Scentre Group [1] : Appendix 4D
For the half-year ended 30 June 2021

(previous corresponding period being the half-year ended 30 June 2020)

Results for Announcement to the Market:

			2021	2020
Net property revenue ($million) (i)	up	21.3%	**1,064.8**	878.0
Revenue ($million) (ii)	down	1.2%	**1,081.4**	1,094.1
Unrealised movements in property valuation (non-cash) ($million)			**41.0**	(4,079.3)
Profit/(loss) after tax (inclusive of unrealised movements) attributable to members of Scentre Group ($million)	up	111.1%	**400.4**	(3,613.3)
Operating profit attributable to members of Scentre Group ($million)	up	27.5%	**460.1**	360.8
Operating profit per security attributable to members of Scentre Group (cents per stapled security) (iii)	up	28.0%	**8.88**	6.94

(i) Comprises property revenue of $1,109.3 million (30 June 2020: $1110.1 million) reduced by expected charge relating to COVID-19 of $44.5 million (30 June 2020: $232.1 million) from consolidated and equity accounted entities.

(ii) Consolidated revenue including property revenue, property development and construction revenue and property management income.

(iii) In calculating the Operating Profit per stapled security 5,184,177,688 (30 June 2020: 5,195,992,463) weighted average securities was used.

Dividend/Distributions for Scentre Group

	Cents per stapled security
Dividend/distributions for the period ended 30 June 2021	7.00
Interim dividend/distributions in respect of Scentre Group earnings to be paid on 31 August 2021 comprising: (iv)	7.00
- 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	3.50
- distribution in respect of a Scentre Group Trust 3 unit	Nil

(iv) The number of securities entitled to distributions on the record date, 16 August 2021 was 5,190,378,339.

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 distributions was 5pm, 16 August 2021 and the distribution will be paid on 31 August 2021. The Group does not operate a Distribution Reinvestment Plan.

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 March 2022.

Additional information

Commentary on the results is contained in the announcement and results presentation released to the ASX.

[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
Half-Year Financial Report
For the half-year ended 30 June 2021

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SCENTRE GROUP
INCOME STATEMENT
For the half-year ended 30 June 2021

	Note	30 Jun 21 $million	30 Jun 20 $million
Revenue			
Property revenue		**996.2**	997.1
Property development and construction revenue		**56.5**	71.4
Property management income		**28.7**	25.6
		1,081.4	1,094.1
Expenses			
Property expenses, outgoings and other costs		**(229.3)**	(221.8)
Expected credit charge relating to COVID-19		**(41.1)**	(208.6)
Property development and construction costs		**(51.9)**	(69.8)
Property management costs		**(5.6)**	(4.7)
Overheads		**(40.4)**	(41.9)
		(368.3)	(546.8)
Share of after tax profits/(loss) of equity accounted entities			
Property revenue		**113.1**	113.0
Property expenses, outgoings and other costs		**(29.6)**	(27.6)
Expected credit charge relating to COVID-19		**(3.4)**	(23.5)
Property revaluations		**(13.1)**	(422.0)
Tax expense		**(8.6)**	(4.1)
	6(a)	**58.4**	(364.2)
Interest income		**3.5**	1.9
Currency gain/(loss)		**(14.4)**	10.6
Financing costs	12	**(385.6)**	(195.2)
Property revaluations		**54.1**	(3,657.3)
Profit/(loss) before tax		**429.1**	(3,656.9)
Tax expense	7	**(17.9)**	(0.5)
Profit/(loss) after tax for the period		**411.2**	(3,657.4)
Profit/(loss) after tax for the period attributable to:			
– Members of Scentre Group		**400.4**	(3,613.3)
– External non controlling interests		**10.8**	(44.1)
Profit/(loss) after tax for the period		**411.2**	(3,657.4)
Earnings/(loss) per stapled security attributable to members of Scentre Group		**cents**	cents
– Basic earnings/(loss) per stapled security	11(a)	**7.72**	(69.54)
– Diluted earnings/(loss) per stapled security	11(a)	**7.70**	(69.54)

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

	30 Jun 21 $million	30 Jun 20 $million
Profit/(loss) after tax for the period	**411.2**	(3,657.4)
Other comprehensive income/(loss)		
Movement in foreign currency translation reserve [(i)]		
– Realised and unrealised differences on the translation of investment in foreign operations	**(3.1)**	(11.2)
Total comprehensive income/(loss) for the period	**408.1**	(3,668.6)
Total comprehensive income/(loss) attributable to:		
– Members of Scentre Group [(ii)]	**397.3**	(3,624.5)
– External non controlling interests	**10.8**	(44.1)
Total comprehensive income/(loss) for the period	**408.1**	(3,668.6)

[(i)] This may be subsequently transferred to the profit and loss. In relation to the foreign currency translation reserve, the portion relating to the foreign operations held by Scentre Group Trust 1 (SGT1), Scentre Group Trust 2 (SGT2) and Scentre Group Trust 3 (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 Scentre Group comprises $38.2 million (30 June 2020: loss of $0.3 million) attributable to Scentre Group Limited (SGL) members and $359.1 million (30 June 2020: loss of $3,624.2 million) attributable to SGT1, SGT2 and SGT3 members.

Total comprehensive income attributable to members of SGT1, SGT2 and SGT3 consists of profit after tax for the period of $361.8 million (30 June 2020: loss of $3,614.2 million) and realised and unrealised loss on the translation of investment in foreign operations of $2.7 million (30 June 2020: $10.0 million).

SCENTRE GROUP
BALANCE SHEET
As at 30 June 2021

	Note	**30 Jun 21 $million**	31 Dec 20 $million
Current assets			
Cash and cash equivalents		**406.8**	378.1
Short term deposits at bank		**805.9**	2,222.8
Trade debtors	3	**110.8**	170.4
Receivables	3	**49.1**	48.1
Interest receivable		**176.0**	167.4
Tax receivable		**8.4**	-
Derivative assets		**4.1**	9.9
Other current assets		**48.9**	47.6
Total current assets		**1,610.0**	3,044.3
Non current assets			
Trade debtors	3	**1.9**	7.6
Investment properties	4	**31,381.3**	31,214.0
Equity accounted investments	6(b)	**2,765.1**	2,779.0
Derivative assets		**638.9**	721.9
Plant, equipment and intangible assets		**40.8**	35.6
Deferred tax assets		**25.3**	38.8
Right-of-use assets		**74.6**	81.3
Other non current assets		**108.3**	130.2
Total non current assets		**35,036.2**	35,008.4
Total assets		**36,646.2**	38,052.7
Current liabilities			
Trade creditors		**229.2**	264.2
Payables and other creditors		**431.2**	489.2
Interest payable		**284.1**	293.7
Interest bearing liabilities			
– Senior borrowings	13	**971.0**	1,492.6
Other financial liabilities		**243.4**	240.2
Tax payable		**-**	17.8
Lease liabilities		**12.6**	12.0
Derivative liabilities		**52.0**	40.4
Total current liabilities		**2,223.5**	2,850.1
Non current liabilities			
Payables and other creditors		**27.1**	24.8
Interest bearing liabilities			
– Senior borrowings	13	**9,667.2**	10,288.6
– Subordinated notes	13	**3,988.3**	3,894.6
Other financial liabilities		**370.2**	372.5
Deferred tax liabilities		**87.1**	89.4
Lease liabilities		**112.9**	119.5
Derivative liabilities		**1,139.1**	1,430.2
Total non current liabilities		**15,391.9**	16,219.6
Total liabilities		**17,615.4**	19,069.7
Net assets		**19,030.8**	18,983.0
Equity attributable to members of Scentre Group			
Contributed equity	14(b)	**9,990.8**	9,990.8
Reserves		**106.6**	104.1
Retained profits		**8,759.6**	8,722.1
Total equity attributable to members of Scentre Group		**18,857.0**	18,817.0
Equity attributable to external non controlling interests			
Contributed equity		**70.3**	70.3
Retained profits		**103.5**	95.7
Total equity attributable to external non controlling interests		**173.8**	166.0
Total equity		**19,030.8**	18,983.0

