Director	Y	June 2014
Michael Ihlein	Non-Executive Director	Y	June 2014
Carolyn Kay	Non-Executive Director	Y	February 2016
Aliza Knox	Non-Executive Director	Y	May 2015
Steven Lowy	Non-Executive Director	N	June 1989
Margaret Seale	Non-Executive Director	Y	February 2016

Details of the qualifications, experience and responsibilities of the Directors are set out in the Directors' Report.

During the year, Mr Frank Lowy and Mr Richard Egerton-Warburton retired from the Board at the conclusion of the AGM on 5 May 2016. As part of the ongoing renewal of the Board, Ms Carolyn Kay and Ms Margaret Seale were appointed to the Board in February 2016.

(i) Scentre Group is a stapled entity comprising Scentre Group Limited, Scentre Group Trust 1, Scentre Group Trust 2 and Scentre Group Trust 3. The Boards of Scentre Group Limited, Scentre Management Limited (as responsible entity of Scentre Group Trust 1), RE1 Limited (as responsible entity of Scentre Group Trust 2) and RE2 Limited (as responsible entity of Scentre Group Trust 3) are identical. Each Board has adopted a common Board Charter which sets out the objectives and responsibilities of the Scentre Group Board. Each Board Committee has the same membership and, for all purposes, operates as one "Scentre Group" Committee.

(ii) Reference to the date of appointment is to the date of appointment to Scentre Group Limited (formerly Westfield Holdings Limited). Scentre Group was established on 30 June 2014. Prior to the establishment of the Group, Scentre Group Limited formed part of the prior Westfield Group.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

1.1 Responsibilities of Board and management

Board charter

The Board is responsible for overseeing the effective management and operation of the Group. The Board seeks to ensure that the business objectives of the Group are aligned with the expectations of securityholders and that the operations of the Group are effectively managed in a manner that is focussed on those business objectives, as well as meeting all regulatory and ethical requirements.

The Board Charter sets out the primary objectives of the Board and the practices and processes the Board has adopted to discharge its responsibilities including the matters reserved for the Board and the delegation of authority to the Chief Executive Officer (CEO) and other executive Key Management Personnel (executive KMP), including the limits on the execution of that authority by those officers.

This framework ensures accountability and a balance of authority by clearly defining the respective roles and responsibilities of the Board and the senior management team. In turn, this enables the Board to maintain its focus on strategic guidance, while exercising effective oversight of the Group.

Key responsibilities of the Board are to:

– oversee the effective management and control of Scentre Group including the composition, performance and remuneration of the senior executive team;
– set and review the strategic direction of Scentre Group;
– approve and monitor key budgets, business plans, financial statements, financial policies and financial reporting;
– establish, promote and maintain proper processes and controls and to maintain the integrity of financial accounting, financial records and reporting;
– develop and implement key corporate policies, procedures and controls as necessary to ensure appropriate standards of accountability, risk management and corporate governance and responsibility;
– oversee the adequacy of managerial resources to ensure there is adequate depth of resources and appropriate succession planning;
– monitor the performance of senior executives and the implementation of strategy;
– approve proposals for major new investments, capital expenditure and capital management initiatives as proposed by management;
– ensure that securityholders receive high quality, relevant and accurate information in a timely manner and that investors generally are able to trade in Scentre Group's securities in a market which is efficient, competitive and informed;
– determine and adopt distribution policies for Scentre Group; and
– oversee compliance by Scentre Group with its legal and regulatory obligations.

Board Committees

The Board delegates certain responsibilities to standing Committees which operate in accordance with charters approved by the Board. There are 3 standing Board Committees: the Audit and Risk Committee, the Human Resources Committee and the Nomination Committee.

The roles and responsibilities of the Committees are explained later in this report.

The Chair of each Committee (or a person nominated by the Chair of the Committee for that purpose) reports to the Board at the Board's next meeting on any matters relevant to the Committee's duties and responsibilities. The Board also receives copies of the minutes of all Committee meetings. This ensures that all Directors have oversight as well as the opportunity for full discussion of the issues being considered by the Committees.

Delegation to Management

Day to day management of the business and operations of Scentre Group is delegated by the Board to management through the CEO subject to the agreed authority limits applicable to the senior executive management team.

The Board has delegated to management responsibility for:

– Strategy: development of strategies and the management and performance of the business and operations, and making recommendations to the Board on such strategies.
– Management: managing the Group in accordance with the strategy, business plans and policies approved by the Board.
– Financial performance: developing the Group's annual budget, managing day to day operations within the budget and ensuring that the financial reports present a true and fair view of the Group's financial condition and operational results and are in accordance with the relevant accounting standards.
– Risk management: establishing and maintaining appropriate and effective risk management frameworks and internal control systems.
– Continuous disclosure: keeping the Board and the market fully informed about material developments in the Group's business.
– Selection of senior management: making recommendations for the appointment of senior executives, determining terms of appointment, evaluating performance and developing and maintaining succession plans for senior management.

The CEO reports regularly to the Board on the progress being made by the Group in all aspects of the business including shopping centre operations, developments, capital markets and potential new business opportunities.

The Non-Executive Directors meet regularly without management present to discuss the operation of the Board and a range of other matters.

1.2 New appointments/Re-election of Directors

Appropriate checks are undertaken before a new candidate is recommended to the Board for appointment. These include checks as to the person's experience, educational qualifications, character, criminal record and bankruptcy history.

As noted at 2.1 'Structure of the Board and role of the Nomination Committee', the Board, on the recommendation of the Nomination Committee, determines if it will endorse a Director retiring under the Company's constitution or Listing Rules, for re-election.

