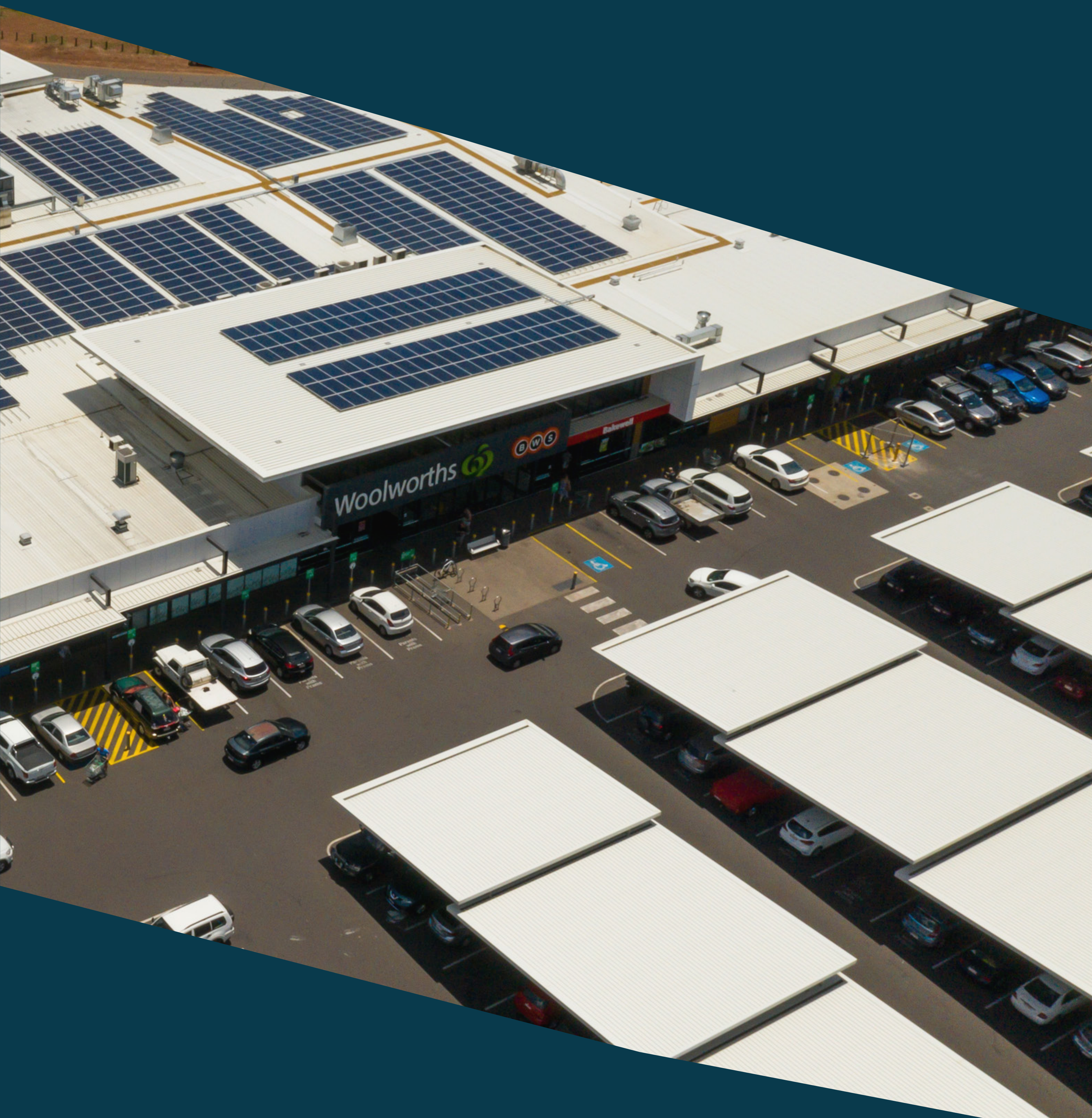
Annual Report
2020



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MEETING OF UNITHOLDERS

This year's AGM will be conducted as a Virtual AGM in accordance with COVID relief instruments, starting at 2pm (AEDT) on Wednesday, 25 November 2020.
For further information, visit www.scaproperty.com.au/agm/

CORPORATE CALENDAR

25 November 2020	Meeting of Unitholders
December 2020	Estimated interim distribution announcement and units trade ex-distribution
January 2021	Interim distribution payment
February 2021	Interim results announcement
June 2021	Estimated final distribution announcement and units trade ex-distribution
August 2021	Full-year results announcement
August 2021	Final distribution payment
August 2021	Annual tax statement

UNITHOLDER REGISTER DETAILS

You can view your holdings, access information and make changes by visiting

RESPONSIBLE ENTITY

Shopping Centres Australasia Property Group RE Limited ABN 47 158 809 851 AFSL 426603
Shopping Centres Australasia Property Group comprises Shopping Centres Australasia Property Management Trust (ARSN 160 612 626) and Shopping Centres Australasia Property Retail Trust (ARSN 160 612 788), together, SCA Property Group or SCP

Front Cover: Bakewell Shopping Centre, NT

OUR FY20 PERFORMANCE HIGHLIGHTS

(For period 1 July 2019 to 30 June 2020)

14.65¢
Cents per unit
Down by 10.3%
FUNDS FROM OPERATIONS (PER UNIT)

12.50¢
Cents per unit
Down by 15.0%
DISTRIBUTIONS TO UNITHOLDERS (PER UNIT)

$85.5
million
Down by 22.0%
STATUTORY PROFIT AFTER TAX

SOLID PORTFOLIO PERFORMANCE

98.2%
PORTFOLIO OCCUPANCY
Within target range

$2.22
NET TANGIBLE ASSETS (per unit)
Decreased $0.05 (per unit)

6.51%
PORTFOLIO WEIGHTED AVERAGE CAP RATE
Softening by 3 bps

$8.8 million
DECREASE IN AUSTRALIAN PORTFOLIO VALUE
Including acquisitions, disposals and revaluation losses

REFINING OUR PORTFOLIO

1
ACQUIRED PROPERTY
One convenience-based shopping centre acquired for $78.4 million

1
DIVESTED PROPERTY
One disposal for $21.5 million

PRUDENT CAPITAL AND COST MANAGEMENT

3.5% p.a.
WEIGHTED COST OF DEBT

25.6%
GEARING BELOW OUR TARGET RANGE OF 30-40%

$622.8 million
CASH AND CASH EQUIVALENTS AND UNDRAWN FACILITIES

0.38%
MANAGEMENT EXPENSE RATIO

MESSAGE FROM THE CHAIRMAN

Philip Marcus Clark, AO
Chairman, SCA Property Group

12.50¢
Distribution (Per unit)

99%
Distribution/AFFO (%)

FY20 has been a challenging year for SCA Property Group, particularly the second half, when our financial performance was impacted by the COVID-19 pandemic. In FY20:

- Funds from Operations (FFO) was $140.8 million, a decline of 0.7% on FY19.
- FY20 FFO per unit was 14.65 cpu, a decline of 10.3% on FY19.
- FY20 distributions totalled 12.5 cpu (comprising 7.50 cpu in first half and 5.00 cpu in second half), a decline of 15.0% on FY19.

We reported a strong result for the six months to 31 December 2019. This was reflected in a record unit price of $3.17 per unit on 19 February 2020. However, the unit price fell to a low of $2.05 on 19 March as the impact of COVID-19 was felt. It recovered some ground and closed at $2.18 on 30 June 2020.

Financial impact of COVID-19

During 2020, the retail property sector generally has been significantly impacted by COVID-19. But the impact on SCP has been less severe than the impact on many of our peers in the sector.

The impact of COVID-19 has primarily been borne by our specialty tenants.

Our rental collection rate fell to 77% during the COVID-19 period in FY20, resulting in an overall cash-collected rent shortfall of $26.8 million, against which an expected credit loss provision of $15.3 million has been raised. Notwithstanding that provision, we will continue to vigorously pursue payments from tenants of all outstanding amounts that are not covered by agreed waivers or deferrals.

Despite COVID-19, our convenience-based centres have been relatively resilient:

- Anchor tenants have experienced strong sales growth and turnover rent is increasing.
- We have continued to complete leasing deals, with 75 renewals and 55 new lease deals completed during the period March to June 2020, and 232 renewals and 146 new deals during FY20.
- The specialty vacancy rate is stable at 5.1% and specialty occupancy costs are also stable at 10.0%.
- Ninety-two per cent of tenants were open and trading when we announced our results in August 2020.

A comprehensive disclosure of the impacts of COVID-19 on the Group's results is set out in note 3 to the Financial Statements.

Capital management

In April 2020, in response to the onset of the COVID-19 crisis, the Group raised $250 million by way of an underwritten institutional placement, which was followed in May 2020 by a $29.3 million unit purchase plan offered to our retail holders, on the same terms as the institutional placement. Institutional demand for our placement was approximately 3.5 times oversubscribed, with final demand of $889 million.

The purpose of the equity raising was twofold: firstly, to strengthen the Group's balance sheet to provide a buffer against future shocks, such as a second wave of the pandemic and a more stringent shutdown, as subsequently occurred in Victoria; and secondly, to provide funding flexibility to continue to deliver on the Group's strategy of investing in convenience-based, supermarket-anchored shopping centres, as suitable opportunities arise. In addition, we secured $200 million of additional lines of credit, thereby assuring that the Group had adequate funding to meet the repayment obligations of the A$ medium term note due for repayment in April 2021.

As a result, our balance sheet remains strong. We have reduced gearing from 34.2% at 31 December 2019 to 25.6% at 30 June 2020, and the Group had $622.8 million in cash and cash equivalents and undrawn facilities as at 30 June 2020.

Group strategy and outlook

As you know, our core objective is to produce defensive resilient cash flows to support secure and growing long-term distributions to our Unitholders.

Our strategy to implement that objective includes:

- improving the tenancy mix with a bias towards non-discretionary categories;
- maintaining high retention rates on lease renewals;
- maintaining low specialty vacancy, by working proactively with our tenants in these challenging times.

Clearly, it is in the best interests of our Unitholders to act to ensure that our specialty tenants survive the COVID-19 impacts and to ensure that we have sustainable tenants paying sustainable rents. However, we are acutely aware that rent relief for tenants comes at the expense of Unitholders' distributions.

The pandemic impact of the last six months has been significant in ways we yet do not know and we at SCP believe there will continue to be changes to the way we all live, work and shop for years to come. This is not something we are afraid of, and in fact we are embracing this as an opportunity to make our centres more relevant for their local communities. We will continue to focus on strategies that will embed our centres into their market where appropriate, for example the roll out of Click and Collect in many of our assets.

Earnings forecast

In normal circumstances, SCP can provide a reasonably accurate forecast of earnings and distributions, and we have a history of providing reliable market guidance. Unfortunately in the present circumstances, we are not able to do so.

Management and staff

Since the COVID-19 pandemic struck, our management and staff have been subjected to abnormal disruption and demands which have created stress and anxiety, both in their working environment and in their personal lives.

Our people have responded well. On behalf of the Board I thank them for their commitment.

Given the Group's financial circumstances, the Board has decided, in consultation with our Key Management Personnel (KMP), not to pay Short-Term Incentives to KMP in respect of FY20 nor to increase total KMP remuneration in FY21. Further details are provided in the Remuneration Report.

The Directors and staff are sharing the financial pain felt by Unitholders. Most of our staff own SCP units and all our Directors and KMP have significant unitholdings in SCP. We have also suffered a diminution in the value of our investment in SCP and a reduction in distributions during the year, although I am pleased that we outperformed many of our peers in the sector.

The Board

Philip Redmond retired as a Director, effective 30 September 2020. Philip has been a Director of the Group since we listed in 2012. Drawing on his extensive knowledge and experience as a former senior investment banker, Philip has made a great contribution as a Director, particularly to our investment and capital management strategies. Philip has also made a significant contribution as an effective Chair of our Audit, Risk Management and Compliance Committee (ARMCC), a member of the Investment Committee and a member of the Nomination Committee. On behalf of the Board, I thank Philip for his contribution and wish him well.

Beth Laughton, who joined the Board in December 2018, has been appointed to Chair the ARMCC. Beth is an experienced director with strong accounting and financial credentials.

Steve Crane has been appointed Deputy Chair of the Group. Steve also joined the Board in December 2018 and came to us with extensive management and board experience and strong credentials as a director. Since joining the Board, Steve has helped ensure that the Board has met the challenges of a particularly difficult operating environment, and I welcome his appointment.

Significant demands were made on Board members during the year and they have all risen to the occasion. I take this opportunity to thank all my Board colleagues for their contributions.

Finally, I acknowledge that 2020 has also been a difficult and stressful time for our Unitholders. On behalf of your Board and management team, I thank you all for your continuing support.

Philip Marcus Clark AO
Chairman
SCA Property Group

MESSAGE FROM THE CEO

Anthony Mellowes
Chief Executive Officer, SCA Property Group

25.6%
Gearing

$2.22
Net Tangible Assets (Per Unit)

The second half of FY20 has certainly tested the resilience of SCP.

COVID-19 impacts

We have suffered through terrible bushfires, a pandemic, the full extent of which is yet to play out, and we now find ourselves in a recession, the worst since the Second World War. Throughout these catastrophes, SCP has continued to play its role. Our shopping centres are frequently used as places of emergency refuge during bushfires and floods and, in a similar vein, investors view SCP as a refuge in volatile financial times.

The financial impact of these crises manifesting in reduced distributions and unit pricing has been caused by an increase in rental arrears as forced shutdowns and reduced foot traffic have impacted on some of our tenants' ability to pay rent. In addition, various state and territory legislation has mandated rental and other relief for small-to-medium enterprises that qualify for the JobKeeper program. As at 30 June 2020, we have provided $4.5 million in waived rent and $4.3 million in deferred rent to our specialty tenants as required by this legislation. Combined with this is an increase in operating expenses, principally increased cleaning and security costs as a consequence of the pandemic. All of these factors have impacted our Funds from Operations and of course distributions available for Unitholders.

Distributions are our priority

We remain focused on delivering reliable distributions to our Unitholders, and we will continue to distribute income generated in the form of rent receipts to the extent it remains prudent to do so. There are certainly some signs of improvements in trading performance in all states outside of Victoria and, as I write this message, we have 98.8% of our tenancies open and trading nationally, except for Victoria, where 60% of our tenants are open and trading.