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

	Contributed Equity $million	Reserves $million	Retained Profits $million	30 Jun 21 Total $million	Contributed Equity $million	Reserves $million	Retained Profits $million	30 Jun 20 Total $million
Changes in equity attributable to members of Scentre Group								
Balance at the beginning of the period, as reported	**9,990.8**	**104.1**	**8,733.5**	**18,828.4**	10,164.0	118.3	13,056.3	23,338.6
– Impact of change accounting policy [(i)]	**-**	**-**	**(11.4)**	**(11.4)**	-	-	(11.4)	(11.4)
Balance at the beginning of the period, restated	**9,990.8**	**104.1**	**8,722.1**	**18,817.0**	10,164.0	118.3	13,044.9	23,327.2
– Profit/(loss) after tax for the period [(ii)]	**-**	**-**	**400.4**	**400.4**	-	-	(3,613.3)	(3,613.3)
– Other comprehensive income/(loss) [(ii) (iii)]	**-**	**(3.1)**	**-**	**(3.1)**	-	(11.2)	-	(11.2)
Transactions with owners in their capacity as owners								
– Movement in contributed equity [(iv)]	**-**	**-**	**-**	**-**	(174.8)	-	-	(174.8)
– Movement in employee share plan benefits reserve	**-**	**5.6**	**-**	**5.6**	-	6.3	-	6.3
– Dividends/distributions paid or provided for	**-**	**-**	**(362.9)**	**(362.9)**	-	-	(591.0)	(591.0)
Closing balance of equity attributable to members of Scentre Group	**9,990.8**	**106.6**	**8,759.6**	**18,857.0**	9,989.2	113.4	8,840.6	18,943.2
Changes in equity attributable to external non controlling interests								
Balance at the beginning of the period	**70.3**	**-**	**95.7**	**166.0**	70.3	-	139.0	209.3
– Profit/(loss) after tax for the period attributable to external non controlling interests [(ii)]	**-**	**-**	**10.8**	**10.8**	-	-	(44.1)	(44.1)
– Distribution paid or provided for	**-**	**-**	**(3.0)**	**(3.0)**	-	-	-	-
Closing balance of equity attributable to external non controlling interests	**70.3**	**-**	**103.5**	**173.8**	70.3	-	94.9	165.2
Total equity	**10,061.1**	**106.6**	**8,863.1**	**19,030.8**	10,059.5	113.4	8,935.5	19,108.4

(i) The Group has adopted the International Financial Reporting Standards Interpretation Committee's (IFRIC) final agenda decision on accounting for configuration or customisation costs in a cloud computing arrangement (refer to Note 1(f)). This change in accounting policy has been applied retrospectively resulting in a charge to retained profits as at 1 January 2020 of $11.4 million.

(ii) Total comprehensive income for the period amounts to $408.1 million (30 June 2020: loss of $3,668.6 million).

(iii) Movement in reserves attributable to members of SGT1, SGT2 and SGT3 comprises realised and unrealised loss on the translation of investment in foreign operations of $2.7 million (30 June 2020: $10.0 million).

(iv) Movement in contributed equity for the half-year ended 30 June 2020 comprises the buy-back and cancellation of securities and associated costs of $174.9 million, offset by the impact of securities transferred to executives and which were previously held by the Scentre Executive Option Plan Trust of $0.1 million.

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

	30 Jun 21 $million	30 Jun 20 $million
Cash flows from operating activities		
Receipts in the course of operations (including Goods and Services Tax (GST))	**1,257.7**	969.9
Payments in the course of operations (including GST)	**(379.2)**	(404.4)
Dividends/distributions received from equity accounted entities	**42.4**	20.0
Net operating cash flows retained by equity accounted entities	**23.4**	17.9
Income and withholding taxes paid	**(32.3)**	(15.8)
GST paid	**(92.8)**	(103.7)
Payments of financing costs (excluding interest capitalised)	**(335.0)**	(257.1)
Interest received	**3.5**	1.9
Net cash inflow from operating activities - proportionate (i)	**487.7**	228.7
Less: net operating cash flows retained by equity accounted entities	**(23.4)**	(17.9)
Net cash inflow from operating activities	**464.3**	210.8
Cash flows from investing activities		
Capital expenditure	**(138.8)**	(138.6)
Payments relating to the sale of assets	**(3.8)**	(8.5)
Net outflows for investments in equity accounted entities	**(4.9)**	(28.2)
Payments for plant, equipment and intangible assets	**(9.9)**	(8.5)
Financing costs capitalised to qualifying development projects and construction in progress	**(9.9)**	(8.4)
Net cash outflow from investing activities	**(167.3)**	(192.2)
Cash flows from financing activities		
Buy-back of securities and associated costs	**-**	(174.9)
Cancellation of derivatives following the issuance of subordinated notes	**(38.1)**	-
Proceeds from recall of short term deposits at bank	**1,414.5**	-
Net proceeds from/(repayment of) senior borrowings	**(1,272.8)**	1,432.4
Net repayment of lease liabilities	**(6.0)**	(5.3)
Dividends/distributions paid	**(362.9)**	(591.0)
Distributions paid by controlled entities to external non controlling interests	**(3.0)**	(4.7)
Net cash inflow/(outflow) from financing activities	**(268.3)**	656.5
Net increase in cash and cash equivalents held	**28.7**	675.1
Add opening cash and cash equivalents brought forward	**378.1**	253.0
Effects of exchange rate changes on cash and cash equivalents	**-**	(0.9)
Cash and cash equivalents at the end of the period (ii)	**406.8**	927.2

(i) Proportionate cash flows from operating activities includes operating cash flows from consolidated and equity accounted entities.
(ii) Cash and cash equivalents comprise cash of $406.8 million (30 June 2020: $927.2 million) net of bank overdraft of nil (30 June 2020: nil).

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 half-year ended 30 June 2021 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) Basis of preparation

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

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

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

(c) Impact of the COVID-19 pandemic

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

Additional disclosures relating to the impact of the ongoing COVID-19 pandemic on the Group's operations and financial performance are discussed in Note 3: Trade debtors and receivables, Note 5: Details of shopping centre investments, Note 18: Events after the reporting period, and in section 3 Review and results of operations in the Directors' Report.

(d) Going concern

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

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

(e) Basis of accounting

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

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

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

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

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

1 Basis of preparation of the financial report (continued)

(f) New accounting standards and interpretations

The Group has adopted the following standards which became applicable on 1 January 2021:

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

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

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

- Configuration or Customisation Costs in a Cloud Computing Arrangement

  In April 2021, the International Financial Reporting Standards Interpretation Committee (IFRIC) issued a final agenda decision on accounting for configuration or customisation costs incurred in cloud computing or Software as a Service (SaaS) arrangements.

  IFRIC concluded that in a SaaS arrangement where the customer does not recognise an intangible asset because it does not control the software being configured or customised, it follows that configuration or customisation activities do not create an asset controlled by the customer that is separate from the software. In which case, an intangible asset is not recognised in relation to the configuration or customisation of the software and such costs are recognised as an expense as services are received.

  An exception to the above treatment would be where the arrangement results in, for example, additional code from which the customer has the power to obtain future economic benefits and to restrict others' access to those benefits. In which case, the additional code is recognised as an intangible asset where it is identifiable and meets the recognition criteria in AASB 138 Intangible Assets.

  Impact of adoption

  In previous reporting periods, the Group has capitalised software configuration and customisation costs where future economic benefits are expected to be derived from its use. These costs were recognised as intangible assets and from the point at which the asset was ready for use, were amortised on a straight-line basis over their estimated useful life.