The notice of meeting and explanatory notes for the Group's 2017 AGM will contain the relevant applicable information as specified by Recommendation 1.2.

1.3 Written agreements with Directors

New Directors receive a letter of appointment which sets out the main terms and conditions on which each Director is appointed. This letter provides that if a Director ceases to be a Director of Scentre Group Limited for any reason, they must also resign as a Director of Scentre Management Limited, RE1 Limited and RE2 Limited. The letter of appointment conforms to Recommendation 1.3.

The letter of appointment clearly defines the role of Directors, including expectations in terms of independence, participation, time commitment and continuous development. Directors are required to disclose, on an ongoing basis, circumstances that may affect, or be perceived to affect their ability to exercise independent judgment so that the Board can determine independence on a regular basis.

Procedures are also set out by which Directors are able to take independent, professional advice at the Group's expense. Directors are encouraged to direct any enquiries or requests for additional information to the Company Secretary, who will facilitate a response to the query and/or provide the Director with the requested information. Further, Directors have access to key members of the senior management team, who regularly attend Board meetings to make presentations and respond to questions and comments from the Board.

1.4 Role of the Company Secretary

The Company Secretary is directly accountable to the Board, through the Chairman, on all matters relating to the proper functioning of the Board and its Committees. The Company Secretary works with the Chairman, the Board and the Board Committees and is responsible for ensuring the smooth running of the Board and Board Committees and that all governance matters are properly addressed. All Directors have access to the Company Secretary for the purpose of obtaining information or advice.

1.5 Diversity

During FY16, the Group continued to demonstrate its ongoing commitment to diversity and inclusion by developing targeted initiatives aimed at attracting, developing and retaining a diverse workforce to help fulfil our purpose of "creating extraordinary places, connecting and enriching communities".

Diversity and inclusion is a key corporate strategy. Our view is that diversity is about recognising and valuing the contribution of people from different backgrounds, with different perspectives and experiences. Diversity in the workforce is a key contributor to the success of our business and the Group seeks to create an inclusive culture that supports employees at all stages of their career and encourages employees to succeed to the best of their ability.

With this focus, in FY16 the Group implemented a number of people and culture focused initiatives including the launch of awareness and support campaigns in connection with:

– mental health
– the LGBTI community
– domestic violence

Progress against the Group's FY16 objectives is set out in the table below.

During the year, the CEO, Mr Peter Allen continued in his role as a Property Male Champion of Change, an initiative of the Property Council of Australia designed to address gender diversity in the male dominated property industry. He also continued to sponsor and promote 'Connect' an internal forum aimed at the development of women.

Gender remains a strong focus for the Group. In terms of gender representation, Scentre Group currently has three women on its Board, which in line with the Group's FY15 committment, meets the 30% Club's target (30% female representation on a board).

In terms of Scentre Group's total workforce, there is effectively equal representation of men and women with 49.8% being male and 50.2% female.

The Group's senior executives are those executives (currently numbering 50) who are general manager level and above (CEO – 3). At the senior executive level, 84% of senior executives are male and 16% are female.

The Group did not meet its FY16 target to increase the representation of females at the senior executive level, which is discussed below. This will remain a focus for FY17.

In FY16, the Group determined 3 core objectives to measure diversity and inclusion performance. These were:

Focus area	Commitment	What we achieved
Diversity To increase our attraction, recruitment and retention of a diverse workforce	Achieving 22% representation of females at the senior executive level (general manager and above), an increase from its prior target of 20% which will be achieved in the first quarter of FY16. This target will form part of the key performance indicators in FY16 for the senior executive team. Reviewing the Group's engagement of external recruitment agencies to include specialist agencies to ensure that a diverse range of candidates are identified. Continued involvement in the Generation One partnership with Aboriginal Employee Strategy (AES), in relation to the recruitment of an additional 15 trainees. Finalisation and implementation of a Reconciliation Action Plan (RAP).	The Group continues to strive to increase the representation of women at the senior executive level. The Group did not achieve its target of 22% representation in FY16 due to a restructure of a number of the Group's operational divisions. While more males than females were impacted by the reorganisation, as the overall pool of females was smaller, the impact on the Group's target was greater. Current female representation at the senior executive level is 16%. In recognition of the need to increase female representation at the senior level, the Group included high performing senior females in the senior executive leadership (SEL) forum which meets bi-annually on business strategy and cultural transformation. Females now comprise 30% of the participants at the SEL forum. The Group currently has 24% females in its succession plans for senior executive positions and specific roles have been identified for females either through internal or external appointments. In addition the Group has extended its female networking forum, Connect, to all female employees. In FY16 the Group conducted a review of its external recruitment partners. Agencies selected to partner with the Group are required, in line with the Group's commitment to diversity and inclusion, to provide balanced shortlists of candidates for selection with 50/50 gender representation. All agencies will be held accountable to this commitment through an applicant tracking system. In addition, the Group is trialling a partnership with a diversity agency designed specifically to target female representation and increase the profile of the Group among women in the property sector. In FY16, the Group finalised its first RAP. As part of the RAP, Ms Kristy Masella, CEO for the AES was engaged as an external advisor to the Group. The RAP was launched during NAIDOC week together with an awareness campaign "NAIDOC week – Come Sing With Us" across the Group's centres in Australia through digital screen displays and centre events. This multi-centre campaign was awarded overall runner up in the 2016 Shopping Centre of Australia's Marketing Awards. The Group introduced "Welcome to Country" and performances by local indigenous communities at all centre openings in FY16. Plaques acknowledging the traditional owners of the land were erected at both the Westfield Warringah Mall and Westfield North Lakes centres. During the year the Group successfully placed 15 indigenous trainees in NSW.
Inclusion To provide a supportive work environment that leverages all the ways we are different	The development of plans to support strategies in connection with: Mental health. The lesbian, gay, bisexual, transgender and intersex (LGBTI) community.	The Group's Diversity and Inclusion Council continued to promote diversity and inclusion as a corporate strategy. During FY16, the Council focused on two key initiatives to support strategies in connection with mental health and the LGBTI community. During the year, a mental health awareness and support campaign was launched in line with the Group's commitment to remove the stigma associated with mental illness. The CFO was the executive sponsor of the campaign. The Group also launched an awareness and support campaign for the LGBTI community. 130 allies from across the business volunteered and undertook training to support members of the LGBTI community. The ally group, Left Right and Scentre, was launched as part of the celebration and awareness campaign around Wear it Purple Day, in conjunction with a video statement on social channels. The COO was the executive sponsor of the campaign.
Awareness and education To raise awareness and increase commitment to workplace diversity and inclusion across the business	The continued rollout of a diversity and inclusiveness change management plan and integration of the plan into the broader organisation through ongoing education. Implementation of an awareness program on domestic violence. Development and implementation of a diversity and inclusion calendar recognising key events and dates in support of the diversity and inclusion strategy.	In FY16, the Group's top 80 leaders participated in unconscious bias awareness training. An inclusive manager program was also developed that will be delivered to all people managers in FY17. The Group also developed and launched a policy to support employees coping with domestic and family violence issues. The policy was launched on White Ribbon day as part of the Group's awareness campaign. The Director of Customer Experience was the executive sponsor of the policy. The Group celebrated the following days of recognition: International Women's Day; Harmony Day; NAIDOC Week; Wear It Purple Day; RUOK Day; World Mental Health Day; International Men's Day and White Ribbon Day.