A new way of working

We have also had to adjust to a different way of working. We are currently operating on the basis of 50% staff in the office and 50% working from home on daily rotation. Our Board meetings are conducted electronically as are most of our meetings, which formerly were conducted face to face. Our staff have risen to these challenges and continue to perform efficiently and diligently.

Performance of our anchor tenants

I would like to take a moment to discuss some of the fundamentals of our business that have enabled us to continue to pay a distribution through these difficult times. Approximately half of our income is derived from major tenants, primarily Woolworths Group Limited, Coles Group Limited and Wesfarmers Limited, and to a lesser but growing extent Aldi. Supermarkets and discount department stores have performed very well during the pandemic and we have been able to recover 100% of rental payments due from these organisations. We expect to receive an increase in turnover rent for the pandemic period as people are increasing their supermarket spend, not only due to panic buying but also a growing trend of preparing meals at home rather than dining out. During the height of the pandemic, SCP was able to collect 77% of rental invoiced. I am pleased to report a month-on-month improvement in our rental collections and aged debtors as we process applications for rental assistance during the peak of the COVID-19 crisis.

Performance of our specialty tenants

Specialty categories such as petrol, discount variety, pharmacy and medical, together with fresh food and liquor, have also been largely unaffected by the pandemic. This leaves categories such as fashion and personal services as the major categories in our portfolio that have been significantly impacted. Fortunately, these categories only represent approximately 15% of our income. I remain optimistic that we have seen the worst of the COVID-19 impacts on our business. This is not the case across the country of course, with metro Victoria still navigating serious outbreaks and state borders assuming a new prominence. Our focus on playing a role in the local communities in which we operate has certainly paid dividends, with very strong visitation throughout the pandemic as people look to minimise travel, and our convenient locations allow an efficient and safer shopping experience.

Leasing

Another pleasing sign of recovery is the fact that we have managed to conclude 55 new lease deals and 75 renewals of expiring leases during the height of the pandemic. While these new deals have been at negative reversion spreads, we believe that it is better to lease vacant spaces at a reduced rental rather than leave them vacant and hope that the market improves over time.

We have only a small proportion of our tenancies on hold over (1.1%) and our occupancy rate across the portfolio is 98.2%.

New acquisitions and market conditions

The market for convenience-based shopping centres remains tight with investors becoming increasingly aware of their defensive attributes, and competition for these assets is currently strong. SCP has recently acquired Bakewell Shopping Centre in Palmerston near Darwin from Woolworths Group Limited and remains interested in acquiring quality convenience assets which meet our criteria and investment hurdles. It is pleasing to see how resilient these assets are, with many assets trading on tight yields throughout the COVID-19 crisis. During FY20 we acquired Warner Marketplace for $78.4 million, we acquired Shell Cove Stage 3 on completion of construction and we sold Cowes Shopping Centre for $21.5 million.

SCP remains the largest owner (by number) of convenience-based shopping centres in Australia.

Unlisted funds

I am pleased to report that our first unlisted fund, SURF 1, has been successfully completed with all assets now sold, delivering an internal rate of return of over 10% during its five-year term. We have also divested assets in SURF 2 and SURF 3 in order to reduce gearing in line with the strategy adopted for SCP.

Sustainability

Our performance in the area of environmental, social and governance (ESG) continues to evolve and deliver practical environmental and financial benefits across our portfolio. These benefits include renewable energy solutions such as rooftop solar plants and processing food waste into organic fertiliser. We strive to make our centres more energy efficient through the use of sophisticated building management systems.

SCP's ESG remains focused on four key points:

- practical improvements to our environmental impact;
- supporting the communities in which we are located;
- responsible investment; and
- building strong environmental and socially responsible governance practices and policies.

As I said earlier, there are encouraging signs for SCP and our strategy and asset class has proven to be resilient in extremely testing conditions.

Love Local, Shop Local, Act Local is the cornerstone of our strategy to deliver reliable, resilient distributions to Unitholders. Our centres and our people have stood the test of the pandemic and we believe our centres are increasingly relevant for consumers across Australia well into the future.

I thank our investors, tenants and other stakeholders for their support and continued confidence in SCP.

A. Mellowes

Anthony Mellowes
Chief Executive Officer
SCA Property Group

ABOUT US

SCA Property Group (SCP) includes two internally managed real estate investment trusts, the units of which are stapled together to form a stapled listed vehicle. The Group owns and manages a portfolio of quality sub-regional and neighbourhood shopping centres. The portfolio is focused on convenience retailing across Australia.

As at 30 June 2020, our portfolio consisted of 85 convenience-based shopping centres valued at $3,138.2 million. Convenience retailing has proven to be a resilient asset class due to its exposure to non-discretionary retail tenants. Many of the Group's convenience-based retail centres have a strong weighting to food sales, due to grocery-based anchors such as supermarkets.

SCP's portfolio benefits from long-term leases to Woolworths Group Limited and Coles Group Limited, which act as an anchor tenant at each property. Woolworths and Coles are Australia's largest retailers by sales revenue and number of stores.

SCA Property Group is listed on the Australian Securities Exchange (ASX) under the code "SCP".

SHORT HISTORY

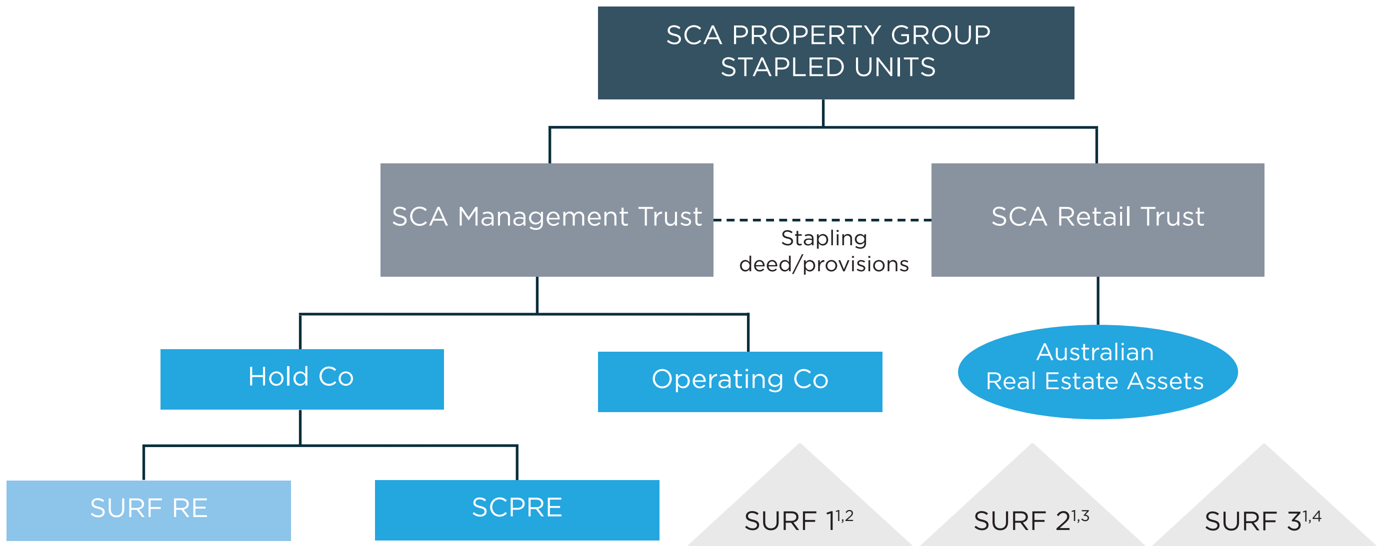
SCP was created by Woolworths Group Limited (Woolworths) in late 2012 to act as a landlord for a number of its shopping centres. Woolworths transferred its ownership in those shopping centres to SCP, which was then listed on the ASX as a separate independent real estate investment trust in December 2012. Woolworths does not have any ownership interest in SCP.

Since its creation, SCP has completed a number of acquisitions and disposals. As at 30 June 2020, 71 of its convenience-based shopping centres are anchored by Woolworths including its affiliated retailers and 28 by Coles Group Limited retailers.

GROUP STRUCTURE

SCP comprises two registered managed investment schemes: Shopping Centres Australasia Property Management Trust (SCA Management Trust) (ARSN 160 612 626) and Shopping Centres Australasia Property Retail Trust (SCA Retail Trust) (ARSN 160 612 788). The units in each are stapled to form the stapled listed vehicle, SCA Property Group.

SCP is internally managed, which allows us to align management interests with the interests of our Unitholders. Shopping Centres Australasia Property Group RE Limited (SCPRE) (ACN 158 809 851) is the Responsible Entity (AFSL 426603) of SCA Management and SCA Retail Trusts. The Responsible Entity is a wholly owned subsidiary of the SCA Management Trust.



Additional notes:
1. SURF RE Limited is the Responsible Entity of SCA Unlisted Retail Fund 1 (SURF 1), SCA Unlisted Retail Fund 2 (SURF 2) and SCA Unlisted Retail Fund 3 (SURF 3)
2. SURF 1 commenced activities on 1 October 2015. SCA Retail Trust owns 24.4% of SURF 1. SURF 1 has commenced the process of winding up.
3. SURF 2 commenced activities on 2 June 2017. SCA Retail Trust owns 28.6% of SURF 2.
4. SURF 3 commenced activities on 10 July 2018. SCA Retail Trust owns 26.2% of SURF 3.

New Town, TAS

OUR PROPERTY PORTFOLIO

AS AT 30 JUNE 2020

SCA Property Group's portfolio comprises 75 neighbourhood and 10 sub-regional shopping centres located across Australia.

During the year ended 30 June 2020, the Group acquired one new convenience-based shopping centre and divested one neighbourhood centre.

$3,138.2 million

OF VALUE IN INVESTMENT PROPERTIES

85

INVESTMENT PROPERTIES

7.4 yrs

WEIGHTED AVERAGE LEASE EXPIRY

1,839

SPECIALTY TENANTS

674,525m^2

GROSS LETTABLE AREA

OUR PROPERTY PORTFOLIO
CONTINUED

The total value of the investment properties as at 30 June 2020 was $3,138.2 million (down from $3,147.0 million as at 30 June 2019). The decrease in value of the properties during the year was principally due to:

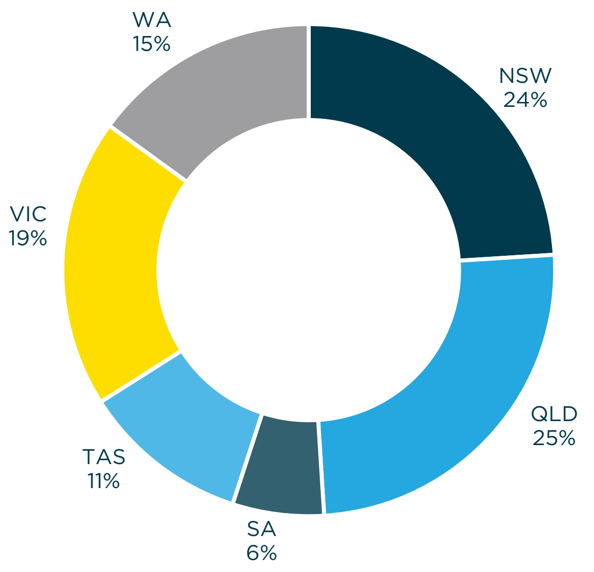
- Acquisition of Warner Marketplace for $83.4 million ($78.4 million acquisition price plus transaction costs of $5.0 million);
- Disposal of Cowes for $21.5 million;
- Developments, capital expenditure and straight lining of $17.2 million (including completion of Shell Cove Stage 3 for $4.8 million); and
- Like-for-like valuation decrease of $87.9 million of which $27.4 million is directly attributable to expected COVID-19 impact on FY21 cash flows.

The weighted average capitalisation rate for the Australian portfolio is now 6.51%, compared to 6.48% as at 30 June 2019.

As at 30 June 2020	Number of centres	Number of specialties	GLA (sqm)	Site Area (sqm)	Occupancy (% GLA)	Value ($ million)	WALE (yrs)	Weighted average cap rate (%)
Neighbourhood	75	1,321	465,497	1,495,916	98.3%	2,334.3	7.3	6.39%
Sub-regional	10	518	209,028	545,090	98.0%	803.9	7.8	6.84%
Total Investment Properties	**85**	**1,839**	**674,525**	**2,041,006**	**98.2%**	**3,138.2**	**7.4**	**6.51%**

GLA means gross lettable area
WALE means weighted average lease expiry

GEOGRAPHIC DIVERSIFICATION (by value)

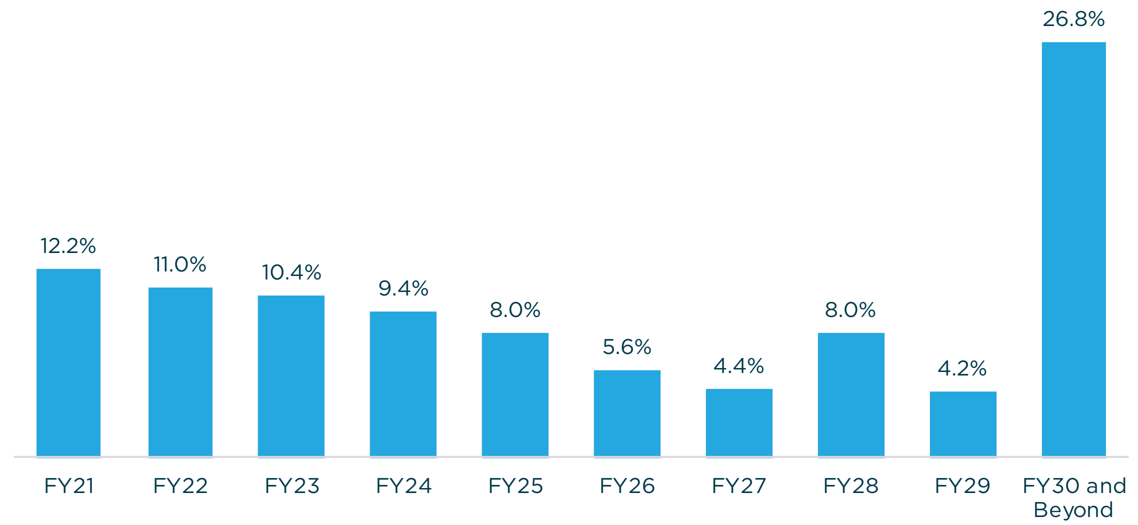


OUR TENANTS

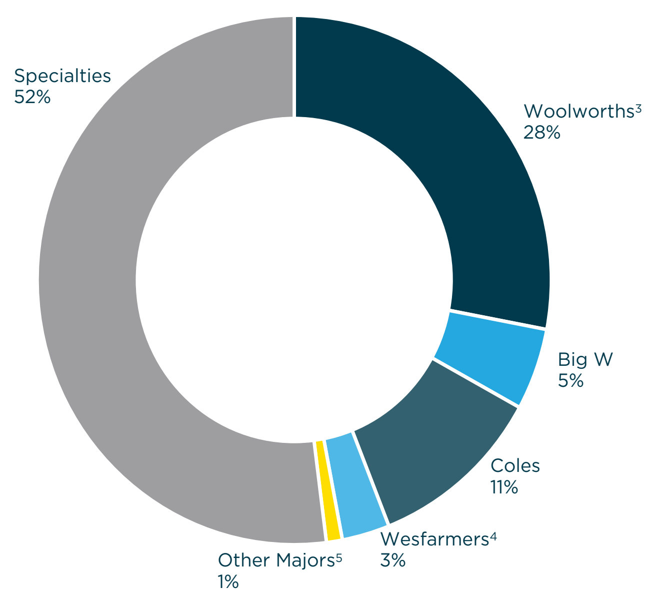
The Group's shopping centres are anchored by long-term leases to high-quality tenants with a weighted average lease expiry of 7.4 years.