  In 2021, the Group has adopted the IFRIC agenda decision on accounting for configuration or customisation costs incurred in cloud computing arrangements, resulting in such costs being recognised as an expense as services are received. This change in accounting policy has been applied retrospectively and the prior period comparative amounts restated, resulting in: (i) a charge to retained profits of $11.4 million as at 1 January 2020; (ii) a decrease in plant, equipment and intangible assets of $16.2 million and an increase in deferred tax assets of $4.8 million as at 31 December 2020.

  The impact of this change in accounting policy for the half-year ended 30 June 2021, is immaterial.

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

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

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

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

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

1 Basis of preparation of the financial report (continued)

(f) New accounting standards and interpretations (continued)

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

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

  (i) AASB 9 Financial Instruments to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability;

  (ii) AASB 3 Business Combinations to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations; and

  (iii) AASB 137 Provisions, Contingent Liabilities and Contingent Assets to specify the costs that an entity includes when assessing whether a contract will be loss-making.

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

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

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

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

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

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

  This amends:

  (i) AASB 7 Financial Instruments: Disclosures, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;

  (ii) AASB 101 Presentation of Financial Statements, to require entities to disclose their material accounting policy information rather than their significant accounting policies;

  (iii) AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates;

  (iv) AASB 134 Interim Financial Reporting, to identify material accounting policy information as a component of a complete set of financial statements; and

  (v) AASB Practice Statement 2 Making Materiality Judgements, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

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

(g) Comparative information

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

(h) Rounding

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

2 Segment reporting

The Group's operational segments comprise the property investment and property management and construction 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 management and construction

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

The Group's operating segment income and expenses as well as the details of segment assets 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 Group's liabilities are managed on a consolidated basis rather than by operational segments.

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. 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. Accordingly, management considers that the proportionate format provides a more useful way to understand the performance of the portfolio as a whole than the statutory format.

(i) Operating segment information

	Property investment	Property management and construction	30 Jun 21	Property investment	Property management and construction	30 Jun 20
	$million	$million	$million	$million	$million	$million
Revenue						
Property revenue	**1,109.3**	**-**	**1,109.3**	1,110.1	-	1,110.1
Property development and construction revenue	**-**	**56.5**	**56.5**	-	71.4	71.4
Property management income	**-**	**28.7**	**28.7**	-	25.6	25.6
	1,109.3	**85.2**	**1,194.5**	1,110.1	97.0	1,207.1
Expenses						
Property expenses, outgoings and other costs	**(258.9)**	**-**	**(258.9)**	(249.4)	-	(249.4)
Expected credit charge relating to COVID-19	**(44.5)**	**-**	**(44.5)**	(232.1)	-	(232.1)
Property development and construction costs	**-**	**(51.9)**	**(51.9)**	-	(69.8)	(69.8)
Property management costs	**-**	**(5.6)**	**(5.6)**	-	(4.7)	(4.7)
	(303.4)	**(57.5)**	**(360.9)**	(481.5)	(74.5)	(556.0)
Segment income and expenses	**805.9**	**27.7**	**833.6**	628.6	22.5	651.1

	Property investment	Property management and construction	30 Jun 21	Property investment	Property management and construction	31 Dec 20
	$million	$million	$million	$million	$million	$million
Shopping centre investments	**33,638.3**	**-**	**33,638.3**	33,558.8	-	33,558.8
Development projects and construction in progress	**634.2**	**-**	**634.2**	554.4	-	554.4
Segment assets (i)	**34,272.5**	**-**	**34,272.5**	34,113.2	-	34,113.2

(i) Includes equity accounted segment assets of $2,891.2 million (31 December 2020: $2,899.2 million).

2 Segment reporting (continued)

(ii) Geographic information - Total revenue

	Australia $million	New Zealand $million	30 Jun 21 $million	Australia $million	New Zealand $million	30 Jun 20 $million
Property revenue [(i)]	**1,048.8**	**60.5**	**1,109.3**	1,050.7	59.4	1,110.1
Property development and construction revenue	**43.9**	**12.6**	**56.5**	54.3	17.1	71.4
Property management income	**25.9**	**2.8**	**28.7**	23.7	1.9	25.6
Total revenue	**1,118.6**	**75.9**	**1,194.5**	1,128.7	78.4	1,207.1

(i) Includes recoveries of outgoings from lessees of $133.4 million (30 June 2020: $130.8 million).

(iii) Geographic information - Net property income

	Australia $million	New Zealand $million	30 Jun 21 $million	Australia $million	New Zealand $million	30 Jun 20 $million
Shopping centre base rent and other property income	**1,075.5**	**61.1**	**1,136.6**	1,080.0	59.9	1,139.9
Amortisation of tenant allowances	**(29.6)**	**(1.6)**	**(31.2)**	(34.6)	(1.4)	(36.0)
Straightlining of rent	**2.9**	**1.0**	**3.9**	5.3	0.9	6.2
Property revenue	**1,048.8**	**60.5**	**1,109.3**	1,050.7	59.4	1,110.1
Property expenses, outgoings and other costs	**(242.5)**	**(16.4)**	**(258.9)**	(235.1)	(14.3)	(249.4)
Expected credit charge relating to COVID-19	**(45.5)**	**1.0**	**(44.5)**	(218.3)	(13.8)	(232.1)
Net property income	**760.8**	**45.1**	**805.9**	597.3	31.3	628.6

(iv) Geographic information - Non current assets

	Australia $million	New Zealand $million	30 Jun 21 $million	Australia $million	New Zealand $million	31 Dec 20 $million
Non current assets	**32,806.0**	**1,430.9**	**34,236.9**	32,658.3	1,440.8	34,099.1
Group non current assets			**799.3**			909.3
Total non current assets			**35,036.2**			35,008.4
Additions to segment non current assets during the period [(ii)]			**123.4**			260.1

(ii) Additions are net of amortisation of tenant allowances of $31.2 million (31 December 2020: $68.6 million).

2 Segment reporting (continued)

(v) Reconciliation of segment information

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

	Consolidated	**Equity Accounted**	**30 Jun 21**	Consolidated	Equity Accounted	30 Jun 20
	$million	**$million**	**$million**	$million	$million	$million
Revenue						
Property revenue	**996.2**	**113.1**	**1,109.3**	997.1	113.0	1,110.1
Property development and construction revenue	**56.5**	**-**	**56.5**	71.4	-	71.4
Property management income	**28.7**	**-**	**28.7**	25.6	-	25.6
	1,081.4	**113.1**	**1,194.5**	1,094.1	113.0	1,207.1
Expenses						
Property expenses, outgoings and other costs	**(229.3)**	**(29.6)**	**(258.9)**	(221.8)	(27.6)	(249.4)
Expected credit charge relating to COVID-19	**(41.1)**	**(3.4)**	**(44.5)**	(208.6)	(23.5)	(232.1)
Property development and construction costs	**(51.9)**	**-**	**(51.9)**	(69.8)	-	(69.8)
Property management costs	**(5.6)**	**-**	**(5.6)**	(4.7)	-	(4.7)
	(327.9)	**(33.0)**	**(360.9)**	(504.9)	(51.1)	(556.0)
Segment income and expenses	**753.5**	**80.1**	**833.6**	589.2	61.9	651.1
Overheads			**(40.4)**			(41.9)
Interest income			**3.5**			1.9
Currency gain/(loss)			**(14.4)**			10.6
Financing costs						
– Net fair value movement and modification gain/(loss)			**(53.2)**			68.7
– Other financial liabilities and lease liabilities			**(17.7)**			(15.1)
– Senior borrowings			**(226.1)**			(257.2)
– Subordinated notes coupon			**(98.5)**			-
– Interest capitalised			**9.9**			8.4
			(385.6)			(195.2)
Property revaluations			**41.0**			(4,079.3)
Tax expense - current			**(23.6)**			(12.1)
Tax benefit/(expense) - deferred			**(2.9)**			7.5
External non controlling interests			**(10.8)**			44.1
Net profit/(loss) attributable to members of the Group [(i)]			**400.4**			(3,613.3)

(i) Net profit attributable to members of the Group was $400.4 million (30 June 2020: loss of $3,613.3 million). Net profit after tax for the period which includes profit attributable to external non controlling interests of $10.8 million (30 June 2020: loss of $44.1 million) was $411.2 million (30 June 2020: loss of $3,657.4 million).