Corporate Governance Statement (continued)

For FY17, the Group will focus on embedding existing diversity and inclusion initiatives and achieving our current targets. We are committed to:

Objective	Focus
Diversity To increase our attraction, recruitment and retention of a diverse workforce	Achieving 22% representation of females at the senior executive level (General Manager and above). While not achieved in FY16, the Group continues to work towards this target. Increased female representation at the senior level will form part of the key performance indicators in FY17 for the senior executive team. The development of team specific D&I action plans as part of people planning. In FY17 Divisional Directors and General Managers will be required to identify team specific targets that will form part of their key performance indicators for the year to accelerate the Group's commitment to meet its target for female representation at a senior level. Implementing recruitment practices and partnerships to reduce bias and ensure balanced shortlists of high quality candidates. The implementation of our RAP. A key commitment is continuing to partner with local communities, AES and the AFL Sports Ready program on the placement of trainees in the Group's Indigenous Employment program.
Inclusion To provide a supportive work environment that leverages all the ways we are different	Achieving a score of 80% or greater against each of our flexibility (FY16: 79%) and inclusion (FY16: 74%) measures in the FY17 Employee Survey. Supporting employees to bring their whole selves to work, through the development of FY17 plan, in connection with: – Domestic and Family Violence – LGBTI – Mental Health Developing and implementing an inclusive language campaign. Further identifying barriers to diversity and inclusion through two way feedback channels and focus group sessions. The implementation of our RAP. Key commitments include: – Development of Welcome to Country and cultural protocols for acknowledgement at all significant Scentre Group events – Display acknowledgement to country plaque and artwork in our centres and support office Review policies to ensure there are no barriers to Aboriginal and Torres Strait Islander participation in the workplace.
Awareness and education To raise awareness and increase commitment to workplace diversity and inclusion across the business	All people managers attending an Inclusive Manager training program by the end of FY17. Development and implementation change management plan that highlights key training, communications, day of significance and leadership activities in support or our diverse and inclusive workplace. Engaging employees in cultural learning opportunities to increase understanding and appreciation of Aboriginal and Torres Strait Islander people.

1.6 Board self-assessment and performance

The Board considers that ongoing self-assessment on various aspects of the Board's performance including skill sets is an important tool in reviewing Board performance.

A board performance evaluation survey was conducted during the year by the Chairman, Mr Brian Schwartz.

Matters considered in the Board survey include an assessment of the performance of the Board and its Committees, the composition and skills sets of the Board and the Board's relationship with management. The results of the survey are presented to the Board for discussion.

1.7 Process for evaluating the performance of senior executives

Scentre Group has an established process of objective setting and performance review of all employees, which is conducted on an annual basis. Senior executives, with a discretionary or at risk element in their total remuneration package, have well defined objectives which are discussed and agreed at the commencement of each financial year. Each executive's Key Performance Indicators (KPIs) are set annually with the purpose of motivating that executive to achieve performance objectives which will contribute to the short and longer term success of the Group.

KPIs are established each year under a performance and development system. KPIs are designed to measure both financial and non-financial performance. The objectives vary according to the role of the executive and typically relate to development, construction, retail management or corporate or strategic targets. Non-financial objectives include matters such as health and safety, risk management, compliance, people and culture, sustainability and a range of other matters relevant to the success of the Group.

During the year, each member of Scentre Group's senior executive team, including the CEO, were subject to a performance review as described above. Details of the performance criteria against which the CEO, Chief Financial Officer (CFO) and Chief Operating Officer (COO) were assessed for FY16 are set out in the Remuneration Report.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

2.1 Structure of the Board and role of the Nomination Committee

The membership of the Board is reviewed by the full Board (following consultation with, and recommendations by the Nomination Committee), having regard to the ongoing and evolving needs of Scentre Group.