Nearly half the portfolio is located in new growth corridors and regions, and comprises convenience-based neighbourhood centres with a strong weighting to the non-discretionary retail segment. Anchor tenants represent 48% of gross income. The remaining 52% of gross income comes from specialty tenants skewed toward non-discretionary categories.

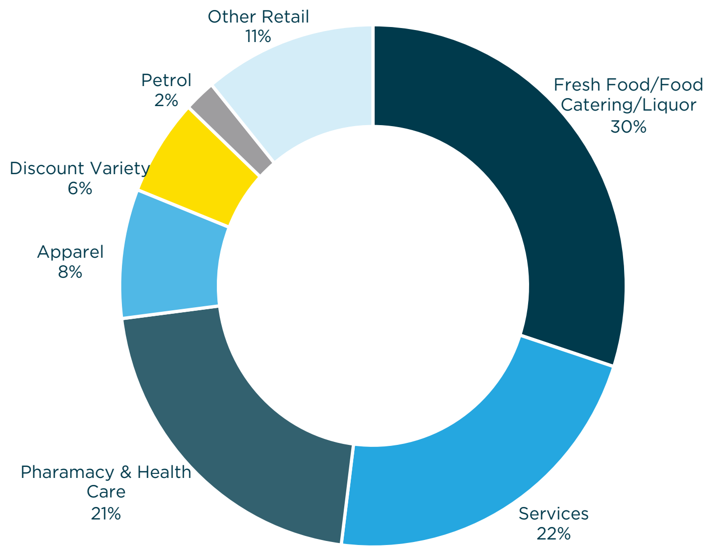
OVERALL LEASE EXPIRY (% of Gross Rent)



TENANTS BY CATEGORY (by gross rent)[1]



SPECIALTY TENANTS BY CATEGORY (by gross rent)[1, 2]



1. *Annualised gross rent excluding vacancy and percentage rent*
2. *Mini Majors represent 12% of annualised specialty gross rent. Mini major tenants have been split across the relevant categories*
3. *Woolworths includes Endeavour Drinks (1.6% of gross rent)*
4. *Wesfarmers includes Kmart 2.3%, Bunnings 0.5% and Target 0.4%*
5. *Other majors includes Aldi, Farmer Jacks and Grand Cinemas*

OUR STRATEGY

FOCUS ON CONVENIENCE-BASED RETAIL CENTRES

WEIGHTED TO NON-DISCRETIONARY RETAIL SEGMENTS

LONG LEASES TO QUALITY ANCHOR TENANTS

APPROPRIATE CAPITAL STRUCTURE

GROWTH OPPORTUNITIES

SCP aims to ensure defensive, resilient cash flows to support secure and growing long-term distributions to Unitholders.

SCP's core strategy is to invest in a geographically diverse portfolio of convenience-based retail centres. Our portfolio focuses on the non-discretionary retail sector (primarily convenience retailers and grocery outlets) and is anchored by long-term leases to quality tenants.

SCP's portfolio is relatively young, with an average age of less than ten years (weighted by value). This presents both opportunities and challenges. Our strategy for the immediate future is to generate incremental growth by positioning the portfolio to maximise its long-term value.

We are doing this by:

- Optimising the existing portfolio: by increasing the rent per square metre we generate from our specialty tenants, and by controlling our costs;
- Growing the portfolio: by undertaking selected acquisitions and divestments and by conducting selected small-scale development opportunities in our completed portfolio;
- Capital management: we adopt a prudent approach to capital management, with the aim of achieving a sustainably low cost of capital and an appropriate level of gearing; and
- Sustainability: ensuring the sustainability of SCP's business, including a focus on safety, community and the environment.

OPTIMISING THE EXISTING PORTFOLIO

A key priority for SCP is to increase the rent per square metre we generate from our specialty tenants. This can be achieved by remixing our tenancies to higher rent-paying tenants, by annual rental increases that are built into leases, and by increasing rentals at lease expiry. During the 12 months to 30 June 2020, there were 232 specialty tenancy renewals with an average rental uplift of (1.1)%.

We are continuing to explore opportunities to reduce costs by utilising our economies of scale to achieve savings in areas such as property management, electricity, cleaning and security.

GROWING THE PORTFOLIO

The market for convenience-based retail centre ownership is fragmented and provides acquisition opportunities from time to time.

There is a pipeline of new convenience-based centres due to population growth. Private individuals and retailers are still the dominant developers of convenience-based centres and will be for the medium term.

In addition, many of our completed centres have relatively low-risk development opportunities such as supermarket expansions and small centre expansions that we intend to pursue in coming years.

CAPITAL MANAGEMENT

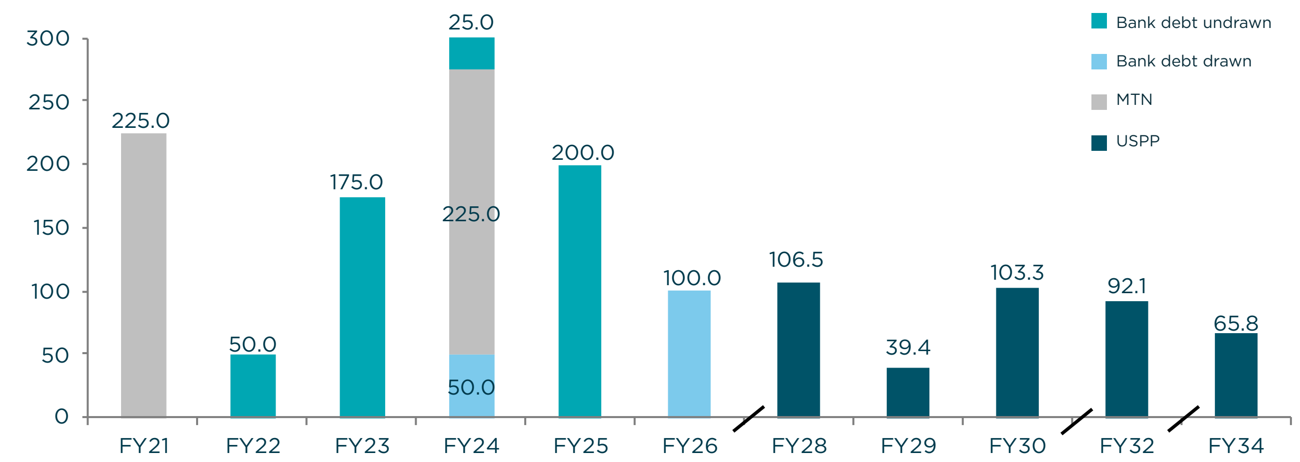
Debt and gearing

The Group's target gearing range is 30% to 40%, however the Group has a preference for gearing to remain below 35% at this point in the cycle. Gearing is below the target range following an institutional placement in April 2020 and a Unitholder purchase plan in May 2020 under which $279.3 million of equity was raised which reduced debt and increased cash and cash equivalents. The purpose of these equity raisings was to strengthen the Group's balance sheet and to provide funding flexibility to continue to deliver on the Group's strategy of investing in convenience-based supermarket-anchored centres as opportunities arise.

We maintain a prudent approach to managing the balance sheet, with gearing of 25.6% as at 30 June 2020, which is below our target range of 30–40%. At 30 June 2020, the Group had cash and cash equivalents and undrawn debt facilities of $622.8 million.

We have diversified sources of debt with bank facilities, US Private Placement Notes (USPP) and Australian medium-term notes (A$MTN). Our weighted cost of debt as at 30 June 2020 is 3.5%, which is among the lowest in our sector. The weighted average term to maturity is 5.1 years and the earliest drawn debt expiry is April 2021.

DEBT FACILITIES EXPIRY PROFILE ($m)



Interest rate hedging

SCP's interest rate hedging policy is designed to reduce the volatility of future distributable earnings as a result of changing interest rates. We manage this exposure by:

- Targeting a range for fixed or hedged interest rate exposure of 50–100% of drawn borrowings; and
- Using derivative contracts and/or other agreements to fix interest payment obligations.

The Directors will monitor this policy to ensure it meets SCP's ongoing objectives and is in the best interests of Unitholders. As at 30 June 2020, 91.1% of the Group's debt was fixed or hedged.

Distribution payout ratio

SCP has a target distribution payout ratio of approximately 100% of Adjusted FFO (AFFO). For the year to 30 June 2020, our distribution payout ratio was 99% of AFFO. In FY21, we expect the distribution as a percentage of AFFO to remain approximately 100%.

RESILIENCE OF EARNINGS

Throughout the COVID-19 pandemic, our convenience-based centres have been relatively resilient. Forty-eight per cent of our rental income comes from anchor tenants which include Woolworths including its affiliates, Coles Group Limited and Wesfarmers Limited. These tenants are of a high credit quality. The remaining 52% of our rental income comes from specialty tenants. We have improved this income stream by securing quality tenants skewed to non-discretionary categories which, we believe, will deliver sustainable rental income growth in the future.

We have actively managed our portfolio by acquiring assets that we believe will deliver strong returns. We have put in place a solid capital structure, with diversified sources of funding, gearing at 25.6% (below our target range of 30–40%) and average weighted term to maturity of our debt of 5.1 years, and we have fixed or hedged 91.1% of our debt.

Shell Cove, NSW

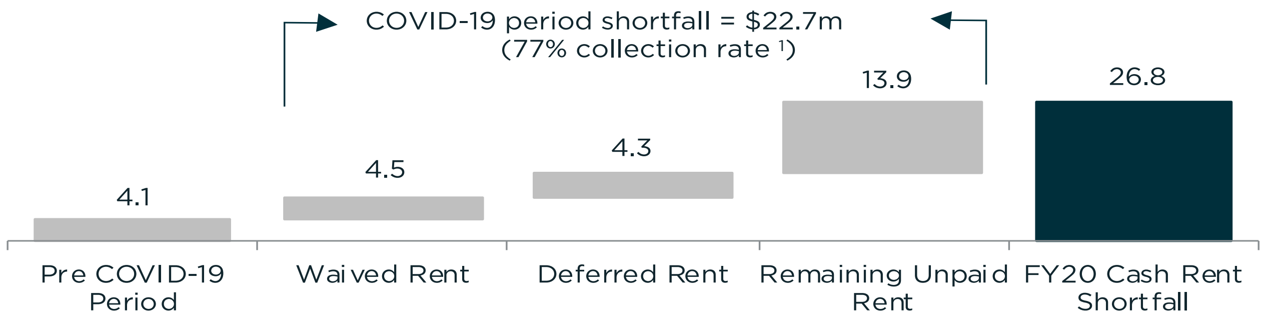
OUR PERFORMANCE

IMPACT OF COVID-19 ON EARNINGS

The events relating to COVID-19 have had a material adverse impact on both the operations and financial performance of the Group during the period. These impacts have included: volatility in the retail sales performance of our tenants, government-imposed trading restrictions on some of our tenants, the enactment of legislation in each state and territory implementing the National Cabinet Mandatory Code of Conduct ("Code of Conduct") for small and medium sized enterprise tenants, a large increase in rental arrears compared to prior periods by our specialty tenants directly attributable to the COVID-19 pandemic, an increase in expenses (for example, extra cleaning and security) and reduction in the valuation of our investment properties.

As these COVID-19 related impacts are ongoing, there is continued uncertainty in relation to the future financial performance of the Group.

Cash rent shortfall ($m)

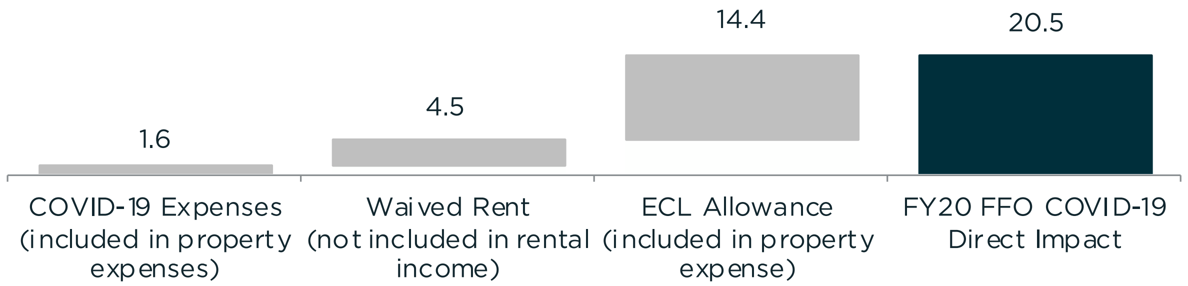


The difference between invoiced rental income and cash rent collected during FY20 was $26.8 million. $4.1 million relates to the pre-COVID period (February 2020 or before) and $22.7 million relates to the COVID period (March 2020 to June 2020), including $4.5 million of waived rent and $4.3 million of deferred rent pursuant to the Mandatory Code of Conduct.