2 Segment reporting (continued)

(v) Reconciliation of segment information (continued)

	Consolidated $million	Equity Accounted $million	30 Jun 21 $million	Consolidated $million	Equity Accounted $million	31 Dec 20 $million
Shopping centre investments	**30,818.1**	**2,820.2**	**33,638.3**	30,729.6	2,829.2	33,558.8
Development projects and construction in progress	**563.2**	**71.0**	**634.2**	484.4	70.0	554.4
Segment assets	**31,381.3**	**2,891.2**	**34,272.5**	31,214.0	2,899.2	34,113.2
Cash and cash equivalents	**406.8**	**27.0**	**433.8**	378.1	26.7	404.8
Short term deposits at bank	**805.9**	**-**	**805.9**	2,222.8	-	2,222.8
Trade debtors and receivables						
– Trade debtors	**352.7**	**31.6**	**384.3**	433.6	41.9	475.5
– Receivables	**61.7**	**2.3**	**64.0**	57.7	1.6	59.3
Expected credit loss allowance						
– Trade debtors	**(240.0)**	**(23.5)**	**(263.5)**	(255.6)	(26.8)	(282.4)
– Receivables	**(12.6)**	**(0.6)**	**(13.2)**	(9.6)	-	(9.6)
Deferred tax assets	**25.3**	**0.9**	**26.2**	38.8	1.5	40.3
Receivables on currency derivatives hedging						
– NZ$ net assets	**0.1**	**-**	**0.1**	7.5	-	7.5
– Senior borrowings	**329.2**	**-**	**329.2**	297.8	-	297.8
Other assets	**770.7**	**0.2**	**770.9**	888.6	0.4	889.0
Total assets	**33,881.1**	**2,929.1**	**36,810.2**	35,273.7	2,944.5	38,218.2
Interest bearing liabilities						
– Senior borrowings	**10,638.2**	**-**	**10,638.2**	11,781.2	-	11,781.2
– Subordinated notes [(i)]	**3,988.3**	**-**	**3,988.3**	3,894.6	-	3,894.6
Lease liabilities	**125.5**	**0.3**	**125.8**	131.5	0.4	131.9
Other financial liabilities	**613.6**	**-**	**613.6**	612.7	-	612.7
Deferred tax liabilities	**87.1**	**82.5**	**169.6**	89.4	80.9	170.3
Payables on currency derivatives hedging						
– NZ$ net assets	**3.6**	**-**	**3.6**	5.9	-	5.9
– Senior borrowings	**325.0**	**-**	**325.0**	399.6	-	399.6
– Subordinated notes [(i)]	**121.3**	**-**	**121.3**	215.0	-	215.0
Other liabilities	**1,712.8**	**81.2**	**1,794.0**	1,939.8	84.2	2,024.0
Total liabilities	**17,615.4**	**164.0**	**17,779.4**	19,069.7	165.5	19,235.2
Net assets	**16,265.7**	**2,765.1**	**19,030.8**	16,204.0	2,779.0	18,983.0

[(i)] The hedged value of the US$ subordinated 60-year notes was $4,109.6 million (31 December 2020: $4,109.6 million) comprising notes of $3,988.3 million (31 December 2020: $3,894.6 million) translated at the half-year end rate of 0.7522 (31 December 2020: 0.7703) and the net fair value payable on currency derivatives of $121.3 million (31 December 2020: $215.0 million).

3 Trade debtors and receivables

	30 Jun 21 $million	31 Dec 20 $million
Current		
Trade debtors	**110.8**	170.4
Receivables	**49.1**	48.1
	159.9	218.5
Non current		
Trade debtors	**1.9**	7.6
	1.9	7.6
Total trade debtors and receivables	**161.8**	226.1

3 Trade debtors and receivables (continued)

	30 Jun 21 $million	31 Dec 20 $million
(a) Trade debtors and receivables comprise:		
Trade debtors	**352.7**	433.6
Receivables	**61.7**	57.7
	414.4	491.3
Expected credit loss allowance	**(252.6)**	(265.2)
Total trade debtors and receivables	**161.8**	226.1
(b) Movement in expected credit loss allowance		
Balance at the beginning of the period	**(265.2)**	(23.0)
Expected credit charge relating to COVID-19	**(41.1)**	(272.0)
Amounts written-off relating to COVID-19	**56.8**	15.7
Other decreases/(increases) in expected credit loss	**(3.1)**	14.1
Balance at the end of the period	**(252.6)**	(265.2)

Impact of the COVID-19 pandemic

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

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

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

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

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

3 Trade debtors and receivables (continued)

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

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

At 30 June 2021, approximately 83% of trade debtors are aged greater than 90 days and the expected credit loss allowance is 68% of trade debtors. An increase or decrease of 5% in the expected credit loss rate (after adjusting for GST and bank guarantees) would result in an increase or decrease in expected credit loss allowance of $13.7 million respectively. At 31 December 2020, approximately 80% of trade debtors are aged greater than 90 days and the expected credit loss allowance is 59% of trade debtors. An increase or decrease of 5% in the expected credit loss rate (after adjusting for GST and bank guarantees) would result in an increase or decrease in expected credit loss allowance of $15.0 million respectively.

4 Investment properties

	30 Jun 21 $million	31 Dec 20 $million
Shopping centre investments	**30,818.1**	30,729.6
Development projects and construction in progress	**563.2**	484.4
Total investment properties (i)	**31,381.3**	31,214.0

(i) The fair value of investment properties at the end of the period of $31,381.3 million (31 December 2020: $31,214.0 million) comprises investment properties at market value of $31,336.6 million (31 December 2020: $31,169.0 million) and ground lease assets of $44.7 million (31 December 2020: $45.0 million).

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

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

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

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

5 Details of shopping centre investments

	30 Jun 21 $million	31 Dec 20 $million
Consolidated Australian shopping centres	**30,818.1**	30,729.6
Total consolidated shopping centres	**30,818.1**	30,729.6
Equity accounted Australian shopping centres	**1,364.0**	1,366.5
Equity accounted New Zealand shopping centres	**1,456.2**	1,462.7
Total equity accounted shopping centres	**2,820.2**	2,829.2
	33,638.3	33,558.8

5 Details of shopping centre investments (continued)

Impact of the COVID-19 pandemic

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

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

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

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

	30 Jun 21	31 Dec 20
Australian portfolio [(i)]		
Total Annual Sales > $1 billion		
Retail capitalisation rate	**4.25%-4.50%**	4.25%-4.50%
Weighted average retail capitalisation rate	**4.36%**	4.37%
Retail discount rate	**5.75%-6.25%**	6.00%-6.25%
Total Annual Sales > $500 million < $1 billion		
Retail capitalisation rate	**4.50%-5.75%**	4.50%-5.75%
Weighted average retail capitalisation rate	**4.92%**	4.92%
Retail discount rate	**6.00%-7.00%**	6.00%-7.00%
Total Annual Sales < $500 million		
Retail capitalisation rate	**4.75%-6.25%**	4.75%-6.25%
Weighted average retail capitalisation rate	**5.60%**	5.61%
Retail discount rate	**6.25%-7.50%**	6.25%-7.50%
New Zealand portfolio		
Retail capitalisation rate	**5.50%-6.75%**	5.50%-6.75%
Weighted average retail capitalisation rate	**6.09%**	6.14%
Retail discount rate	**7.00%-8.50%**	7.00%-8.50%

[(i)] Australian portfolio classification based on 31 December 2019 total annual sales.