Board renewal and succession planning is a central component of the Group's overall governance program. The Board is committed to ensuring the Board draws on a combination of executive and non-executive members with exceptional track records and reputations at the highest levels of business and commerce generally.

Nomination Committee

The role of the Nomination Committee is to support and make recommendations to the Board on the selection and appointment of Directors who are able to meet the needs of the Group presently and in the future. The Committee also facilitates the ongoing evaluation and review of the performance and effectiveness of the Board and the Directors.

Membership of the Nomination Committee during the year was as following:

Name	Position	Status	Term
Brian Schwartz	Chairman	Independent Non-Executive Director	Member for the whole period. Appointed Chairman 5 May 2016
Andrew Harmos	Member	Independent Non-Executive Director	Member for the whole period
Michael Ihlein	Member	Independent Non-Executive Director	Member from 5 May 2016
Richard Egerton-Warburton	Chairman	Independent Non-Executive Director	Member until 5 May 2016

The Nomination Committee met 4 times during the year with the full Committee in attendance at all meetings.

The responsibilities of the Nomination Committee include:

- having regard to the strategic direction of the Group, assessing periodically the skills of current Board members against the collective skill set required by the Board to competently discharge the Board's duties;
- regularly reviewing and making recommendations to the Board regarding the structure, size, diversity and composition (including the balance of skills, knowledge and experience) of the Board and reviewing the effectiveness of the Board;
- identifying suitable candidates (executive and non-executive) to fill Board vacancies as and when they arise and nominating candidates for approval of the Board;
- annually reviewing the performance of the Board; and
- ensuring the existence of proper succession planning processes and plans for the Board (including the CEO).

No member of the Committee participates in a review of their own performance or nomination for re-election.

The Board, on the recommendation of the Nomination Committee, determines if it will endorse a Director retiring under the Company's constitution or Listing Rules, for re-election. The Notice of Meeting for the Company's AGM will provide information that is material to a securityholder's decision whether or not to support the re-election of a Director. It will also state whether or not a re-election is supported by the Board.

Recommendations regarding future appointment of additional Directors are made by the Nomination Committee and considered by the Board having regard to:

- the assessment made on the skill set required to discharge the responsibilities of the Board compared with the skills currently represented on the Board;
- the current strategic direction of Scentre Group and the consequent need to consider skills which may be required in the future; and
- the suitability of available candidates identified in the context of a detailed description of the role and capabilities required for a particular appointment.

Recommendations made by the Nomination Committee are considered by the Board, which retains an unfettered discretion on the appointment of a Director to fill a casual vacancy or act as an additional Director, prior to the formal election of that Director by the securityholders of the Company at a general meeting.

In relation to Non-Executive Directors, the Nomination Committee may retain the services of external recruitment specialists to help identify potential candidates for appointment to the Board.

Once a candidate is identified the Nomination Committee, with the assistance of external consultants where required, conducts appropriate background and reference checks before the candidate is appointed to the Board or put forward to securityholders for election.

2.2 Board Skills Matrix

The Board considers that a diversity of skills, backgrounds, knowledge, experience, expertise and gender is required in order to effectively govern the business. The Board and the Nomination Committee work together to ensure that the Board continues to have the appropriate balance of skills, experience, independence and Group knowledge necessary to discharge its responsibilities.

As part of the Board's commitment to succession planning and a strong and diverse membership, FY16 saw the ongoing renewal of the Board with the retirement of Mr Frank Lowy and Mr Richard Warburton and the appointment of two new Directors to the Board: Ms Carolyn Kay and Ms Margaret Seale.

The table below sets out the current skills and experience that the Board considers necessary or desirable and the extent to which they are represented on the Board.

Skills and experience	Number of Directors/ Board representation (out of 8)
Leadership – organisational, including senior executive leadership experience	8
Strategy – experience in developing and implementing strategic business plans	8
Financial acumen – senior experience in finance, including in financial accounting and reporting	8
Real estate – experience in real estate management, leasing, development, design and construction	5
Retail and consumer marketing – experience in retail (including physical and digital) and in customer service and management strategies	6
Capital management – senior experience in capital management strategies, corporate finance, capital markets and funds management	7
Governance – experience with governance in the listed sector	8
Human resources – senior experience in people management and human resources policy	7
Innovation – experience in transforming business models and processes including in relation to technology and digital platforms	6

The extent to which the Directors have the requisite skills is a reflection of the significant experience of the Directors both with Scentre Group and with other Australian and international companies in an executive or non-executive capacity with the Board demonstrating strong representation in finance and banking skills, ex-CEO skills, transactional skills, governance skills and an increased representation of digital skills.

In terms of gender representation, Scentre Group currently has three women on its Board, which conforms to the 30% Club's target (30% female representation on a board).

2.3 Directors' Independence

The Board considers that it should include significant representation by Directors who are capable and willing to make decisions which are in the best interests of securityholders, free from interests and influences which conflict with that duty and are also independent of management.

The Board regularly assesses the independence of each Director in accordance with the terms of the Board Charter, the interests they have disclosed and such other factors as the Board determines are appropriate to take into account.

In making this determination the Board sought to assess whether Directors were:

- independent of management; and
- free of any interest, position or association that might influence or reasonably be perceived to influence, in a material respect, their capacity to bring an independent judgement to bear on issues before the Board; and
- capable of making decisions which are in the best interests of securityholders generally.