Accounting treatment[2]

The accounting treatment for this $26.8 million shortfall is $4.5 million waived rent is not included in rental income or receivable. $22.3 million has been included in rental income and receivable, but an expected credit loss allowance ("ECL") of $15.3 million has been raised in receivables against this amount. As the starting ECL balance at 30 June 2019 was $0.9 million, the incremental $14.4 million has been included in property expenses[3].

Impact of COVID-19 on FY20 FFO ($m)



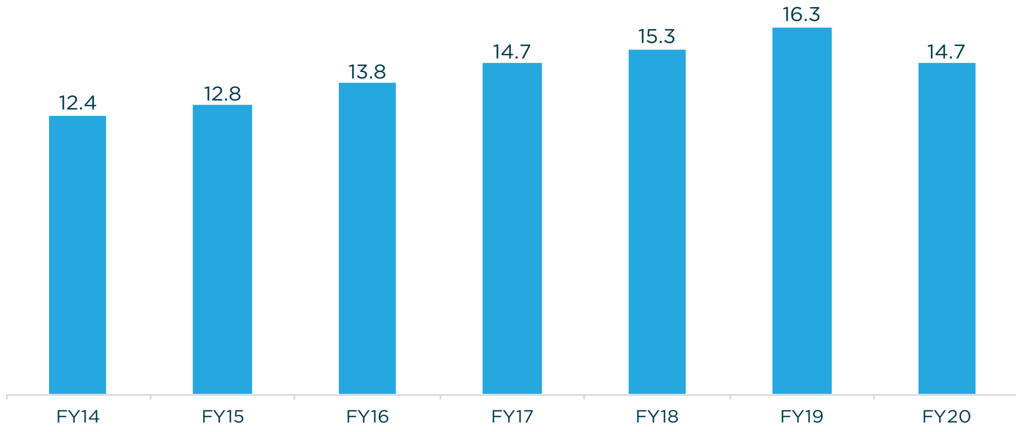
The direct impact of COVID-19 on FY20 FFO is $20.5 million (or 2.13cpu). This is attributable to $1.6 million of additional property expenses (e.g. cleaning and security), $4.5 million of waived rent not included in rental income and $14.4 million of incremental ECL.

1. *Collection rate is calculated as $22.7m cash rent shortfall, divided by total invoiced gross property income for the March 2020 to June 2020 period of approximately $100m*
2. *For more information on the accounting treatments, refer to note 3 of the Financial Statements*
3. *This means that $7.9m of non-cash rental income is included in Net Profit After Tax and FFO, being $26.8m less $4.5m waived rent, less $14.4m incremental ECL*

RETURNS TO UNITHOLDERS

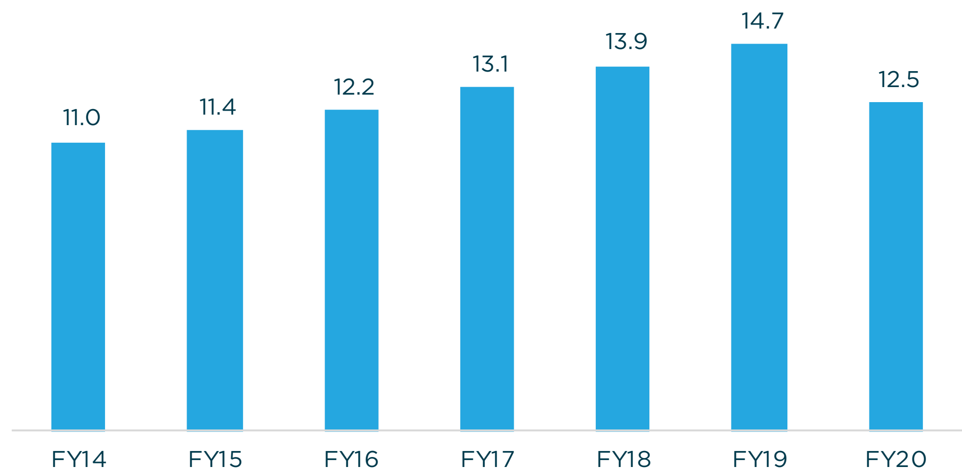
SCP has provided stable and secure earnings and distributions that have been supplemented by strong unit price performance.

Funds from Operations per unit (FFOPU) (cents)



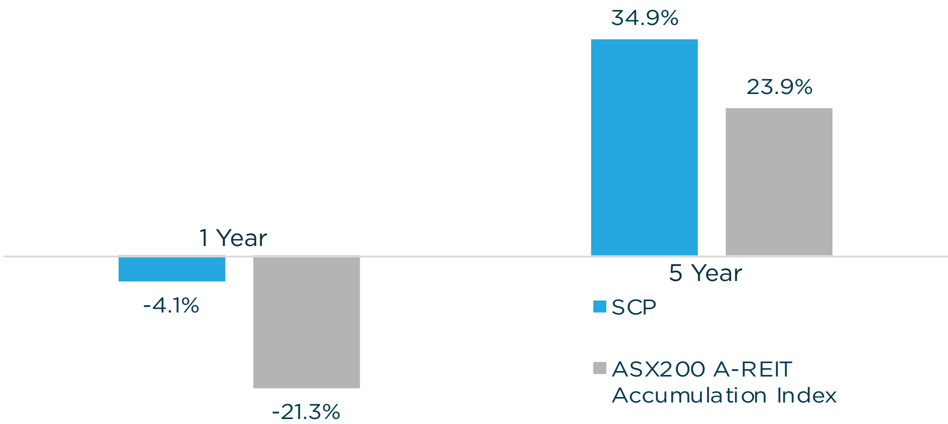
FFOPU has grown by 2.8% per annum since FY14.

Distribution (cpu)



Since FY14 distributions have grown by 2.2% per annum.

Total Unitholder Return (%)



Over the last year and the last five years SCP has delivered total unitholder return (unit price appreciation plus distributions) which has outperformed its listed retail peers and the ASX200 A-REIT Accumulation Index.

STRONG SALES GROWTH IN OUR CENTRES DESPITE SPECIALTIES IMPACTED BY COVID-19

In FY20, comparable moving annual turnover (MAT) growth in our centres averaged 4.2% despite specialties impacted by COVID-19. Anchor supermarket sales growth of 5.1% has improved from 2.0% in FY19 as customers engaged in panic buying, shopped locally and government restrictions see customers eat and entertain at home. Discount department store (DDS) sales growth of 7.6% has improved from 2.2% in FY19 due to panic buying during COVID-19 and high demand for home and living products. Mini Majors sales growth of 2.9% has also improved from (3.1)% in FY19. Continuing sales growth will assist SCP to generate increasing rental income in the future.

COMPARABLE STORE MAT[1] SALES GROWTH BY CATEGORY (%)

Existing Centres	As at 30 June 2020	As at 30 June 2019
Supermarkets[2]	5.1%	2.0%
DDS[2]	7.6%	2.2%
Mini Majors	2.9%	(3.1)%
Specialties	(1.1)%	1.8%
Total	**4.2%**	**1.9%**

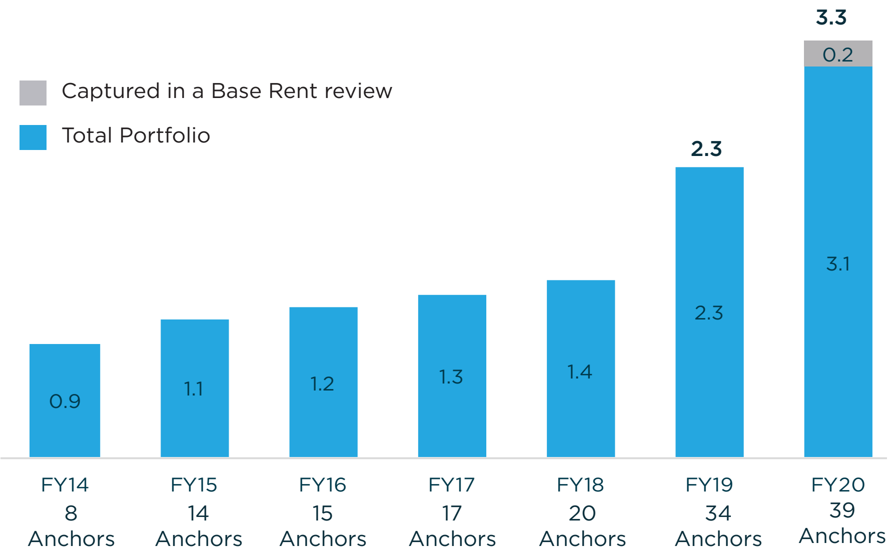
1. MAT stands for moving annual turnover, and MAT sales growth measures the growth in sales over the last 12 months compared to the previous 12 month period.

2. FY19 figures were adjusted from 53 week reporting period to 52 weeks comparable to FY20, with reported growth for existing centres of 3.8% for supermarkets and 6.8% for DDS and FY19 Acquisitions 0.2% for supermarkets and 2.9% for DDS.

TURNOVER RENT THRESHOLDS BEING ACHIEVED

Many of our anchor tenants are achieving turnover rent thresholds. Once turnover rent thresholds are achieved, rental income increases with store sales growth. As at 30 June 2020, 39 anchors were generating turnover rent, and for the 12 months to 30 June 2020, turnover rent was $3.3 million. We expect these numbers to increase in coming years as another 14 supermarkets are within 10% of their turnover thresholds.

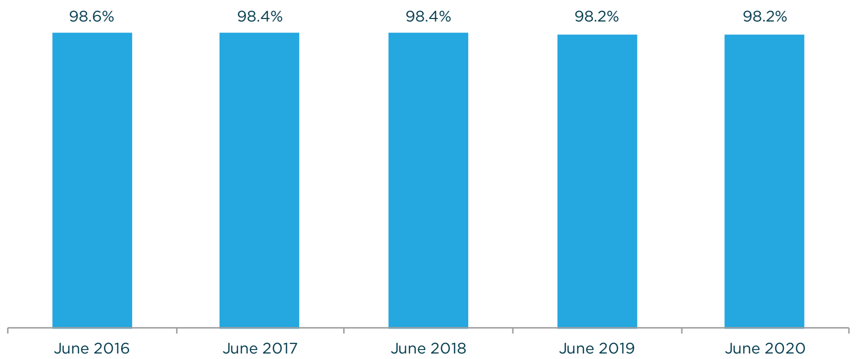
TURNOVER RENT ($m)



OCCUPANCY RATE REMAINS HIGH

SCP continues to enjoy high levels of portfolio occupancy of around 98.2%. This is within the normalised range for neighbourhood shopping centres.

PORTFOLIO OCCUPANCY (% of GLA)



SPECIALTY TENANT KEY METRICS

Specialty tenant non-discretionary categories MAT growth was 0.9%, continuing to outperform discretionary categories that declined by (7.9)% over the year. The average specialty occupancy cost continues to be sustainable at 10.0%. This enables SCP to secure rental increases when leases come up for renewal. During FY20, we had 232 renewals however due to COVID-19 and a challenging retail market, average uplift was (1.1)% with an average 0.5 month incentives paid. Most specialty leases are for five-year terms and have built-in annual rental increases of 3% to 4%.

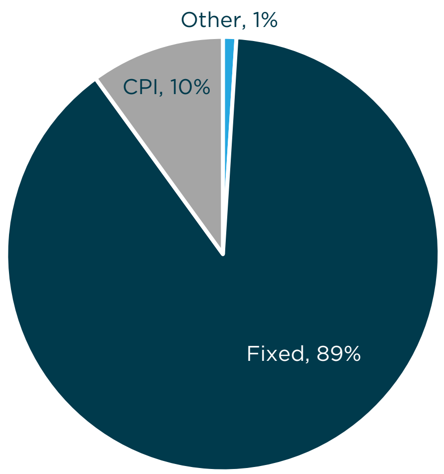
While average leasing spreads were negative and average incentives were higher, we have achieved stable occupancy and an improvement in tenancy mix across the portfolio. We are continuing to achieve 3%-5% annual fixed increases for 88% of specialty tenants.

Existing Centres	30 June 2020	30June 2019
Comparable sales MAT growth (%)[1]	(1.1)%	1.8%
Average specialty occupancy cost (%)[1]	10.0%	10.1%
Average specialty gross rent ($ per sqm)	$778	$772
Specialty sales productivity ($ per sqm)[1]	$8,229	$8,010
Renewals		
Number	232	215
Retention (%)	76%	77%
GLA (sqm)	31,817	26,455
Average uplift (%)	(1.1)%	(1.7)%
Incentive (months)	0.5	-
New Leases		
Number	146	87
GLA (sqm)	18,656	12,200
Average Uplift (%)	(7.7)%	4.9%
Incentive (months)	13.8	11.0

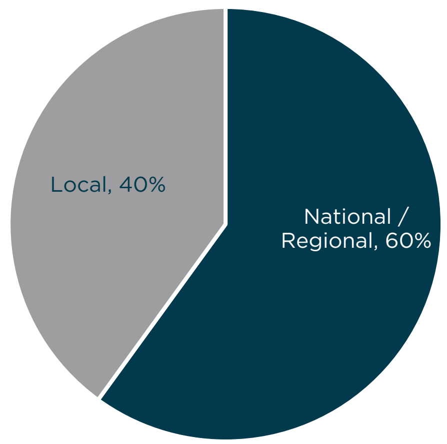
1. Sales growth, occupancy cost and sales productivity metrics only include sales reporting tenants trading over 24 months

SPECIALTY LEASE COMPOSITION (as at 30 June 2020)

ANNUAL INCREASE MECHANISM



TENANT TYPE



ACTIVE PORTFOLIO MANAGEMENT

During FY20, we have actively managed our portfolio by acquiring one convenience-based neighbourhood shopping centre for $78.4 million, and divesting one neighbourhood centre for $21.5 million.

WARNER MARKETPLACE (WARNER, QLD)

- Acquisition completed in December 2019 for $78.4m (5.92% implied fully let yield)
- 34% of income from Anchors
- Overall WALE (by income): 6.4 years
- Occupancy at acquisition: 96%
- Year built: 2001; Expanded: 2014

DEVELOPMENT PIPELINE

We have identified over $125 million of development and refurbishment opportunities at 31 of our centres over the next five years[1].