Changes to key inputs would result in changes to the fair value of investment properties. An increase in capitalisation rate and/or discount rate would result in lower fair value, while a decrease in capitalisation rate and/or discount rate will result in higher fair value (with all other factors held constant). The discount rates adopted at 30 June 2021 have broadly remained unchanged from 31 December 2020, whilst weighted average capitalisation rates of 4.89% at 30 June 2021 are unchanged from 31 December 2020. The capitalisation rate sensitivity analysis is detailed below.

		30 Jun 21 $million	31 Dec 20 $million
The sensitivity of shopping centre valuations to changes in capitalisation rates is as follows:	Capitalisation rate movement	Increase/(decrease) in fair value	
	-50 bps	**3,831.2**	3,822.2
	-25 bps	**1,812.4**	1,808.1
	+25 bps	**(1,636.1)**	(1,632.2)
	+50 bps	**(3,120.4)**	(3,113.1)

6 Details of equity accounted investments

	30 Jun 21 $million	30 Jun 20 $million
(a) Share of equity accounted entities' net profit/(loss) and comprehensive income/(loss)		
Share of after tax profit/(loss) of equity accounted entities	**58.4**	(364.2)
Other comprehensive loss [i]	**(2.7)**	(11.0)
Share of total comprehensive income/(loss) of equity accounted entities	**55.7**	(375.2)

[i] Relates to the net exchange difference on translation of equity accounted foreign operations.

(b) Share of equity accounted entities' assets and liabilities

The Group's equity accounted investments of $2,765.1 million (31 December 2020: $2,779.0 million) comprise investments in joint ventures in Australia and New Zealand represented by equity of $1,747.4 million (31 December 2020: $1,754.2 million) and interest bearing loans of $1,017.7 million (31 December 2020: $1,024.8 million). Inter-entity interest charges on the loans amounted to $9.6 million (30 June 2020: $11.9 million).

(c) Equity accounted entities economic interest

Name of investments	Type of equity	Balance date	Economic interest 30 Jun 21	Economic interest 31 Dec 20
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 have 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.

7 Taxation

	30 Jun 21 $million	30 Jun 20 $million
Current tax expense - underlying operations	**(17.8)**	(10.2)
Deferred tax benefit/(expense)	**(0.1)**	9.7
	(17.9)	(0.5)

8 Significant items

	Note	30 Jun 21 $million	30 Jun 20 $million
The following significant items are relevant in explaining the financial performance of the business:			
Property revaluations	2(v)	**41.0**	(4,079.3)
Net fair value gain/(loss) and associated credit risk on currency derivatives that do not qualify for hedge accounting	2(v)	**(14.4)**	10.6
Net fair value gain/(loss) on interest rate hedges that do not qualify for hedge accounting	12	**(50.3)**	11.7
Net fair value gain/(loss) on other financial liabilities	12	**(0.9)**	69.8
Net modification loss on refinanced borrowing facilities	12	**(2.0)**	(12.8)
Deferred tax benefit/(expense)	2(v)	**(2.9)**	7.5
Expected credit charge relating to COVID-19	2(v)	**(44.5)**	(232.1)

9 Dividends/distributions

	30 Jun 21 $million	30 Jun 20 $million
(a) Interim dividends/distributions for the period		
Dividend/distribution in respect of the 6 months to 30 June 2021		
Parent Company: nil (30 June 2020: nil)	**-**	-
SGT1: 3.50 cents per unit (30 June 2020: nil)	**181.5**	-
SGT2: 3.50 cents per unit (30 June 2020: nil)	**181.5**	-
SGT3: nil (30 June 2020: nil)	**-**	-
Scentre Group: 7.00 cents per stapled security (30 June 2020: nil) [(i)]	**362.9**	-

[(i)] Total does not add due to rounding.

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

	30 Jun 21 $million	30 Jun 20 $million
(b) Dividends/distributions paid		
Dividend/distribution in respect of the 6 months to 31 December 2020		
Parent Company: nil (31 December 2019: nil)	**-**	-
SGT1: 4.43 cents per unit (31 December 2019: 6.85 cents per unit)	**229.7**	358.3
SGT2: 2.57 cents per unit (31 December 2019: 4.45 cents per unit)	**133.2**	232.7
SGT3: nil (31 December 2019: nil)	**-**	-
Scentre Group: 7.00 cents per stapled security (31 December 2019: 11.30 cents)	**362.9**	591.0

10 Net tangible asset backing

	30 Jun 21 $	31 Dec 20 $
Net tangible asset backing per security	**3.64**	3.63

Net tangible asset backing per security is calculated by dividing net assets (including the right-of-use asset) attributable to members of the Group of $18,857.0 million (31 December 2020: $18,817.0 million) by the number of securities on issue at 30 June 2021 of 5,184,177,688 (31 December 2020: 5,184,177,688).

11 Statutory earnings/(loss) per security

	30 Jun 21 cents	30 Jun 20 cents
(a) Summary of earnings/(loss) per security attributable to members of Scentre Group		
Basic earnings/(loss) per stapled security	**7.72**	(69.54)
Diluted earnings/(loss) per stapled security	**7.70**	(69.54)

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

	30 Jun 21 $million	30 Jun 20 $million
Earnings/(loss) used in calculating basic earnings/(loss) per stapled security (i) (ii)	**400.4**	(3,613.3)
Adjustment to earnings/(loss) on employee performance rights which are considered dilutive	**-**	-
Earnings/(loss) used in calculating diluted earnings/(loss) per stapled security	**400.4**	(3,613.3)

(i) Refer to the income statement for details of the profit/(loss) after tax attributable to members of the Group.
(ii) Comprises net profit attributable to SGL of $38.6 million (30 June 2020: $0.9 million) and net profit attributable to members of SGT1, SGT2 and SGT3 of $361.8 million (30 June 2020: loss of $3,614.2 million).

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

	30 Jun 21 Number of securities	30 Jun 20 Number of securities
Weighted average number of ordinary securities used in calculating basic earnings/(loss) per stapled security	**5,184,177,688**	5,195,992,463
Weighted average number of potential employee performance rights which, if securities were issued, would be dilutive (i) (ii)	**18,843,141**	-
Adjusted weighted average number of ordinary securities used in calculating diluted earnings/(loss) per stapled security	**5,203,020,829**	5,195,992,463

(i) As at 30 June 2021, 18,674,772 (30 June 2020: 10,867,360) actual employee performance rights are outstanding.
(ii) As at 30 June 2020, the number of employee performance rights that could potentially dilute basic earnings per stapled security in the future, but were not included in the calculation of diluted loss per stapled security because they were antidilutive was 10,867,360.

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

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

12 Financing costs

	30 Jun 21 $million	30 Jun 20 $million
Gross financing costs on senior borrowings (excluding net fair value gain/(loss) on interest rate hedges that do not qualify for hedge accounting)	**(226.1)**	(257.2)
Financing costs capitalised to qualifying development projects and construction in progress	**9.9**	8.4
Interest expense on other financial liabilities	**(14.8)**	(12.0)
Lease liabilities interest expense	**(2.9)**	(3.1)
	(233.9)	(263.9)
Net fair value gain/(loss) on interest rate hedges that do not qualify for hedge accounting	**(50.3)**	11.7
Net fair value gain/(loss) on other financial liabilities	**(0.9)**	69.8
Net modification loss on refinanced borrowing facilities	**(2.0)**	(12.8)
Total financing costs (excluding coupon on subordinated notes)	**(287.1)**	(195.2)
Subordinated notes coupon	**(98.5)**	-
Total financing costs	**(385.6)**	(195.2)

13 Interest bearing liabilities

	30 Jun 21 $million	31 Dec 20 $million
Current		
Unsecured		
Commercial paper and uncommitted facilities		
– A$ denominated	**235.4**	443.5
Notes payable		
– £ denominated	**735.6**	-
– US$ denominated	**-**	649.1
– A$ denominated	**-**	400.0
	971.0	1,492.6
Non current		
Unsecured		
Bank loans		
– A$ denominated	**310.0**	310.0
Notes payable		
– € denominated	**4,131.2**	4,168.5
– US$ denominated	**4,121.2**	4,024.4
– £ denominated	**735.6**	1,414.9
– A$ denominated	**30.2**	30.3
– HK$ denominated	**68.5**	67.0
Secured		
Bank loans and mortgages		
– A$ denominated	**270.5**	273.5
	9,667.2	10,288.6
Total senior borrowings	**10,638.2**	11,781.2
Less: cash and short term deposits at bank	**(1,212.7)**	(2,600.9)
Total senior borrowings net of cash and short term deposits at bank	**9,425.5**	9,180.3
Non current		
Unsecured		
Subordinated notes		
– US$ denominated	**3,988.3**	3,894.6
Total subordinated notes	**3,988.3**	3,894.6
Interest bearing liabilities		
– Senior borrowings	**10,638.2**	11,781.2
– Subordinated notes	**3,988.3**	3,894.6
Total interest bearing liabilities	**14,626.5**	15,675.8

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.