In general, a Non-Executive Director will not be regarded as an independent director if that Director:

- is a substantial securityholder of Scentre Group or an officer of, or otherwise associated directly with, a substantial securityholder of Scentre Group;
- is, or within the last 3 years had been, employed in an executive capacity by any member of Scentre Group;
- is, or within the last 3 years had been, a partner or a senior management executive with audit responsibilities of a firm which has acted in the capacity of statutory auditor of any member of the Group;
- is, or within the last 3 years had been, a partner, director or senior employee of a material professional adviser to any member of the Group;
- is, or within the last 3 years had been, a principal, senior employee or associate of a material supplier to, or material customer of, any member of the Group;
- has a material contractual relationship with any member of the Group other than as a Director of the Board;
- has any interest or business or other relationship which could materially interfere with the Director's ability to act in the best interests of the Group and independently of management;
- has close family ties with any person who falls within any of the categories described above; or
- has been a Director of Scentre Group for such a period that their independence may have been compromised.

2.4 Independent Directors

As regards the Non-Executive Directors, applying the above criteria, the following directors are considered independent: Mr Brian Schwartz, Mr Andrew Harmos, Mr Michael Ihlein, Ms Carolyn Kay, Ms Aliza Knox and Ms Margaret Seale.

Mr Steven Lowy is classified as non-independent as he was employed in an executive capacity within the last 3 years by Scentre Limited (formerly Westfield Limited) prior to the merger which created Scentre Group.

2.5 Chairperson and Independence

On 5 May 2016, Mr Brian Schwartz, an independent Non-Executive Director assumed the role of Chairman on Mr Frank Lowy's retirement from the Board.

2.6 Induction and ongoing education

New Directors participate in an induction program. This includes briefings with the CEO, CFO and COO and other members of the Senior Executive Team to provide the new Director with a deeper understanding of the main issues, strategic direction and material risks of each key business unit within the Group. As part of the program, Directors are given access to the Group's external and internal auditors. Directors are also provided with all relevant corporate governance materials and policies.

Scentre Group recognises that developing industry and corporate knowledge is an ongoing process. Management conducts regular briefing sessions to the Board and Board Committees on operational matters including development, construction, leasing and shopping centre management. Directors are also given the opportunity for site visits to the Group's centres including site visits to major developments.

Briefings are also provided on a range of other topics relevant to the Group's business. These have included emerging and disruptive technologies, trends in international and domestic retail, cyber threats and security.

In addition, Directors are provided with regular updates on legal and corporate developments, including updates on the responsibilities of boards and directors generally, changes to the Corporations Act, corporate governance principles, tax and accounting developments.

PRINCIPLE.3: ACT ETHICALLY AND RESPONSIBLY

3.1 Codes of Conduct

Directors' Code of Conduct

The Directors' Code of Conduct outlines the responsibilities of Directors in maintaining Scentre Group's commitment to high standards of ethical conduct. The Code of Conduct is available in the corporate governance section of the Scentre Group corporate website.

As part of the Code of Conduct, Directors are required to undertake, amongst other things, to: always act fairly, honestly and with integrity in all matters relating to the Group; perform their duties to the best of their ability; never act in a manner which is likely to harm the reputation of the Group and always abide by applicable laws.

Scentre Group Values

Scentre Group's values expressed as the Group's DNA require staff, at all times, to:

- Act with integrity.
- Act as an owner.
- Work together.
- Push the limits.
- Never give up.
- Create a positive legacy.

The Group's DNA is the cultural blueprint for the Group's organisational behaviour. These are the fundamental principles that guide staff and the conduct of staff in all dealings with stakeholders.

The Group is committed to high standards of ethical conduct and promotes a diverse and inclusive culture where employees are encouraged to succeed to the best of their ability.

Employee Handbook

Scentre Group's core principles are supplemented by the Employee Handbook which is provided to all employees at the time of joining the Group. The handbook outlines, among other matters, the high standards of personal conduct and ethical behaviour expected of all employees.

Compliance Manuals

Scentre Group has developed compliance manuals to provide guidance to employees of the Group on the laws applicable in the jurisdiction in which they work and the standards of conduct and the procedures to be adopted to comply with those laws. Management seminars are also conducted on an ongoing basis to help employees understand the legal requirements with which the Group must comply.

Whistleblower Policy

Scentre Group has adopted a whistleblower policy to ensure that any concerns regarding unethical, unlawful or improper conduct can be raised without fear of reprisal. Employees are encouraged to report any genuine matter or behaviour that they honestly believe contravenes the Group's code of conduct, policies or the law. A summary of the policy is available in the corporate governance section of the Group's website.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

4.1 Audit and Risk Committee

The primary role of the Audit and Risk Committee is to oversee and monitor the integrity of consolidated financial reports and statements of the listed entities within the Group, and the Group's systems of risk management, internal controls and legal compliance.

Membership of the Audit and Risk Committee during the year was as follows:

Name	Position	Status	Term
Michael Ihlein	Chairman	Independent Non-Executive Director	Member for the whole period
Carolyn Kay	Member	Independent Non-Executive Director	Member from 5 May 2016
Margaret Seale	Member	Independent Non-Executive Director	Member from 5 May 2016
Brian Schwartz	Member	Independent Non-Executive Director	Member until 5 May 2016
Richard Egerton-Warburton	Member	Independent Non-Executive Director	Member until 5 May 2016

The Committee met 5 times during the year. There was full attendance by Committee members at the meetings.

All members of the Committee are independent Non-Executive Directors, financially literate with significant relevant financial and/or accounting experience and a significant understanding of the Group's business. Members of the Committee have a sound understanding of the Group's structure, internal controls and typical transactions which enabled them to assess the risks faced by the Group.