		Estimated Capital Investment (A$ million)					
DEVELOPMENT TYPE	**CENTRE(S)**	**FY20**	**FY21[2]**	**FY22**	**FY23**	**FY24**	**FY25**
Centre expansions	Shell Cove, Epping North, Belmont, North Orange, Warner Marketplace, Wyndham Vale, Northgate, Central Highlands, Gladstone, Greenbank, Jimboomba, Mackay, Ocean Grove	5.9	7.1	11.7	18.3	20.1	21.7
Supermarket expansions	Treendale, West Dubbo	-	-	-	0.5	4.0	-
Centre improvements	Burnie, Ocean Grove, Oxenford, The Markets, New Town Plaza, West End Plaza, Riverside, Shoreline, The Gateway, Whitsunday SC, Sturt Mall, Meadow Mews, Griffin Plaza, Warnbro, Sugarworld, Wonthaggi, Northgate, Kingston	0.8	22.3	11.1	2.3	2.3	2.3
Preliminary & Defensive	Various	0.1	0.3	0.3	0.3	0.3	0.3
	Total	**6.8**	**29.7**	**23.1**	**21.4**	**26.7**	**24.3**

In FY20 Shell Cove Stage 3 was completed. The major projects for FY21 are at The Markets and Epping North.

1. *The exact timing of future developments, expansions and improvements are subject to prevailing market conditions and regulatory approvals.*
2. *The $10.0m acquisition cost for the additional land at Greenbank occurring in December 2020 has been excluded from the Indicative Development Pipeline.*

FUNDS MANAGEMENT BUSINESS

The funds management business allows SCP to recycle non-core assets, and utilise its expertise and platform to earn management fees in the future (subject to market conditions). The Group has three SCA unlisted retail funds. The first of these funds, SURF 1, was launched in October 2015, and had a 5 year term as set out in the Product Disclosure Statement. This fund has successfully sold its properties for $69.3 million (verses original cost of $60.9 million). This resulted in an internal rate of return to the Unitholders of SURF 1 of 11% and a potential performance fee of around $0.4 million to be realised by the SCP Group once the residual proceeds of the SURF 1 are distributed to SURF 1 Unitholders in FY21.

Moama Marketplace, NSW

Warrnambool Target, VIC

Woodford Woolworths, QLD

PRUDENT CAPITAL MANAGEMENT

SCP maintains a prudent approach to managing the balance sheet, with gearing of 25.6% as at 30 June 2020. This is below the target range of 30–40%. Our preference is for gearing to remain below 35% at this point in the cycle.

As at 30 June 2020, the weighted cost of debt was 3.5% p.a. and 91.1% of the Group's debt was fixed or hedged.

In addition to $600 million of bank and syndicated financing facilities, we currently have $407.1 million of US Private Placement notes (with maturities between August 2027 and September 2033), and $450 million of A$ Medium-Term Notes (with maturities of between April 2021 and June 2024). These transactions have diversified our sources of debt funding, and the weighted average term to maturity of our debt is now 5.1 years, with no debt drawn expiring until April 2021. As at 30 June 2020 the Group had undrawn debt facilities and cash and cash equivalents of $622.8 million.

We are well within debt covenant limits of less than 50% gearing and interest cover ratio greater than 2.0x (currently 4.5x).

SCP will maintain its judicious approach to capital management, and will continually monitor and assess opportunities to ensure an appropriate, efficient and sustainable funding structure. Gearing is below the target range following the raising of $279.3 million of equity in April and May 2020 to strengthen the Group's balance sheet and to provide greater flexibility to continue to deliver on the Group's strategy of investing in convenience-based supermarket-anchored centres as opportunities arise.

FINANCIAL HIGHLIGHTS

PROFIT AND LOSS

For the financial year ended 30 June 2020, we delivered a statutory net profit after tax of $85.5 million. Our primary measure for cash earnings is Funds from Operations (FFO), which was 14.65 cents per unit, 10.3% below the prior year. Our distribution paid to Unitholders for the financial year was 12.50 cents per unit, down by 15.0% on prior year.

$ million	**30 June 2020**	**30 June 2019**	**% Change**
Anchor rental income	128.7	120.0	7.2%
Specialty rental income	126.1	116.6	8.1%
Recoveries and recharge revenue	34.2	30.4	12.5%
Other income	8.1	5.4	50.0%
Straight lining and amortisation of incentives	(8.1)	(8.6)	(5.8)%
Gross property income	**289.0**	**263.8**	**9.6%**
Property expenses	(108.6)	(84.2)	29.0%
Property expenses/Gross property income (%)[1]	36.6%	30.9%	5.7%
Net property income	**180.4**	**179.6**	**0.4%**
Distribution income from CQR	1.7	4.4	(61.4)%
Funds management income from SURF funds	1.7	1.8	(5.6)%
Net operating income	**183.8**	**185.8**	**(1.1)%**
Corporate costs	(13.8)	(13.1)	5.3%
Fair value of investment properties	(87.9)	(40.5)	117.0%
Fair value of derivatives	51.4	66.3	(22.5)%
Unrealised foreign exchange loss	(8.1)	(27.3)	(70.3)%
Share of net profit from associates	-	1.2	nm
Transaction costs	(1.5)	(3.7)	(59.5)%
EBIT	**123.9**	**168.7**	**(26.6)%**
Net interest expense	(37.9)	(58.5)	(35.2)%
Tax expense	(0.5)	(0.6)	(16.7)%
Net profit after tax	**85.5**	**109.6**	**(22.0)%**

1. For the purpose of this ratio, gross property income excludes straight lining and amortisation of incentives
nm means not meaningful

FUNDS FROM OPERATIONS

$ million	**30 June 2020**	**30 June 2019**	**% Change**
Net profit after tax (statutory)	**85.5**	**109.6**	**(22.0)%**
Adjustment for non-cash items			
Reverse: Straight lining & amortisation	8.1	8.6	(5.8)%
Reverse: Fair value adjustments			
- Investment properties	87.9	40.5	117.0%
- Derivatives	(51.4)	(66.3)	(22.5)%
- Foreign exchange	8.1	27.3	(70.3)%
Other adjustments			
- Other income	(0.5)	-	nm
- Net unrealised (profit)/loss from SURF funds	1.6	0.7	128.6%
- Transaction costs	1.5	3.7	(59.5)%
- Swap termination cost	-	17.7	nm
FFO	**140.8**	**141.8**	**(0.7)%**
Number of units (weighted average) (m)	*960.9*	*868.4*	*10.7%*
FFO per unit (cents) (EPU)	*14.65*	*16.33*	*(10.3)%*
Distribution ($m)	*123.5*	*135.4*	*(8.8)%*
Distribution per unit (cents) (DPU)	*12.5*	*14.7*	*(15.0)%*
Payout ratio (%)	*85%*	*90%*	*(5.0)%*
Estimated tax deferred ratio (%)	*11%*	*58%*	*(47.0)%*
Less: Maintenance capex	(6.0)	(5.6)	7.1%
Less: Leasing costs and fitout incentives	(10.5)	(8.8)	19.3%
AFFO	**124.3**	**127.4**	**(2.4)%**
Distribution/AFFO (%)	*99.4%*	*106.3%*	*(6.9)%*

BALANCE SHEET

As at 30 June 2020, we have net tangible assets of $2,374.0 million (up from $2,103.9 million as at 30 June 2019). Net tangible assets per unit has decreased to $2.22 (from $2.27 as at 30 June 2019) due to the decrease in like-for-like investment property valuations and dilutive equity raising in April/May 2020.

$ million	30 June 2020	30 June 2019	% Change
Cash	183.8	4.2	nm
Investment properties	3,138.2	3,147.0	(0.3)%
Investment in CQR	22.7	29.6	(23.3)%
Other assets	245.0	191.4	28.0%
Total assets	**3,589.7**	**3,372.2**	**6.4%**
Debt	1,083.6	1,137.5	(4.7)%
Accrued distribution	53.6	69.0	(22.3)%
Other liabilities	78.5	61.8	27.0%
Total liabilities	**1,215.7**	**1,268.3**	**(4.1)%**
Net tangible assets (NTA)	**2,374.0**	**2,103.9**	**12.8%**
Number of units (period-end) (m)	1,071.4	925.6	15.8%
NTA per unit ($)	**2.22**	**2.27**	**(2.2)%**
Corporate costs	13.8	13.1	5.3%
External funds under management			
- SURF 1, 2 & 3 assets under management	104.8	186.4	(43.8)%
- Less: SURF 1, 2 & 3 co-investment	(15.9)	(26.5)	(40.0)%
Assets under management	**3,678.6**	**3,532.1**	**4.1%**
MER[1] (%)	0.38%	0.37%	0.01%

1. *MER stands for "Management Expense Ratio" and is calculated as Corporate Costs divided by Assets Under Management at year end (including SURF 1, SURF 2 and SURF 3).*

SCP HISTORICAL KEY METRICS

SCP Group Metrics as at 30 June	2014	2015	2016	2017	2018	2019	2020
Earnings/Profit and Loss							
Gross property income ($m)	158.4	175.8	204.5	204.5	208.9	263.8	289.0
Net Profit after Tax ($m)	111.6	150.5	184.7	319.6	175.2	109.6	85.5
Funds from Operations ($m)	80.4	84.3	100.1	108.4	114.3	141.8	140.8
FFO per unit (cents per unit)	12.44	12.81	13.75	14.70	15.30	16.33	14.65
Distribution ($m)	71.3	78.1	89.0	96.8	103.9	135.4	123.5
Distribution (cents per unit)	11.0	11.4	12.2	13.1	13.9	14.7	12.5
Payout Ratio (%)	88%	89%	89%	89%	91%	90%	85%
Adjusted Funds from Operations ($m)	79.4	73.7	92.3	100.1	105.7	127.4	124.3
Distribution/AFFO (%)	90%	106%	96%	97%	98%	106%	99%
Management Expense Ratio (%)	0.65%	0.55%	0.51%	0.45%	0.43%	0.37%	0.38%
Balance Sheet							
Net Tangible Assets (cents per unit)	$1.64	$1.77	$1.92	$2.20	$2.30	$2.27	$2.22
Net Tangible Assets ($m)	1,065.6	1,276.8	1,408.9	1,633.7	1,721.0	2,103.9	2,374.0
Share Price as at 30 June ($ per unit)	$1.72	$2.13	$2.28	$2.19	$2.45	$2.39	$2.18
Closing Units on Issue (million)	648.6	721.5	733.4	742.8	749.1	925.6	1,071.4
Market Capitalisation ($m)	$1,116	$1,537	$1,672	$1,627	$1,850	$2,212	$2,336
Acquisitions ($m)	145.7	233.0	145.3	274.9	38.3	677.9	78.4
Disposals ($m)	75.7	16.2	60.9	311.0	-	60.3	21.5
Debt Metrics							
Gearing (%)	32.6%	33.3%	34.0%	31.8%	31.2%	32.8%	25.6%
Average Cost of Debt (%)	4.9%	4.0%	3.7%	3.8%	3.8%	3.6%	3.5%
Interest Bearing Liabilities ($m)	535.8	680.1	634.7	817.4	867.5	1,137.5	1,083.6
Average Debt Maturity (years)	3.5	6.3	5.7	5.0	4.9	6.1	5.1
% of Debt Fixed/Hedged	85.6%	65.0%	68.4%	86.1%	81.6%	70.4%	91.1%
Average Hedge Maturity (years)	2.8	3.8	4.2	4.6	3.6	4.8	3.8
Portfolio Metrics							
Number of Properties	75	82	83	75	77	85	85
Weighted Average Cap Rate (%)	7.83%	7.49%	7.13%	6.47%	6.33%	6.48%	6.51%
Portfolio Occupancy (%)	97.8%	98.9%	98.6%	98.4%	98.4%	98.2%	98.2%
Specialty Vacancy (%)	8.6%	3.9%	4.3%	4.8%	4.8%	5.3%	5.1%
Portfolio WALE (by GLA) Years	13.5	12.6	10.9	9.8	9.1	7.9	7.4
Anchor WALE (by GLA) Years	16.9	15.6	14.0	12.8	12.0	10.3	9.6
Comparable NOI Growth (%)	ND	3.9%	3.4%	3.0%	2.8%	2.5%	ND
Supermarket MAT Growth (AUS) (%)	8.4%	2.1%	0.2%	2.2%	1.9%	2.0%	5.1%
Anchors in Turnover Rent	8	14	13	16	20	34	39
Specialty MAT Growth (AUS) (%)	5.6%	5.6%	5.6%	3.8%	3.3%	1.8%	-1.1%
Specialty Occupancy Cost (%)	10.4%	9.7%	9.3%	9.7%	9.8%	10.1%	10.0%
Specialty Rent psm ($)	ND	$651	$676	$700	$716	$772	$778
Specialty Productivity ($)	ND	$6,711	$7,269	$7,801	$7,758	$8,010	$8,229
Number of Specialty Renewals	ND	50	69	81	123	215	232
- Retention (%)	ND	ND	ND	84%	82%	77%	76%
- Specialty Renewals GLA	ND	4,305	7,208	9,267	14,969	26,455	31,817
- Specialty Re-leasing Spreads (renewals) (%)	ND	7.3%	7.5%	7.0%	6.1%	-1.7%	-1.1%
- Average Incentives on Renewals (months)	-	-	-	-	-	-	0.5
Number of Specialty New Leases	58	114	58	68	71	87	146
- Specialty New Leases GLA	6,810	10,107	7,131	8,468	7,677	12,200	18,656
- Average Uplift on New Leases (%)	ND	ND	ND	4.5%	3.6%	4.9%	-7.7%
- Average Incentives on New Leases (months)	ND	13.3	11.9	10.0	10.9	11.0	13.8

ND means non-disclosure

Coorparoo, QLD

OUR COMMITMENT TO SUSTAINABILITY

Our commitment to sustainability is a key element of our long-term planning for the ongoing success of our centres and the communities they service. The three pillars of our sustainability strategy guide the investments and initiatives we implement each year. Our sustainability performance continues to mature and deliver practical solutions across our growing portfolio.

OUR STRATEGY

SCP's Sustainability Strategy is aligned to the core values that underpin the organisation. The strategy provides a clear, achievable and solid platform that supports strong sustainability performance over the long term. The strategy focuses on three objectives that complement the existing programs in our business which enhance employee satisfaction, work health and safety, governance and ethical operations.