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 and sundry property. The recorded fair value of Westfield Carindale and sundry property is $750.1 million (31 December 2020: $735.3 million) compared to borrowings of $270.5 million (31 December 2020: $273.5 million).

13 Interest bearing liabilities (continued)

	30 Jun 21 $million	31 Dec 20 $million
(a) Summary of financing facilities		
Committed financing facilities available to the Group:		
Financing facilities	**19,160.6**	19,998.8
Senior borrowings	**(10,638.2)**	(11,781.2)
Subordinated notes	**(3,988.3)**	(3,894.6)
Bank guarantees	**(50.6)**	(39.0)
Available financing facilities	**4,483.5**	4,284.0
Cash and short term deposits at bank	**1,212.7**	2,600.9
Financing resources available	**5,696.2**	6,884.9

These facilities comprise fixed 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 $613.6 million (31 December 2020: $612.7 million). Amounts which are denominated in foreign currencies are translated at exchange rates ruling at balance date.

	Maturity Date	**Committed financing facilities 30 Jun 21 $million**	**Interest bearing liabilities 30 Jun 21 $million**	Committed financing facilities 31 Dec 20 $million	Interest bearing liabilities 31 Dec 20 $million
(b) Financing facilities and interest bearing liabilities, comprise:					
Unsecured senior notes payable					
– US$ (i)	Feb 25 to May 30	**4,121.2**	**4,121.2**	4,673.5	4,673.5
– € (i)	Mar 23 to Mar 29	**4,131.2**	**4,131.2**	4,168.5	4,168.5
– £ (i)	Apr 22 to Jul 26	**1,471.2**	**1,471.2**	1,414.9	1,414.9
– HK$ (i)	Apr 30	**68.5**	**68.5**	67.0	67.0
– A$	Jul 22	**30.2**	**30.2**	430.3	430.3
Total unsecured notes payable		**9,822.3**	**9,822.3**	10,754.2	10,754.2
Unsecured bank loan facilities	Jan 22 to Sep 25	**5,050.0**	**310.0**	5,050.0	310.0
Unsecured commercial paper and uncommitted facilities (ii)		**-**	**235.4**	-	443.5
Secured bank loans and mortgages	Feb 23	**300.0**	**270.5**	300.0	273.5
		15,172.3	**10,638.2**	16,104.2	11,781.2
Unsecured subordinated notes - US$ (iii)	Sep 80	**3,988.3**	**3,988.3**	3,894.6	3,894.6
Total financing facilities and interest bearing liabilities		**19,160.6**	**14,626.5**	19,998.8	15,675.8

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

(ii) Drawings on the Group's commercial paper program and uncommitted facilities 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.

(iii) The US$ subordinated notes comprise US$1.5 billion with a non-call period of 6 years and US$1.5 billion with a non-call period of 10 years. The notes may be redeemed by the Group at par at the end of their respective non-call periods or any coupon date thereafter. The unsecured subordinated notes are economically hedged up to the end of their respective non-call periods using cross currency swaps with the same principal values to convert into A$ payables.

13 Interest bearing liabilities (continued)

	Maturity Date	**30 Jun 21 Local currency million**	31 Dec 20 Local currency million
(c) Maturity of unsecured senior notes payable and subordinated notes			
Senior notes payable			
	28 Apr 21	**-**	US$500.0
	8 Sep 21	**-**	A$400.0
	8 Apr 22	**£400.0**	£400.0
	4 Jul 22	**A$30.2**	A$30.3
	22 Mar 23	**€500.0**	€500.0
	11 Sep 23	**€510.5**	€512.8
	16 Jul 24	**€600.0**	€600.0
	12 Feb 25	**US$600.0**	US$600.0
	28 Oct 25	**US$500.0**	US$500.0
	28 Jan 26	**US$750.0**	US$750.0
	16 Jul 26	**£400.0**	£400.0
	23 Mar 27	**US$500.0**	US$500.0
	11 Apr 28	**€500.0**	€500.0
	28 Mar 29	**€500.0**	€500.0
	29 Apr 30	**HK$400.0**	HK$400.0
	28 May 30	**US$750.0**	US$750.0
Total A$ equivalent of unsecured senior notes payable		**9,822.3**	10,754.2
Subordinated notes	24 Sep 80	**US$3,000.0**	US$3,000.0
Total A$ equivalent of unsecured senior notes payable and subordinated notes		**13,810.6**	14,648.8

14 Contributed equity

	30 Jun 21 Number of securities	31 Dec 20 Number of securities
(a) Number of securities on issue		
Balance at the beginning of the period	**5,184,177,688**	5,229,975,362
Decrease in number of securities [(i)]	**-**	(45,797,674)
Balance at the end of the period [(ii)]	**5,184,177,688**	5,184,177,688

(i) In 2020, the decrease in number of securities comprises the buy-back and cancellation of 48,379,593 securities offset by 2,581,919 securities transferred to executives and which were previously held by the Scentre Executive Option Plan Trust.

(ii) The number of securities on issue as at 30 June 2021 was 5,190,378,339 (31 December 2020: 5,190,378,339). The Scentre Executive Option Plan Trust holds 6,200,651 (31 December 2020: 6,200,651) securities in the Group, which have been consolidated and eliminated in accordance with accounting standards.

Holders of Scentre Group 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 Corporations 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).

14 Contributed equity (continued)

	30 Jun 21 $million	31 Dec 20 $million
(b) Amount of contributed equity attributable to members of Scentre Group		
Balance at the beginning of the period	**9,990.8**	10,164.0
Decrease in contributed equity (i)	**-**	(173.2)
Balance at the end of the period (ii)	**9,990.8**	9,990.8

(i) In 2020, the decrease in contributed equity comprises the buy-back and cancellation of securities and associated costs of $174.9 million offset by the impact of securities transferred to executives and which were previously held by the Scentre Executive Option Plan Trust of $1.7 million.

(ii) Comprises contributed equity attributable to SGL of $661.0 million (31 December 2020: $661.0 million) and contributed equity attributable to members of SGT1, SGT2 and SGT3 of $9,329.8 million (31 December 2020: $9,329.8 million).

15 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	**30 Jun 21 $million**	31 Dec 20 $million	**30 Jun 21 $million**	31 Dec 20 $million
Consolidated assets					
Cash and cash equivalents		**406.8**	378.1	**406.8**	378.1
Short term deposits at bank		**805.9**	2,222.8	**805.9**	2,222.8
Trade debtors and receivables (i)		**161.8**	226.1	**161.8**	226.1
Interest receivable (i)		**176.0**	167.4	**176.0**	167.4
Derivative assets (ii)	Level 2	**643.0**	731.8	**643.0**	731.8
Consolidated liabilities					
Trade and other payables (i)		**687.5**	778.2	**687.5**	778.2
Interest payable (i)		**284.1**	293.7	**284.1**	293.7
Interest bearing liabilities (ii)					
– Fixed rate debt	Level 2	**10,609.7**	11,572.6	**9,822.3**	10,754.2
– Fixed rate subordinated notes	Level 2	**4,257.9**	4,089.3	**3,988.3**	3,894.6
– Floating rate debt	Level 2	**815.9**	1,027.2	**815.9**	1,027.0
Other financial liabilities (ii)	Level 3	**613.6**	612.7	**613.6**	612.7
Derivative liabilities (ii)	Level 2	**1,191.1**	1,470.6	**1,191.1**	1,470.6

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

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

Determination of fair value

The 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 available market data and if the market for a financial instrument changes then the valuation technique applied will change accordingly.