The objective of the Committee is to assist the Board in fulfilling its corporate governance responsibilities by:

(a) monitoring and reviewing:

- the accuracy, integrity and reliability of financial reports and statements of listed entities of the Group;
- the effectiveness of the Group's internal control environment including the systems of internal controls, risk management and legal compliance;
- the objectivity and effectiveness of the internal audit function; and
- the independence, objectivity and effectiveness of the external audit function;

(b) overseeing the processes for:

- identifying and managing significant risks faced by the Group;
- the Group's compliance with applicable laws and regulations; and
- implementing appropriate and adequate control, monitoring and reporting systems; and

(c) making recommendations to the Board in relation to the appointment of the external auditors and approving the remuneration and terms of their engagement.

The Committee is assisted in its role and responsibilities by the Executive Committee, details of which are outlined below. The Committee is also assisted by the independent assurance function provided by the Group's Business Review and Audit department (internal auditors) and the Group's external auditors.

Assessment of material economic, environmental and social sustainability risks forms part of the Group's Enterprise Risk Management Framework. Details regarding this assessment will be included in the Group's Sustainability Report which is published annually on its website.

The Committee, on at least an annual basis, reviews the appropriateness of the Enterprise Risk Management Policy and the Enterprise Risk Management Framework and control systems adopted by Scentre Group. The Committee undertook such a review during the year.

The Audit and Risk Committee also monitors regulatory developments in relation to the audit regime, the role of audit and risk committees generally and how such developments may impact the Group's corporate governance.

The Group's external auditor is Ernst & Young. The Committee meets with external auditors at least twice each year without management being present to review the adequacy of existing external audit arrangements and the scope of the external audit. The lead audit partner is required to rotate after 5 years.

The internal audit function is overseen by the Audit and Risk Committee. The head of internal audit attends all meetings of the Audit and Risk Committee and reports on a regular basis as the adequacy and effectiveness of the internal audit function. The Committee meets with the head of internal audit at least twice a year, without management being present.

Non-Audit Services Protocol

Scentre Group's Non-Audit Services Protocol is designed to ensure that the external auditor carries out the statutory audit function in a manner which is, at all times, demonstrably independent of Scentre Group.

The Protocol sets out key requirements in the relationship between the external auditor and Scentre Group, and defines the scope and value of the non-audit services which could be provided by the external auditor to Scentre Group, without impacting on the actual or perceived independence of the external auditor.

Executive Committee

To assist management in providing the information necessary to allow the Audit and Risk Committee to discharge its responsibilities, the Board has delegated specific risk related responsibilities to the Executive Committee which includes the CEO, CFO, COO, the Director, Risk & Internal Audit and the General Counsel as its members.

This Committee is responsible for:

- assisting in the formulation of all aspects of the risk management process to be adopted by the Group;
- overseeing the implementation by management of the Group's policies and procedures by ensuring that all phases of the process of identification, assessment, control, review and reporting are reflected appropriately in the policies, processes, performance requirements and controls in the Group;
- ensuring that there is a proper allocation of responsibility for the implementation and conduct of the risk management process between the Group's management in Australia and New Zealand; and
- implementing appropriate systems to monitor compliance with all relevant laws and other regulatory obligations and for ensuring that the risk management processes of the Group are such that the CEO and the CFO are able to give the certifications required in order to comply with the Corporations Act, applicable accounting standards and the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

The Executive Committee reports to the Audit and Risk Committee on the effectiveness of Scentre Group's management of its material risks.

4.2 CEO and CFO declarations
The CEO and CFO are required to confirm in writing to the Board, at the time the financial statements of the Group are being considered for approval by the Board, that in all material respects:

– the financial statements present a true and fair view;
– that this assertion is founded on a sound system of financial risk management and internal compliance and control which implements the policies adopted by the Board; and
– that the Group's financial risk management and internal compliance and control systems are operating efficiently and effectively in all material respects in relation to financial reporting risks.

The Board receives regular reports from management and the Audit and Risk Committee on areas where there are considered to be significant business risks and on the management of those risks. The internal audit function also monitors these risks and reports to the Audit and Risk Committee.

4.3 External auditor attendance at AGM
The lead audit partner of Ernst and Young attends the AGM and is available to answer questions on the Group's financial statements and the conduct of the audit.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

5.1 Continuous Disclosure and Communications Policy
Scentre Group is committed to providing securityholders with comprehensive, timely and equal access to information about its activities to enable them to make informed investment decisions.

Scentre Group's Continuous Disclosure and Communications Policy underlines the Group's commitment to ensuring that its securityholders and the market are provided with high quality, relevant and accurate information regarding its activities in a timely manner and that investors are able to trade in Scentre Group securities in a market which is efficient, competitive and informed as well as ensuring that market participants have an equal opportunity to review and assess information disclosed by the Group. The Group is also committed to complying with continuous disclosure obligations contained in the applicable ASX Listing Rules and the Corporations Act.

The policy includes a vetting and authorisation process to ensure that all disclosures are factual, do not omit material matters and are expressed in a clear and objective manner. The policy also outlines how the Group identifies and disseminates information to securityholders and the market generally.

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITYHOLDERS

6.1 Corporate website
Scentre Group monitors and continues to utilise a broad range of communication approaches including direct communications with securityholders, publication of all relevant company information in the Investor Services section of the scentregroup.com/corporate website, as well as access to market briefings via webcasting and teleconferencing facilities.

The Group's corporate website forms a key part of its communication platform to securityholders and the broader investment community. A section of this website is dedicated to securityholders. Current and past media releases, investor presentations and interim and full year financial reports are available for review on the website. These announcements, presentations and reports continue to be posted on the Group's corporate website immediately after they have been released to the market.