1 Stronger Communities

Objective: Strengthen the relationship between our shopping centres and their local communities and help improve the wellbeing and prosperity of those communities.

Benefits:

- Improved services and facilities for our local communities
- Increased engagement and goodwill with our customers and communities
- Improved standing of our centres as community hubs
- Increased footfall for retail partners.

2 Environmentally Efficient Centres

Objective: Reduce the environmental footprint of our shopping centres, particularly greenhouse gas emissions, through efficient energy consumption.

Benefits:

- Reduced environmental impacts
- Reduced operating costs
- Improved quality of environment at our shopping centres.

3 Responsible Investment

Objective: Manage environmental, social and governance (ESG) risks that are material to investment value, and communicate our performance.

Benefits:

- Reduced risk to asset and investment performance
- Enhanced corporate transparency and reputation.

Management

In FY20, we continued to operate a Sustainability Steering Committee that focuses on a corporate-level approach and performance, including our Responsible Investment objective. We also held an Asset Performance Working Group forum, which focuses on the practical implementation of our Stronger Communities and Environmentally Efficient Centres objectives at centre level.

We increased our public disclosure of key policies, charters and codes of conduct available on our website. A range of policy areas were disclosed, including employee work practices, supplier engagement and diversity. We continue to grow our knowledge of climate risk and the possible future impacts across the portfolio. SCP engaged AECOM to perform a portfolio-wide climate impact assessment to assist SCP in managing the risks associated with owning a geographically diverse portfolio of convenience-based neighbourhood and sub-regional shopping centres.

Community Event at Delroy Park, NSW

OUR PROGRESS AND COMMITMENT

During FY20, continued progress was made across our three strategic pillars. We have made significant investments to reduce our energy consumption and greenhouse gas (GHG) emissions (while creating cost efficiencies), which have produced positive results for our properties.

FY21 will deliver an expansion on our renewable energy strategy, furthering our understanding of climate risk, and continued growth of engagement with our communities.

COMMITMENT FOR FY20	STATUS (Completed / Advanced / Underway)	FY21 COMMITMENT
STRONGER COMMUNITIES		
Roll out one national Stronger Communities campaign. Implement 15 initiatives significant to the local community. Build on current local Stronger Communities initiatives.	60+ Stronger Communities campaigns implemented were significant to the local community. However, due to COVID-19, various stronger communities campaigns were cancelled or postponed, including the national campaign.	Leveraging a partnership with a national charity or community group to roll out one national campaign and corporate initiatives. Implement 60 initiatives significant to the local community. Build on current local Stronger Communities initiatives, including raising awareness of social issues via our social media pages.
ENVIRONMENTALLY EFFICIENT CENTRES		
Review three-year GRESB performance and develop improvement action plan.	Focused on developing a strategy to continually improve GRESB submission.	Continued focus on community engagement through the Stronger Communities initiative. Advancement in understanding SCP's exposure to climate risk across the portfolio. Improving public disclosure of SCP's ESG performance.
Promote recycling initiatives at the centres to divert waste from landfill	Trial completed at one centre for treatment of organic waste. Preliminary results have shown a reduction in waste sent to landfill.	Implementation of organic waste management at a further five centres.
Review performance of Building Management System (BMS) plant and installation at two centres.	BMS installation completed at three centres with energy consumption achieving the forecast reduction.	Improve environmental performance through the installation of energy management systems and LED lighting at a further three centres. Trial implementing energy management systems into the smaller neighbourhood centres in the portfolio.
HVAC[1] plant replacement at three properties to eliminate R22[2].	HVAC plant replacement works have commenced at Prospect Vale and are due for completion in Q4 2020.	HVAC plant replacement at four properties to eliminate R22.
Re-forecast targets in consideration of expanded portfolio and delivered initiatives.	Initial three-year targets have been achieved.	Formulate future targets to include measures for energy and emissions intensity, renewable energy and climate risk.
Deploy onsite solar generation to a further four centres, taking the total to eight installations.	Solar generation plant fully operational at five centres.	Undertake industry review to determine renewable energy strategy across the portfolio. Results from review expected in Q4 2020.

1. *Heating, Ventilation and Airconditioning.*
2. *R22 is an ozone depleting refrigerant. The use of R22 is being phased out and it will be a banned substance in 2030.*

COMMITMENT FOR FY20	STATUS (Completed / Advanced / Underway)	FY21 COMMITMENT
Continue roll-out of LED, BMS and solar technology at commercially viable properties.	LED lighting has been installed at twenty sites, five sites have solar generation plants and four sites utilise building automation systems.	Undertake industry review to determine renewable energy strategy across the portfolio. Results from review are expected in Q4 2020.
RESPONSIBLE INVESTMENT		
Annual review of Sustainability Policy. Consideration of Sustainability Policy with respects to alignment with UN Sustainable Development Goals (SDGs).	Policy review complete and updated. ESG strategy aligned with the UN SDGs and SCP's overarching business strategy.	External review of ESG strategy and long-term targets to be completed to ensure relevance to industry practices and SCP's overarching business strategy.
2019 Sustainability Report content and formatting to be aligned to UN SDGs.	2019 and 2020 Sustainability Reports aligned to UN SDGs.	Increased focus on the impacts of climate risk on the SCP portfolio. Improve public disclosure through the utilisation of SCP's website.
Formal materiality assessment of ESG risks and opportunities to be reviewed annually.	Ongoing/annual review complete.	Materiality assessment to be updated through engagement with our staff, property management partners and our external sustainability advisers.

Mt Gambier, SA

WHS

The Board and senior management of SCP are committed to ensuring the ongoing safety and wellbeing of our customers, employees, retail partners, visitors and contractors. Safety is always a core value across the Group and a key focus for us. We are constantly striving to improve our health and safety performance across the Group.

The safety performance of the Group is an agenda item at every Board meeting. The Board receives monthly reports on safety performance and trends from the Group's management team and is kept informed of any key safety risks facing the business.

Driving improvements in workplace safety standards and performance has been a key focus of the Group since listing. We have a robust WHS framework and governance platform in place, and we continue to refine and enhance how it operates to ensure it remains fit for purpose.

In FY20, the following initiatives were undertaken:

- Appointment of a dedicated resource to manage Safety across the owned/managed portfolio and Corporate operations
- External audit of WHS Policy and Framework to ensure continued alignment to industry practices, laws and regulations
- Revisions of monthly WHS reports to include updated Key Risk Indicators, performance benchmarking and key highlights
- Submission of annual performance review on WHS management practices. Review identifies trends and opportunities learnt from previous 12 months data. This flows into training for our people and service providers to assist in managing WHS more effectively
- Active participant in Shopping Centre Council of Australia (SCCA) industry workshops with a view to collaborating on safety performance and ensuring that best practice methods can be shared across the industry
- Enhanced leadership across the portfolio through monthly newsletters and safety bulletins
- Our retail property management teams and externally engaged consultants refined their monthly, quarterly and annual safety and property risk audits to ensure they remain fit for purpose
- Continuous improvement in contractor WHS performance requirements. An increased focus on WHS and sustainability outcomes are built into contracts and scopes of works for the procurement of services.

EMPLOYMENT

SCA Property Group's ongoing success is largely dependent on our people. The Group values and respects the unique contributions of people with diverse backgrounds, experiences and perspectives. We recognise that team members may assume changing domestic and carer responsibilities during their careers and are committed to supporting this via flexible work and leave arrangements.

As at 30 June 2020, the gender-related statistics are as follows:

Female Board Directors[1]	Female Board Non-Executive Directors[2]	Female Executives in Senior Management[3]	Female employees
38%	**50%**	**38%**	**57%**

1. *Percentage of all Board Directors.*
2. *Non-Executive Directors of Board of SCPRE.*
3. *Senior Management means the CEO, his direct or functional reports and certain of their reports who have responsibility for an area and/or report regularly to the Board or a Committee of the Board on the performance of that area.*

The Group's Diversity and Inclusion Policy is available at www.scaproperty.com.au/about/governance.

In view of the Group's current small staff of 51, it is impractical for the Board to set measurable diversity-related objectives and targets. The Board will continue to monitor this as the Group grows.

REMUNERATION REPORT

Dear Unitholders,

On behalf of the Board, I am pleased to introduce the 2020 Remuneration Report.

The purpose of this Report is to describe SCP's approach to remuneration for Executives and Non-Executive Directors (NEDs), and in particular, the links between SCP's Remuneration Framework and business strategy, performance and reward. A summary of performance, pay adjustments and pay outcomes is below.

Group performance

Prior to the onset of the COVID-19 pandemic, SCP had been on track to deliver a solid result for FY20 in line with market guidance. The second half of FY20 was impacted by the COVID-19 pandemic, that has affected SCP and all other retail businesses throughout the world. In relative terms, SCP has performed well in the retail environment. This was a consequence of our sound defensive strategy focusing on convenience-based retail centres weighted towards non-discretionary retail segments, with long leases to quality anchor tenants. Our supermarket anchored centres continue to be resilient, hence many of the performance outcomes were solid:

- Anchor tenants have experienced strong sales growth and turnover rent has increased.
- We have continued to complete leasing deals, with 75 renewals and 55 new lease deals completed during the COVID-19 period (March 2020 to June 2020).
- Specialty vacancy is stable at 5.1% and specialty occupancy costs are also stable at 10.0%.
- As I write this, approximately 98.8% of tenants are now open and trading including approximately 60% in Victoria.

This strategy will continue to hold SCP in good stead once the pandemic is over.

Notwithstanding this, COVID-19 has impacted, and continues to impact, many of our specialty tenants:

- Sales performance has been mixed, with many experiencing sales declines
- We have provided rental assistance to over 600 tenants in accordance with the Mandatory Code of Conduct
- The rental collection rate during the COVID-19 period was 77%[1]. We will continue to pursue payment from tenants of all of the outstanding amounts not covered by agreed waivers or deferrals

Therefore, in absolute terms, there was a poorer performance on key metrics in FY20 compared to FY19 which was unaffected by COVID-19:

- Funds from Operations (FFO) of $140.8 million – a decrease of 0.7% compared to last year;
- An increase in SCP's Management Expense Ratio (MER) to 0.38%, up from 0.37% compared to last year;
- FY20 FFO per unit of 14.65 cpu represents a decline of 10.3% compared to last year;
- FY20 distributions of 12.50 cpu represents a decline of 15.0% compared to last year.

We continue to actively manage our portfolio, and acquired Warner Marketplace, a Woolworths and Aldi-anchored convenience centre in Brisbane QLD, for $78.4 million (excluding transaction costs) in December 2019, disposed of Cowes VIC for $21.5 million in February 2020 (9.7% above June 2019 book value), and completed the sale process for the SURF 1 investment properties for $69.3 million, achieving an 11.0% IRR for our SURF 1 investors.

An agile response to the pandemic to raise equity in April and May resulted in lower gearing, and a balance sheet in a strong position to take advantage of opportunities that may arise as a result of the pandemic, should they arise.

Fixed remuneration adjustments

Executive total fixed remuneration (TFR) was increased between 5.2% and 6.0% on 1 October 2019 following the annual review undertaken by the Remuneration Committee. The review referenced market data from an independent source. This was the first adjustment to Executive TFR since 1 October 2017. The increases were applied well before the onset of the pandemic, and reflected an assessment of Executive experience, knowledge and competence acquired with longevity in the role, as well as the period of time elapsed without an adjustment.

As FFO remained strong and there was no risk that any employees needed to be stood down as a result of the pandemic, there was no need to seek any temporary TFR reductions from Management.

Annual incentive outcomes

As set out above, financial and operational targets were ultimately not met as a result of COVID-19. Therefore, for Executives no Short-Term Incentive (STI) payments were made for these components.

While each Executive was on track to achieve results in regard to the personal performance component, the Board exercised negative discretion so that payment for meeting or exceeding any personal performance requirements was also reduced to zero. This determination was made in recognition of the fact that Unitholders have been impacted by the decline in distributions and the value of their units over the period.

1. *March 2020 to June 2020 period*

Long Term Incentive outcomes

FY16 Long Term Incentive (LTI) awards vested in August 2019, prior to the onset of the pandemic. Performance measures were funds from operations per unit (FFOPU), return on equity (ROE) and relative total securityholder return (TSR). Performance was slightly below the maximum required for full vesting. As a consequence of SCP's strong results across all three measures over the long term performance period, 95.86% of the FY16 LTI vested.

Remuneration Framework

For the FY20 Short-Term Incentive (STI) and Long-Term Incentive (LTI) plans, which were set in June 2019, the Executives' STI and LTI opportunities were increased from the prior period to provide for a stronger weighting towards "at-risk" remuneration. The adjusted balance between TFR and at-risk pay was consistent with the Board's view of the potential to profitably grow the business. Further detail is provided section 1.1.

Director fees

A 2.5% increase was applied to NED base fees from 1 January 2020, again, prior to the onset of the pandemic. There was no increase applied to Committee fees.

More information

More information on performance requirements and outcomes, remuneration levels, the remuneration framework and its underlying rationale are detailed in the following pages.

On behalf of the Board, we recommend this Report to you.

Steven Crane
Chair, Remuneration Committee

The Remuneration Report has been audited by Deloitte Touche Tohmatsu.