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

15 Fair value of financial assets and liabilities (continued)

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

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

Investment properties are considered Level 3.

16 Capital expenditure commitments

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

	30 Jun 21 $million	31 Dec 20 $million
Estimated capital expenditure committed at balance date but not provided for in relation to development projects:		
Due within one year	**72.5**	96.3
Due between one and five years	**442.9**	452.7
	515.4	549.0

17 Contingent liabilities

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

	30 Jun 21 $million	31 Dec 20 $million
Performance guarantees	**98.8**	79.5

Entities of Scentre Group have provided guarantees in respect of certain Westfield Corporation Limited 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. On 7 June 2018, Unibail-Rodamco-Westfield acquired the entities of Westfield Corporation, including Westfield Corporation Limited.

The Group's obligation in respect of performance guarantees may be called on at any time dependent 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.

18 Events after the reporting period

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

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

SCENTRE GROUP
DIRECTORS' DECLARATION

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; and

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

   (i) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and

   (ii) giving a true and fair view of the financial position as at 30 June 2021 and the performance of the consolidated entity for the half-year ended on that date in accordance with section 305 of the Corporations Act 2001.

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

Brian Schwartz AM
Chairman

Michael Ihlein
Director

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

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

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

Report on the Half-Year Financial Report

Conclusion

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

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

a. giving a true and fair view of the consolidated financial position of the Group as at 30 June 2021 and of its consolidated financial performance for the half-year ended on that date; and

b. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter - Significant Valuation Uncertainty - Investment Property

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

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

Ernst & Young

Ernst & Young

Megan Wilson

Megan Wilson
Partner
Sydney
24 August 2021

SCENTRE GROUP
DIRECTORS' REPORT

The Directors of Scentre Group Limited (**Parent Company**) submit the following report for the half-year ended 30 June 2021 (**Financial Period**).

Scentre Group (**Group**) is a stapled entity which comprises the Parent Company, Scentre Group Trust 1, Scentre Group Trust 2, Scentre Group Trust 3 and their respective controlled entities. Scentre Group operates as a single coordinated economic entity, with a common Board of Directors and management team.

1. Directors

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

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

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

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

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

2. Our Purpose, Our Plan, Our Ambition

Our Purpose
creating extraordinary places, connecting and enriching communities

Our Plan
we will create the places more people choose to come, more often, for longer

Our Ambition
is to grow the business by becoming essential to people, their communities and businesses that interact with them

We are a responsible sustainable business

Community

People

Environment

Economic Performance

3. Review and results of operations

3.1 Operating environment

Scentre Group owns and operates 42 Westfield Living Centres across Australia and New Zealand encompassing more than 12,000 outlets.

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

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

During the Financial Period, the Group remained focused on our customer strategy and continued to make significant progress on our customer experience initiatives. This includes our membership program Westfield Plus which now has more than 1.9 million members, increasing by 1.4 million since June 2020.

During 2020, the Group successfully piloted an aggregated ‘click and collect’ service to facilitate our business partners connecting with customers during periods of government restrictions. The learnings from this formed the basis of an aggregated ‘click and collect’ platform due for launch in the second half of 2021. This will extend the Westfield in-centre experience and enable customers to have greater accessibility to our business partners, wherever they are, across multi-channels.

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

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

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

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

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

3.2 Investors

Financial performance

For the Financial Period, Operating Profit was $460.1 million (8.88 cents per security) with Funds From Operations (“FFO”) of $463.4 million (8.94 cents per security). Statutory profit for the Financial Period was $400.4 million. A distribution of 7.00 cents per security for the Financial Period will be paid on 31 August 2021.

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

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

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

3. Review and results of operations (continued)

3.2 Investors (continued)

FFO and distribution for the period [(i) (ii)]	30 Jun 21 $million	30 Jun 20 $million
Property revenue [(iii)]	**1,136.6**	1,139.9
Property expenses	**(258.9)**	(249.4)
Expected credit charge relating to COVID-19	**(44.5)**	(232.1)
Net operating income	**833.2**	658.4
Management income [(iv)]	**23.1**	20.9
Income	**856.3**	679.3
Overheads	**(40.4)**	(41.9)
EBIT	**815.9**	637.4
Net interest (excluding subordinated notes coupon) [(v)]	**(215.6)**	(250.0)
Tax	**(22.3)**	(11.6)
Minority interest [(vi)]	**(19.4)**	(15.0)
Subordinated notes coupon	**(98.5)**	-
Operating profit	**460.1**	360.8
Project income [(vii)]	**4.6**	1.6
Tax on project income	**(1.3)**	(0.5)
Project income after tax	**3.3**	1.1
FFO	**463.4**	361.9
Retained earnings	**(100.5)**	(361.9)
Distribution	**362.9**	-

(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) The Group's measure of FFO is based upon the National Association of Real Estate Investment Trusts' (NAREIT, a US industry body) 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 and excludes straightlining of rent. FFO is a non-statutory reporting measure and the table in section 3.2 of this report was not reviewed by the auditor.

In calculating the Group's FFO, adjustments to profit/(loss) after tax are presented below.

	Note in Financial Statements	30 Jun 21 $million	30 Jun 20 $million
Profit/(loss) after tax attributable to members of Scentre Group		**400.4**	(3,613.3)
Adjusted for:			
- Property revaluations	2(v)	**(41.0)**	4,079.3
- Amortisation of tenant allowances	2(iii)	**31.2**	36.0
- Straightlining of rent	2(iii)	**(3.9)**	(6.2)
- Net fair value loss/(gain) and associated credit risk on currency derivatives that do not qualify for hedge accounting	2(v)	**14.4**	(10.6)
- Net fair value loss/(gain) on interest rate hedges that do not qualify for hedge accounting	12	**50.3**	(11.7)
- Net modification loss on refinanced borrowing facilities	12	**2.0**	12.8
- Net fair value loss/(gain) on other financial liabilities	12	**0.9**	(69.8)
- Deferred tax expense/(benefit)	2(v)	**2.9**	(7.5)
- FFO adjustments attributable to external non controlling interests		**6.2**	(47.1)
FFO		**463.4**	361.9

(iii) Property revenue of $1,109.3 million (Note 2(iii)) plus amortisation of tenant allowances of $31.2 million (Note 2(iii)) less straightlining of rent of $3.9 million (Note 2(iii)).

(iv) Property management income of $28.7 million (Note 2(v)) less property management costs of $5.6 million (Note 2(v)).

(v) Financing costs of $385.6 million (Note 2(v)), offset by interest income of $3.5 million (Note 2(v)), less coupon on subordinated notes of $98.5 million (Note 12), interest expense on other financial liabilities of $14.8 million (Note 12), net fair value loss on other financial liabilities of $0.9 million (Note 12), net fair value loss on interest rate hedges that do not qualify for hedge accounting of $50.3 million (Note 12) and net modification loss on refinanced borrowing facilities of $2.0 million (Note 12).

(vi) Profit after tax attributable to external non controlling interests of $10.8 million (Note 2(v)) less non-FFO items of $6.2 million plus interest expense on other financial liabilities of $14.8 million (Note 12).

(vii) Property development and construction revenue of $56.5 million (Note 2(v)) less property development and construction costs of $51.9 million (Note 2(v)).