The website also contains an overview of the Group, its structure and history and biographical details of its Directors.

6.2 Investor relations program
Scentre Group has developed an investor engagement program for engaging with securityholders, debt investors, and broader investment community. The aim of this program is for investors and other stakeholders to understand the Group's business, governance, financial performance and prospects.

6.3 Annual General Meeting
The Company's AGM represents a key opportunity for securityholders to meet the Board and ask questions of the Directors. Securityholders who are not able to attend the AGM in person may appoint proxies to represent them at the meeting. Key members of senior management, including the CEO, COO and CFO are present and available to answer questions.

The AGM is webcast live from the Group's corporate website. Copies of the address delivered by the Chairman and CEO to the AGMs are released to the ASX and posted to the Group's corporate website. A summary of the meeting and the outcome of voting on items of business before the meeting are released to the ASX and posted to the corporate website as soon as they are available following completion of the AGM. These announcements are archived and searchable on the corporate website.

6.4 Electronic communications
Securityholders may elect to receive all or some of the Group's communications, including the annual report, electronically.

The Group's registry provides securityholders with the option to update their details electronically via their website.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

The Group adopts a rigorous approach to understanding and managing its business risks. There is a discussion of the Group's approach to risk under Principle 4.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

8.1 Human Resources Committee
The role of the Human Resources Committee includes determining and agreeing with the Board the broad policy establishing appropriate human resources strategies including remuneration. The Committee also has oversight of policies that promote and support equal opportunity and diversity within Scentre Group.

Membership of the Committee during the year was as follows:

Name	Position	Status	Term
Andrew Harmos	Chairman	Independent Non-Executive Director	Member for the whole period. Appointed Chairman 5 May 2016
Aliza Knox	Member	Independent Non-Executive Director	Member from 5 May 2016
Margaret Seale	Member	Independent Non-Executive Director	Member from 5 May 2016
Michael Ihlein	Member	Independent Non-Executive Director	Member until 5 May 2016
Brian Schwartz	Chairman	Independent Non-Executive Director	Member until 5 May 2016

The Committee met 5 times during the year. The full Committee was in attendance at all meetings.

The objective of the Committee is to assist the Board in establishing appropriate human resources strategies including remuneration policies and practices which:

- enable the Group to attract and retain executives and Directors who will create sustainable value and returns for securityholders and other stakeholders;
- fairly and responsibly reward executives and Directors, having regard to the performance of the Group, the executive and the external compensation environment; and
- appropriately align the interests of executives with securityholders.

The responsibilities of the Committee include:

- determining and reviewing remuneration policies that apply to Directors and to members of the senior executive team;
- determining the specific remuneration packages for the CEO, and other executive KMPs;
- reviewing contractual rights of termination for members of the senior executive team;
- reviewing the depth of the senior executive team and the appropriateness of the succession planning policies in place; and
- reviewing the performance of the CEO, and other executive KMP and report on such reviews to the Board.

The Group's remuneration objectives and policies and further details on the role of the Committee are set out in the remuneration report section of the Directors' Report.

Investor Relations

Scentre Group is listed on the Australian Securities Exchange (ASX) under the code "SCG" and as an ADR under code "SCTRY".

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

Scentre Group securities

A Scentre Group stapled security comprises:

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

and trade together as one security.

Scentre Group Website

- About Scentre Group
- News
- Centres
- Investor Information

Electronic Information

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

Secure Access to Your Securityholding Online

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

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

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

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

Scentre Group Distribution Details

Your interim distribution will be paid at the end of August and your final distribution paid at the end of February. Details of the 2016 year distributions are provided in the table to the right. To ensure timely receipt of your distribution, please consider the following:

Direct Credit

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

	Ordinary Securities (Cents per Security)
* Dividends/distributions for the year ended 31 December 2016	21.30
Dividend/distribution for the six months ended 30 June 2016 paid on 31 August 2016	**10.65**
Dividend in respect of a Scentre Group Limited share	Nil
Distribution in respect of a Scentre Group Trust 1 unit	3.50
Distribution in respect of a Scentre Group Trust 2 unit	7.15
Distribution in respect of a Scentre Group Trust 3 unit	Nil
Dividend/distribution for the six months ended 31 December 2016 to be paid on 28 February 2017	**10.65**
Dividend in respect of a Scentre Group Limited share	2.70
Distribution in respect of a Scentre Group Trust 1 unit	3.45
Distribution in respect of a Scentre Group Trust 2 unit	4.33
Distribution in respect of a Scentre Group Trust 3 unit	0.17

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

Tax File Number (TFN)

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

However, if you do not provide your TFN, ABN or Exemption, withholding tax at the highest marginal rate, currently 49% for Australian resident members, may be deducted from distributions paid to you. If you have not supplied this information and wish to do so, please advise our Registry or your sponsoring broker.

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

Annual Tax Statement and 2017 Tax Guide

The Annual Tax Statement and Tax Guide are dispatched to securityholders in July each year.

Unpresented Cheques & Unclaimed Funds

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

Australian Capital Gains Tax Considerations

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

These are set out by entity in the table below.

Relative Net tangible Assets (NTA) of entities in Scentre Group	**30 Jun 16**	**31 Dec 16**
Scentre Group Limited	4.42%	4.33%
Scentre Group Trust 1	35.56%	36.48%
Scentre Group Trust 2	59.89%	59.06%
Scentre Group Trust 3	0.13%	0.13%

American Depositary Receipts (ADR)

Scentre Group has an established ADR program providing a tradeable security in the United States.