REMUNERATION REPORT

Key points to note in relation to this Report are:

- *The disclosures in this Report have been prepared in accordance with the provisions of section 300A of the Corporations Act 2001, even though, as stapled trusts, there is no obligation for SCP to comply with section 300A of the Corporations Act.*
- *The term "remuneration" has been used in this Report as having the same meaning as "compensation" as defined by AASB 124 "Related Party Disclosures".*
- *For the purposes of this Report, the term "Executives" means Key Management Personnel (KMP) who are Executives and therefore excludes Non-Executive Directors (NEDs).*

1. REMUNERATION SNAPSHOT

1.1 Remuneration Overview

Key questions	Our approach	Further information
1. Were there any pay increases?	Total fixed remuneration (TFR) increases of between 5.2% and 6.0% were awarded to Executives on 1 October 2019 following the annual review undertaken by the Committee during the period. Prior to these increases, fixed remuneration for all Executives had remained at the levels set on 1 October 2017.	
2. Were there any remuneration reductions as a result of COVID-19?	As FFO remained strong and there was no risk that any employees needed to be stood down as a result of the pandemic, we did not seek any temporary TFR reductions from Management. However, no STIs were awarded as a result of pandemic impacts on financial and operational results, and negative discretion applied in consideration of its impact on Unitholder distributions. See further detail below.	
3. Were any changes made to the remuneration structure in FY20?	The Short-Term Incentive (STI) and Long-Term Incentive (LTI) opportunities for all Executives were increased as set out below during the period, resulting in a stronger weighting towards "at-risk" remuneration for all Executives as part of their total remuneration opportunity (TRO). Refer to key question 11 for further details.	Sections 3.2 and 3.3

Executive	FY19 STI % of TFR	FY20 STI % of TFR	FY19 LTI % of TFR	FY20 LTI % of TFR
Anthony Mellowes	85%	100%	90%	100%
Mark Fleming	60%	70%	60%	70%
Mark Lamb	30%	35%	25%	35%

Key questions	Our approach	Further information
4. Were there any changes to performance measures?	The FY20 STI and LTI metrics for Executives were based on those developed in FY19 and updated for the strategic objectives set for the business in FY20, providing Executives with meaningful and robust stretch targets. There were minor adjustments made to the weightings of the cash net operating income (cash NOI) and Management Expense Ratio (MER) performance conditions of the STI award, in order to focus Executives on driving recurring income from stabilised assets. There was also a new, additional performance condition included for FY20 to focus Executives on driving income from the portfolio of 10 assets acquired from Vicinity in October 2018. Details are set out in section 3.2.	
5. What is the FY20 STI payout to Executives and why?	The final months of FY20 were impacted by the extreme health, social and economic impacts of the COVID-19 pandemic, which in turn impacted SCP's financial performance. Consequently, the payout for the financial components of the STI was assessed at zero. Each Executive had a 20% personal performance component. Based on an assessment against the requirements of this component payments would ordinarily have been made. However, the Board exercised negative discretion to reduce the payment for the personal performance component to zero. This negative discretion was applied in recognition of the fact that Unitholders have been impacted by the decline in distributions, and value of their units over the period.	Section 3.2

Key questions	Our approach	Further information
6. Did any LTI awards vest in FY20?	Yes, the FY16 LTI awards vested in August 2019. Details of the performance period and metrics were set out in section 9.1 of the 2015 Remuneration Report, and details of actual performance against metrics were set out in sections 1.1 and 1.3 of the 2019 Remuneration Report. While not in FY20, SCP also notes that the FY17 LTI awards vested in July 2020. The performance period for the distributable earnings per unit (DEPU) and return on equity (ROE) performance conditions ended on 30 June 2019, and the performance period for the relative total securityholder return (TSR) performance condition ended on 30 September 2019. Performance was assessed as slightly below maximum as a consequence of SCP's strong results over the performance period, which resulted in an 89.78% payout of the total FY17 LTI maximum opportunity for each Executive. In making a determination with respect to the FY17 LTI awards, the Board considered both the impacts of COVID-19 on SCP and its Unitholders, and the actual performance delivered by Executives over the performance period to 30 June 2019, prior to the pandemic, and current LTIs on foot that measure performance over the pandemic period. After careful consideration of each of these factors, the Board determined that the FY17 LTI awards should vest and negative discretion should not be exercised, given the performance period for the FY17 LTI award had concluded pre-pandemic. The FY18 and FY19 LTI performance periods and assessments will include pandemic effects, with a reasonable probability that some or all of the grants will not vest as a result of the pandemic.	
7. Did the Board exercise discretion when considering Executive awards in FY20?	The Board exercised negative discretion in determining that payments for the personal component of the FY20 STI awards be reduced to zero. As a general principle, where a formulaic application of the relevant remuneration metrics is likely to produce a material and perverse remuneration outcome, or where it is in the best interests of Unitholders for the Board to do so, the Board may consider exercising its discretion in determining awards.	
8. Were any changes made to NED fees in FY20?	NED base fees were increased by 2.5% from 1 January 2020, with no increase having been applied to base fees in the prior year. There was no increase applied to Committee fees, with the exception of the Nomination Committee where the fee payable to the Chair was increased. No fees are paid to members of the Nomination Committee. Total NED remuneration payable in FY20 was $1,184,027 up from $1,071,103 in FY19.	Section 4.1
Remuneration Framework		
9. How does the Board set remuneration hurdles?	The Board focuses the STI and LTI performance conditions and hurdles on those areas where it believes the Executives can create the best value for Unitholders, while at the same time ensuring that the hurdles build on prior-year performance, and provide Executives with meaningful and robust stretch targets within SCP's stated risk parameters. These areas include: • Securing sustainable FFOPU and earnings growth; • Driving NOI at the portfolio level, focusing on the underlying cash flow quality for the current period and for future periods; • Appropriately managing corporate cost relative to the scale of funds managed, measured by the MER; • Ensuring SCP has a competitive cost of capital through appropriate capital management practices ensuring medium and long-term competitiveness in the market; and • Demonstrating the personal characteristics and qualities expected of high-quality management personnel.	Section 2.1
10. How and when does the Board determine it uses discretion?	Refer to key question 7.	

Key questions	Our approach	Further information
11. What portion of remuneration is at-risk?	STI and LTI awards are based on performance and are therefore considered at-risk. • 66.67% of the CEO's TRO is at-risk; • 58.33% of the CFO's TRO is at-risk; and • 41.18% of the General Counsel/Company Secretary's (GC/CS) TRO is at-risk.	Section 3.1
12. Are there any clawback provisions for incentives?	All incentives contain "malus" provisions allowing for the forfeiture of unvested rights in certain circumstances including in the event of termination for cause or for failing to meet prescribed minimum business and individual performance standards.	
13. Do all Board members, including Executive Directors, hold units in SCP?	Yes, all members of the SCP Board, including both Executive Directors, hold units in SCP; however, there is no mandated minimum holding requirement, as it is considered that this may be a deterrent to achieving Board or Executive diversity.	
14. How is risk managed at the various points in the Remuneration Framework?	Risk is managed at various points in the Remuneration Framework through: • Part deferral of STI awards for the CEO and CFO, with the vesting of STI rights deferred for two years; • LTI performance hurdles that reflect the long-term performance of SCP, measured over a three-year performance period with a further one-year deferral; • SCP's incentive plan contains broadly framed malus provisions that allow the Board in its sole discretion to determine that all, or part, of any unvested incentive awards be forfeited in certain circumstances; and • Board discretion on performance outcomes where a formulaic application of the relevant remuneration metrics is likely to produce a material and perverse remuneration outcome, or where it is in the best interests of Unitholders for the Board to do so.	
Short-Term Incentives (STIs)		
15. What are the STI performance measures that determine if the STI vests?	The FY20 performance measures are: • FFOPU; • MER; • Cash NOI; • VCX portfolio acquisition NOI (VCX NOI) and • Personal component. These performance measures were chosen as they are directly linked to SCP's strategic objectives.	Sections 3.2 and 3.3
16. Are any STI payments deferred?	Yes, 50% of STIs for the CEO and CFO are in the form of deferred rights, with a two-year deferral period.	Section 3.3
17. Are STI payments capped?	Yes, the total maximum STI opportunity as a percentage of TFR is as follows: • CEO – 100% of TFR; • CFO – 70% of TFR; and • GC/CS – 35% of TFR.	Section 3.3
18. Are distributions paid on unvested STI awards?	On vesting, each STI right awarded entitles the relevant Executive to receive one stapled unit in SCP plus an additional number of stapled units calculated on the basis of the distributions that would have been paid in respect of those stapled units over the two-year STI deferral period.	Section 3.3
19. Have any adjustments, positive or negative, been made to the STI payments?	There were no FY20 STI payments made to Executives during the period. Refer to key question 7 in relation to the exercise of negative discretion concerning the personal component of the FY20 STI awards.	Section 3.2

Key questions	Our approach	Further information
Long-Term Incentives (LTIs)		
20. What are the performance measures that determine if the LTI awards vest?	FY20 LTI rights will be tested against three performance hurdles over a three-year performance period followed by a one-year deferral (total vesting period is four years). The performance hurdles are weighted as follows: • TSR relative to the constituents of the S&P/ASX 200 A-REIT Accumulation Index (33.33% of grant); • Specified FFOPU growth (33.33% of grant); and • Specified ROE (33.33% of grant). These performance conditions were chosen as they are directly linked to SCP's strategic objectives.	Sections 3.3 and 3.5
21. Does the LTI have re-testing?	No, there is no re-testing.	
22. Are distributions paid on unvested LTI awards?	On vesting, each LTI right awarded entitles the relevant Executive to receive one stapled unit in SCP plus an additional number of stapled units calculated on the basis of the distributions that would have been paid in respect of those stapled units over the four-year LTI deferral period.	Section 3.3
23. Is LTI grant quantum based on "fair value" or "face value"?	In the year of issue, LTI grant quantum is determined based on the face value of SCP units, calculated by dividing the intended LTI grant value by the volume-weighted average price for the five trading days following the release of the prior period's full year results.	
24. Can LTI participants hedge their unvested rights?	No. LTI participants must not use any hedging strategy that has the effect of reducing or eliminating the impact of market movements on any unvested rights that are still subject to disposal restrictions.	Section 3.3
25. Does SCP buy securities or issue new securities to satisfy unit-based awards?	SCP has issued new units to satisfy unit-based awards to date; however, SCP may elect to buy units in certain circumstances.	
Executive Agreements		
26. What is the maximum an Executive can receive on termination?	Termination payments will be managed differently in various termination scenarios, depending upon whether the Executive ceases employment with or without cause.	Section 3.7
Board structure		
27. How is the Board assessing the skills of NEDs to ensure appropriate and rigorous performance review?	At least annually, the Nomination Committee reviews the composition of the Board and Committees and makes recommendations to the Board in respect of the appropriateness of the skills mix of Directors, giving due consideration to the business's strategy and operations. In addition, the Nomination Committee considers the form of the Board performance evaluation annually, including whether an external facilitator should be used in the process. The Chair of the Nomination Committee coordinates the performance review and the Nomination Committee's recommendations are considered by the Board. A more detailed review of the skills of Board members is included in the Directors' Report.	

1.2 SCP's Key Management Personnel

Key Management Personnel (KMP), as defined by AASB 124, refers to those people having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any Director of an entity (whether Executive or otherwise) of the consolidated entity. KMP includes Directors of Shopping Centres Australasia Property Group RE Limited and other Executives of SCP.

Name	Position as at 30 June 2020	Board appointment date
Non-Executive Directors (NEDs)		
Philip Marcus Clark AO	Chair - Board Member - Nomination Committee Member - Audit, Risk Management and Compliance Committee	19 September 2012
Dr Kirstin Ferguson	Chair - Nomination Committee Member - Remuneration Committee Member - Audit, Risk Management and Compliance Committee	1 January 2015
Philip Redmond[1]	Member - Investment Committee Member - Nomination Committee Chair - Audit, Risk Management and Compliance Committee	26 September 2012
Belinda Robson	Member - Remuneration Committee Chair - Investment Committee Member - Nomination Committee	27 September 2012
Beth Laughton	Member - Audit, Risk Management and Compliance Committee[2] Member - Remuneration Committee Member - Nomination Committee	13 December 2018
Steven Crane	Chair - Remuneration Committee Member - Nomination Committee Member - Investment Committee	13 December 2018
Executive Directors		
Anthony Mellowes	Chief Executive Officer Member - Investment Committee	Appointed as Director: 2 October 2012 Appointed as Chief Executive Officer from 1 July 2013
Mark Fleming	Chief Financial Officer Member - Investment Committee	Appointed as Chief Financial Officer from 20 August 2013 Appointed as Director: 26 May 2015
Other Executives		
Mark Lamb	General Counsel and Company Secretary	26 September 2012

1. *Philip Redmond retired as a Director of SCP on 30 September 2020*
2. *Beth Laughton was appointed as Chair of the Audit, Risk Management and Compliance Committee effective 1 October 2020*

1.3 Actual remuneration earned in respect of FY20

The table below sets out the actual value of remuneration earned by each Executive during FY20. The reason the figures in this table are different to those shown in the statutory remuneration table in section 3.6 is because the latter table includes an apportioned accounting value for all STI and LTI equity grants (some of which remain subject to satisfaction of performance and service conditions and so may not ultimately vest).

The table below represents:

- Fixed remuneration including superannuation;
- Cash STI – the non-deferred portion of STI payments to be made in September 2019 in recognition of performance during FY19; and
- Equity that vested during the year that relates to prior years' awards. The value ascribed to this equity is based on the closing value on the day the equity vested. This value is not the same as the value used for financial reporting.

ACTUAL REMUNERATION EARNED IN FY20

Executive KMP	Financial Year	Fixed remuneration including Superannuation $[1]	Cash STI[2]	Deferred STI vested equity number units[3]	Deferred STI vested equity value $[4]	LTI vested equity number units[5]	LTI vested equity value $[6]	Other remuneration $	Total remuneration $[7]
Anthony Mellowes	**2020**	**951,250**	**-**	**137,948**	**353,147**	**403,553**	**1,033,096**	**-**	**2,337,493**
	2019	910,000	324,290	130,945	322,125	561,590	1,381,511	-	2,937,926
Mark Fleming	**2020**	**653,125**	**-**	**63,062**	**161,439**	**184,482**	**472,274**	**-**	**1,286,838**
	2019	625,000	157,219	59,118	145,430	195,943	482,020	-	1,409,669
Mark Lamb	**2020**	**595,000**	**-**	**-**	**-**	**67,643**	**173,166**	**-**	**768,166**
	2019	572,500	152,016	-	-	72,516	178,389	-	902,905
Total	**2020**	**2,199,375**	**-**	**201,010**	**514,586**	**655,678**	**1,678,536**	**-**	**4,392,497**
	2019	2,107,500	633,525	190,063	467,555	830,049	2,041,920	-	5,250,500

1. *Fixed remuneration comprises fixed remuneration including superannuation contributions.*
2. *Cash STI payments are paid shortly after the end of the financial year to which they are attributed.*
3. *Deferred STI vested equity units were issued on 8 August 2019 and 9 August 2018 in respect of the financial year ending two years previously respectively.*
4. *Value of STI is calculated by reference to the closing price on the day of issue, which was 8 August 2019 $2.56 and 9 August 2018 $2.46. This price does not represent the value for financial reporting.*
5. *LTI vested units were issued on 8 August 2019 in respect of the plans covering the preceding period. For the prior period, LTI vested units were issued on 9 August 2018 in respect of plans covering the preceding period.*
6. *The LTI vested value is calculated by reference to the closing price on the day of issue, which was 8 August 2019 $2.56 and 9 August 2018 $2.46.*
7. *Total remuneration is made up of fixed remuneration, including Superannuation $ plus cash STI $ plus Deferred STI vested equity value $ plus LTI vested equity value.*

2. REMUNERATION POLICY

2.1 SCP's remuneration principles, policy and philosophy

The Board believes that the structure, design and mix of remuneration should, through the alignment of Unitholder interests with those of a motivated and talented Executive, provide Unitholders with the best value. At the same time, the Board recognises that it is important to have programs and policies that may be adjusted, as appropriate, to address:

- Industry trends and developments, as well as evolving Executive remuneration and good governance practices; and
- Feedback from engagement with Unitholders and other stakeholders.