3. Review and results of operations (continued)

3.2 Investors (continued)

Liquidity and capital management

The Group has available liquidity of $5.7 billion, sufficient to cover all debt maturities to early 2024. During the Financial Period, the Group repaid $1.2 billion of debt.

Interest cover for the period was 3.3 times and balance sheet gearing at 30 June 2021 was 27.9%.

The Group maintains “A” grade credit ratings by S&P, Fitch and Moody’s.

Development activities

Work continues on behalf of Cbus for the construction of the residential and office tower at 101 Castlereagh Street, Sydney. Completion is expected in 2023.

The $55 million entertainment, leisure and dining precinct development at Westfield Mt Druitt is progressing well and expected to open in Q1 2022.

3.3 Outlook

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

4. Responsible business

Our Responsible Business Framework has four pillars: Our Community; Our People; Our Environmental Impact; and Our Economic Performance.

During the Financial Period, we released our Responsible Business Report. We also released our first Modern Slavery Statement. Both documents can be accessed at www.scentregroup.com.

4.1 Our Community

During the Financial Period, all 42 Westfield Living Centres remained opened operating with COVID-Safe protocols.

We continue to support our communities through our Westfield Local Heroes program, with $4.88 million of donations to the program since its inception in 2018, directly benefitting more than 489 community organisations.

We continue to put the customer first including through our customer listening tools (CX Loop and Westfield IQ) and community consultation to test concepts as part of the reimagining of Westfield Knox.

4.2 Our People

The Group has:

- been recognised as an Employer of Choice for Gender Equality by Workplace Gender Equality Agency (WGEA) for the fourth consecutive year
- achieved our LGBTI + Australian Workplace Equality Index (AWEI) status as a “gold” employer, one of 20 in Australia, recognising the work our people continue to do to achieve best practice
- continued to focus on attracting and retaining diverse and high performing talent with a candidate Net Promoter Score > 80% and 100% retention of key talent
- continued to invest in its culture and leadership capabilities by piloting a series of new leadership and talent programs.

4.3 Our Environmental Impact

The Group has committed to achieving net zero Scope 1 and 2 emissions by 2030 across our wholly-owned portfolio. The Group has developed a pathway and transition plan to achieve at least 50% of this target by 2025. The Group's New Zealand portfolio will be powered by 100% renewable electricity from January 2022.

The Group achieved A- in the leadership band of the CDP investor survey and Global Sector Leader for development in the GRESB survey.

4. Responsible business (continued)

4.4 Our Economic Performance

Our economic performance is outlined in the Review and results of operations.

During the Financial Period, the Group continued to provide cash flow support to SME businesses impacted by COVID-19 lockdowns.

The Group is also a signatory to the Australian Supplier Payment Code, paying all suppliers within 30 days of receiving a correct invoice. The Group's first report under the Payment Times Reporting Scheme will be lodged by 30 September 2021.

The Group also continued to improve its ESG credentials. The Group achieved a score of "leading" from ACSI for the quality of our ESG reporting. Our MSCI rating has improved to A and our Sustainalytics rating is in the top 1% globally.

5. Risk management

The Board sets the overall risk appetite for the Group and has approved strategies, policies and procedures to confirm that key risks are identified, assessed, monitored and managed. The Board is assisted in its oversight of risk by the Audit and Risk Committee (ARC). The Board and ARC are supported by the Scentre Group Executive Risk Management Committee, the senior leadership team and a dedicated Risk function, to promote understanding and management of risk. The Board and ARC are also provided independent assurance from Business Review and Audit (our internal auditors) and the Group's external auditors.

The Group's Enterprise Risk Management (ERM) Policy and ERM Framework integrate with day-to-day business processes.

The Group's risk management framework is based on a clear risk appetite set by the Board, risk governance programs, three lines of defence and clear ownership of risk at an operational level, where front-line business managers are responsible for the identification, measurement, control and mitigation of all material risks. Oversight and support is provided through Risk, Legal, Compliance and Finance functions.

A detailed discussion of risks is set out in the Group's 2020 Annual Financial Report.

6. Principal activities

The principal activities of the Group for the Financial Period were the ownership, development, design, construction, asset management, leasing and marketing activities with respect to its portfolio of 42 Westfield Living Centres across Australia and New Zealand.

There were no significant changes in the nature of those activities during the Financial Period.

7. Events after the reporting period

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

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

8. Rounding

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

9. Synchronisation of financial year

Carindale Property Trust is a consolidated entity of the Parent 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 Parent 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 Parent 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.

11. Auditor's independence declaration

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

EY
Building a better working world

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

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

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

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

a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b. no contraventions of any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Megan Wilson
Partner

24 August 2021

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

Brian Schwartz AM
Chairman

Michael Ihlein
Director

DIRECTORY

Scentre Group
Scentre Group Limited
ABN 66 001 671 496

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

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

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

Registered Office
Level 30
85 Castlereagh Street
Sydney NSW 2000

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

Secretaries
Maureen T McGrath
Paul F Giugni

Auditor
Ernst & Young
200 George Street
Sydney NSW 2000

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

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

Listing
Australian Securities Exchange – SCG

Website
www.scentregroup.com

Australian Capital Gains Tax Considerations

A Scentre Group stapled security comprises four separate assets for capital gains tax purposes. For capital gains tax purposes securityholders 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 21**	31 Dec 20
Scentre Group Limited	**5.25%**	5.09%
Scentre Group Trust 1	**36.81%**	36.82%
Scentre Group Trust 2	**57.84%**	58.00%
Scentre Group Trust 3	**0.10%**	0.09%

SCENTRE GROUP PROPERTY PORTFOLIO

As at 30 June 2021

	Carrying Amount 30 Jun 21 $million	Retail Capitalisation Rates 30 Jun 21 %	Carrying Amount 31 Dec 20 $million	Retail Capitalisation Rates 31 Dec 20 %
Total Annual Sales > $1 billion	**11,585.6**	**4.36%**	11,517.3	4.37%
Wholly-owned: Bondi Junction, Chermside, Fountain Gate and Sydney[(i)]				
Total Annual Sales > $500 million < $1 billion	**16,101.2**	**4.92%**	16,058.1	4.92%
Wholly-owned: Belconnen, Carousel, Chatswood, Garden City and Hornsby				
Jointly-owned (50%): Booragoon, Carindale[(ii)], Doncaster, Eastgardens, Hurstville, Knox, Liverpool, Marion, Miranda, North Lakes, Parramatta, Penrith, Southland, Tea Tree Plaza and Warringah Mall				
Total Annual Sales < $500 million	**4,495.3**	**5.60%**	4,520.7	5.61%
Wholly-owned: Kotara, Innaloo and Tuggerah				
Jointly-owned (50%): Airport West, Burwood, Coomera, Geelong, Helensvale, Mt Druitt, Plenty Valley, West Lakes, Whitford City and Woden				
Total Australian portfolio [(iv)]	**32,182.1**	**4.83%** [(iii)]	32,096.1	4.83% [(iii)]
New Zealand	**NZ$1,564.1**	**6.09%**	NZ$1,560.1	6.14%
Jointly-owned (51%): Albany, Manukau, Newmarket, Riccarton and St Lukes				
Total New Zealand portfolio	**NZ$1,564.1**	**6.10%** [(iii)]	NZ$1,560.1	6.15% [(iii)]
Exchange rate	1.0741		1.0666	
Total New Zealand portfolio in A$	**1,456.2**		1,462.7	
Total portfolio	**33,638.3**	**4.89%** [(iii)]	33,558.8	4.89% [(iii)]

Ownership interest shown above applies as at 30 June 2021 and 31 December 2020, unless otherwise stated.

(i) Sydney comprises Sydney Central Plaza and the Sydney City Retail Centre.

(ii) Carindale Property Trust (CDP) has a 50% interest in this shopping centre. As at 30 June 2021, the Group has a 62.58% interest in CDP (31 December 2020: 62.58%).

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

(iv) Australian portfolio classification based on 31 December 2019 total annual sales.