Details of the ADR program are available on our website at *http://www.scentregroup.com/american-depositary-receipts/*

Contact Details

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

Principal Share Registry

Computershare Investor Services Pty Limited
Level 4, 60 Carrington Street
Sydney NSW 2000
GPO Box 2975
Melbourne VIC 3001
Telephone: +61 3 9946 4471
Enquiries: 1300 730 458
Facsimile: +61 3 9473 2500
E-mail: web.queries@computershare.com.au
Website: www.computershare.com

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

Level 30, 85 Castlereagh Street
Sydney NSW 2000, Australia
GP0 Box 4004
Sydney NSW 2001
Telephone +61 2 9358 7877
investor@scentregroup.com
www.scentregroup.com/investors

Investor Feedback

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

Scentre Group Calendar

February

- 21 Feb 2017: Full-year results released
- 28 Feb 2017: Payment Distribution for 6 months ending December

March

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

April

- 5 Apr 2017: Scentre Group Limited: Annual General Meeting

May

- 1st Quarter Update

July

- Annual Tax Statements released

August

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

November

- 3rd Quarter Update

Members' Information

FOR THE YEAR ENDED 31 DECEMBER 2016

Twenty Largest Holders of Stapled Securities in Scentre Group*

		Number of Securities
1.	HSBC Custody Nominees (Australia) Limited	2,165,508,617
2.	J P Morgan Nominees Australia Limited	903,801,388
3.	BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	512,521,376
4.	Citicorp Nominees Pty Limited	423,866,970
5.	National Nominees Limited	261,424,182
6.	BNP Paribas Noms Pty Ltd <DRP>	107,348,227
7.	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	69,670,055
8.	Cordera Holdings Pty Limited	60,570,206
9.	AMP Life Limited	54,782,924
10.	Franley Holdings Pty Ltd	50,693,432
11.	Franley Securities Pty Ltd	50,693,432
12.	FP Pty Limited <The Frank Lowy Living A/C>	17,577,810
13.	RBC Investor Services Australia Nominees Pty Limited <BKCUST A/C>	13,905,307
14.	RBC Investor Services Australia Nominees Pty Limited <PISELECT>	13,819,048
15.	Australian Foundation Investment Company Limited	12,950,000
16.	Bond Street Custodians Limited <ENH Property Securities A/C>	11,281,165
17.	Franley Holdings Pty Ltd	9,876,775
18.	Franley Securities Pty Ltd	9,876,775
19.	HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	8,723,257
20.	HSBC Custody Nominees (Australia) Limited	8,569,738
		4,767,460,684

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

The stapled securities trade on the Australian Securities Exchange under the code SCG.

Voting Rights

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

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

Distribution Schedule

Category	Number of Stapled securities*	Number of Security-holders	% of securities in each category
1-1,000	13,321,437	31,143	0.25
1,001-5,000	102,301,648	41,798	1.92
5,001-10,000	74,193,170	10,560	1.39
10,001-100,000	154,534,477	7,282	2.90
100,001 and over	4,979,945,946	349	93.54
Total	5,324,296,678	91,132	100.00

As at 10 February 2017 (based on a closing price of $4.53), 6,535 securityholders held less than a marketable parcel of stapled securities in Scentre Group.

* There are 10,036,593 performance rights on issue to a total of 111 Scentre Group employees. These rights may be satisfied by either the transfer or issue of Scentre Group securities to employees, or settled by way of cash payout which amount is calculated by reference to the market price of Scentre Group securities at the time of vesting. Under the stapling arrangement, in the case of the issue of securities, each of the Company, Scentre Group Trust 1, Scentre Group Trust 2 and Scentre Group Trust 3 is required to issue securities on the vesting of a performance right.

** During FY16, 4,278,999 securities (at an average price of $4.3239) were acquired on-market by the Group's Performance Rights Trust to satisfy executive entitlements on the vesting of rights under the Group's equity-linked plans.

Substantial Securityholders

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

The Vanguard Group	440,302,399
BlackRock Group	340,719,406
National Nominees as custodian for Unisuper Limited	294,417,792

Directory

Scentre Group
Scentre Group Limited
ABN 66 001 671 496

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

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

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

Registered Office
Level 30
85 Castlereagh Street
Sydney NSW 2000
Telephone: +61 2 9358 7000
Facsimile: +61 2 9028 8500

New Zealand Office
Level 2, Office Tower
277 Broadway
Newmarket, Auckland 1023
Telephone: +64 9 978 5050
Facsimile: +64 9 978 5070

Secretaries
Maureen T McGrath
Paul F Giugni

Auditor
Ernst & Young
200 George Street
Sydney NSW 2000

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Scentre Group
Level 30
85 Castlereagh Street
Sydney NSW 2000
Telephone: +61 2 9358 7877
Facsimile: +61 2 9028 8500
E-mail: investor@scentregroup.com
Website: www.scentregroup.com

Principal Share Registry
Computershare Investor Services Pty Limited
Level 4, 60 Carrington Street
Sydney NSW 2000
GPO Box 2975
Melbourne VIC 3001
Telephone: +61 3 9946 4471
Enquiries: 1300 730 458
Facsimile: +61 3 9473 2500
E-mail: web.queries@computershare.com.au
Website: www.computershare.com

ADR Registry
Bank of New York Mellon
Depositary Receipts Division
101 Barclay St
22nd Floor
New York, New York 10286
Telephone: +1 212 815 2293
Facsimile: +1 212 571 3050
Website: www.adrbny.com
Code: SCTRY

Listing
Australian Securities Exchange – SCG

Website
www.scentregroup.com

The papers used in the production of this year's Scentre Group reports are produced using environmentally responsible papers produced from well managed forests.

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