In support of this philosophy, SCP's remuneration policies are framed around two key remuneration principles:

1. ***Fairly reward and motivate Executives having regard to the external market, individual contributions to SCP and overall performance of SCP.***

- TRO (including fixed component) is regularly independently benchmarked against a peer group of comparable entities (reflecting size, complexity and structure) to ensure that Executive remuneration is aligned over time to market levels.
- The quantum and mix of each Executive's TRO take into account a range of factors including that Executive's position and responsibilities, ability to impact achievement of SCP's strategic objectives, SCP's overall performance, and the desire to secure tenure of Executive talent.
- Fixed remuneration rewards Executives for performing their key responsibilities that are aligned to the Board-endorsed strategy to a high standard. This high standard includes stretch targets above core business performance.

2. ***Appropriately align the interests of Executives and Unitholders.***

- A meaningful portion of an Executive's TRO is at-risk through performance-contingent incentive awards.
- The structure and metrics of incentive awards are tied directly to the achievement of an appropriate balance of short and long-term goals and objectives agreed in advance that provide Executives with appropriate stretch. Actual performance drives what Executives are paid.
- The threshold, target and maximum hurdles within each key performance indicator (KPI) are set each financial year and are designed to encourage strong to exceptional performance within SCP's stated risk parameters.
- For the CEO and the CFO, the majority of their at-risk pay is delivered through conditional and deferred rights to SCP securities.
- To encourage Management to secure the long-term future of SCP, unvested incentive opportunities are retained by the Executive upon resignation or retirement unless the Board determines they should be forfeited.
- Performance-based remuneration opportunities are designed to ensure they do not encourage excessive risk taking or breaches of workplace health and safety, environmental or other regulations that may compromise SCP's value and/or reputation. SCP considers key risk parameters to include maintaining levels of gearing within the target range of 30–40% with a preference for gearing to remain below 35% at this point in the cycle. SCP remains focused on owning and operating neighbourhood shopping centres predominantly tenanted by non-discretionary retail.
- All incentives contain "malus" provisions permitting the Board to exercise its discretion to forfeit some or all of an Executive's unvested STI rights where FFO is not maintained in the deferral period following the performance period.

This philosophy is substantially the same as for FY19. The Committee continues to benefit from discussions with key stakeholders and where appropriate will take these views into account in formulating SCP's remuneration strategy.

2.2 Remuneration governance

Role of the Remuneration Committee

The Board of SCP (Board) has adopted a Board Charter which sets out the objectives, responsibilities and framework for the operation of the Board. A copy of the Board Charter is available at www.scaproperty.com.au/about/governance.

The Board Charter underlines that the Board is accountable to Unitholders for SCP's performance and for the proper management of SCP's business and affairs.

To assist the Board in carrying out its responsibilities, the Board has established the Remuneration Committee which has responsibility for reviewing, making recommendations to the Board and, where relevant, approving the remuneration arrangements in place for the Non-Executive Directors, the CEO and other Executives.

The charter for the Remuneration Committee is reviewed by the Board annually and can be found at www.scaproperty.com.au/about/governance.

How remuneration decisions are made

Remuneration of all KMP is determined by the Board, acting on recommendations made by the Remuneration Committee.

The Board and the Remuneration Committee have absolute discretion when considering the awarding and vesting of STI and LTI opportunities to Executives. The purpose of preserving this discretion is to allow the Board to ensure remuneration amounts and structure are at all times appropriate and to prevent any unintended vesting of awards that would arise from a purely formulaic application of the metrics included as part of the STI and LTI opportunities. Where a formulaic application of the metrics is likely to produce a material and perverse remuneration outcome, or where it is in the best interests of Unitholders for the Board to do so, the Board may exercise its discretion in determining awards. The Board, Remuneration Committee and Management progressively monitor corporate actions throughout the year that may produce a material and perverse remuneration outcome.

The Board is ultimately responsible for recommendations and decisions made by the Remuneration Committee.

When determining awards for Executives, the Committee seeks to acknowledge material performance improvement in the period it was achieved where the Committee believes that Executives' interests are aligned with Unitholders. The Committee will make appropriate adjustments to hurdles set for subsequent periods to reflect the award given, to ensure the same performance is not rewarded twice. NEDs meet without Executives present from time to time to discuss remuneration objectives and outcomes. The CEO provided the Committee with his perspectives on fixed remuneration and STI and LTI performance outcomes for his direct and functional reports.

External advisers and independence

The Committee may seek external professional advice on any matter within its terms of reference.

During the year, the Committee engaged the services of Guerdon Associates to advise on various aspects of remuneration including:

- Remuneration Framework;
- Market trends;
- Compliance and disclosure; and
- Stakeholder engagement.

The Committee also engaged the services of BDO to undertake independent remuneration calculations.

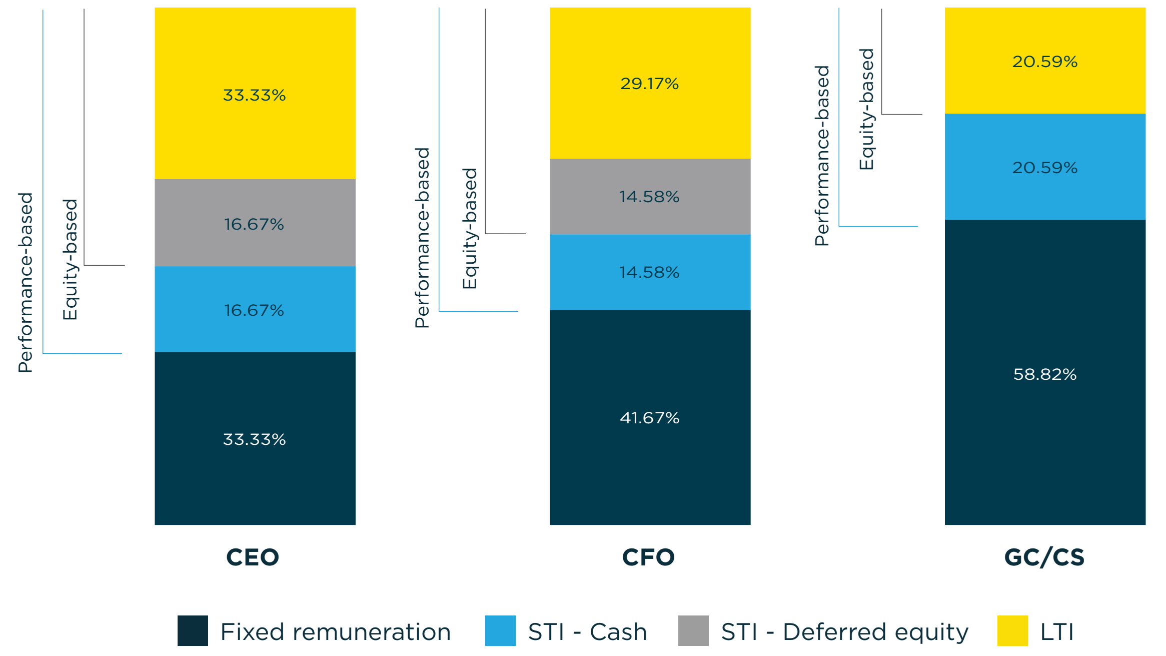
Guerdon Associates and BDO did not make any 'remuneration recommendations' (as defined in the Corporations Act) in relation to any KMP during FY20.

3. EXECUTIVE REMUNERATION

3.1 Executive remuneration at SCP

The Board believes that SCP's remuneration structure, design and mix should align and motivate a talented Executive team with Unitholder interests, providing Unitholders with the best value.

SCP's Executive remuneration is performance based, equity linked and multi-year focused. The graph below sets out the remuneration structure and mix for each Executive for FY20.



3.2 FY20 STI outcomes

SCP's financial performance directly affects STI award outcomes, as 80% of the maximum STI opportunity for each Executive is based on the achievement of financial performance conditions: FFOPU, MER, cash NOI, and VCX NOI.

STI is awarded annually based on the achievement of the relevant performance conditions. The weighting of these performance conditions reflects SCP's FY20 strategic drivers around maximising cash NOI, driving income from the VCX assets, lowering the MER to competitive levels through managing costs relative to the size of SCP's portfolio of assets, while maintaining a competitive and conservative capital structure. Building on SCP's achievements in the prior financial year, each performance condition comprises stretch for Executives so as to ensure that "at-risk" pay is genuinely "at-risk". The degree of stretch is carefully balanced with SCP's stated risk appetite.

As noted in section 1.1, there were minor adjustments made to the weightings of the cash NOI and MER performance conditions of the STI award, in order to focus Executives on driving recurring income from stabilised assets. The VCX NOI performance condition was also included as part of the FY20 STI, with a weighting of 15%. Details are set out below:

CEO/CFO

Performance condition	FY19 weighting	FY20 weighting
FFOPU	40%	40%
MER	15%	10%
Cash NOI	25%	15%
VCX NOI	0%	15%
Non-financial (personal component)	20%	20%

GC/CS

Performance condition	FY19 weighting	FY20 weighting
FFOPU	40%	40%
MER	15%	10%
Cash NOI	15%	15%
VCX NOI	0%	15%
Non-financial (personal component)	30%	20%

The COVID-19 pandemic negatively impacted SCP's financial results in the second half of the financial year, resulting in performance being assessed by the Remuneration Committee as below threshold for each of the financial performance conditions for the FY20 STI. In relation to the personal performance condition, notwithstanding the extent that targets and hurdles were met by Executives, the Board exercised negative discretion to forfeit all payments for this component of the STI award. This determination was made in recognition of the fact that Unitholders have been impacted by the decline in distributions and the value of their units over the period. The table below sets out SCP's performance highlights and the resulting STI outcomes:

Weighting of total STI award	Measure	FY20 performance highlights
40%	**FFOPU** This condition rewards performance where FFOPU as shown in SCP's FY20 audited Financial Statements exceeds specified levels. The KPI was selected to focus Executives on active portfolio and operational management in the context of SCP's adopted risk profile. The hurdles were set having regard to the mix and characteristics of SCP's portfolio	FFOPU was 14.65 cents, down by 10.3% compared to last year. Performance was assessed at below Threshold (as detailed in section 3.3).
10%	**MER** This condition rewards performance where SCP's MER, as at 30 June 2020, is less than specified levels. The KPI was selected to focus Executives on efficiently resourcing the operations of SCP. Threshold, Target and Maximum levels were set considering SCP's budget and referencing its A-REIT peers.	MER was 0.42%, up from 0.37%. Performance was assessed at below Threshold (as detailed in section 3.3). *MER for remuneration purposes only includes total funds under management. This is the sum of investment properties, assets held for sale and other assets. Market- reported MER was lower at 0.38% due to total assets used for funds under management.
15%	**Cash NOI** This condition rewards performance where the FY20 cash NOI from shopping centres owned by SCP for at least one year as at 30 June 2019 (but excluding assets subject to development and assets sold and acquired during FY20) is greater than specified levels. The KPI was selected to focus Executives on improving occupancy levels, maximising rental receipts and managing expenses. This metric looks through to the underlying quality of the cash flows with a focus on recurring income from stabilised assets.	Performance was assessed at below Threshold (as detailed in section 3.3).
15%	**VCX NOI** This condition rewards performance where the FY20 cash NOI from the shopping centres acquired from VCX in October 2018 is greater than specified levels. The KPI was selected to focus Executives on improving occupancy levels, maximising rental receipts and managing expenses in the assets acquired from VCX.	Performance was assessed at below Threshold (as detailed in section 3.3).
20%	**Personal performance** The personal performance component assesses individual contributions based on factors judged as important for adding value for each individual Executive. While the factors assessed are common to Executives, the expectations of each person will vary depending on the focus and accountabilities of their position. Therefore, the weighting of these factors may vary for each Executive. These factors include: • (**People**) Maintain an effective team of people through recruitment, performance management and retention, and promote the development and engagement of SCP's staff through a positive collaborative culture, with good communication and high levels of employee engagement. • (**Strategy**) Further develop and progress SCP's corporate strategy including developing and executing strategic initiatives outside the current portfolio or corporate structure. • (**Stakeholder**) Maintain strong stakeholder relations measured by receiving positive feedback from investors and analysts, promoting strong and positive relationships with major tenants balancing commercial parameters and potential future opportunities, and ensuring positive and productive relationships with external contractors, service providers and regulatory bodies (property management companies, auditors, lawyers, banks etc.). • (**Operational Performance**) including optimising the performance of SCP's centres, successfully completing Board-approved development projects and identifying and commencing other development opportunities. Ensure appropriate policies are in place and followed and a sound and effective system of risk management and internal controls are in place.	The Board has exercised negative discretion to forfeit all payments for this component of the FY20 STI award. Six-monthly reviews are held with each Executive to evaluate and monitor performance against personal objectives.

The following table shows the actual STI outcomes for each of the Executive KMP for FY20.

FY20 STI Outcomes

	STI target (% of Fixed Remuneration)	STI max (% of Fixed Remuneration)	Actual STI (% max)	STI forfeited (% max)	Actual STI (total) ($)
Anthony Mellowes	75.00%	100%	0%	100%	-
Mark Fleming	52.50%	70%	0%	100%	-
Mark Lamb	26.25%	35%	0%	100%	-

3.3 How remuneration was structured in FY20

The SCP Executive remuneration structure comprised a combination of fixed remuneration plus performance or "at-risk" remuneration. The performance remuneration comprises STIs and LTIs.

TFR – how does it work?

TFR provides a fixed level of income to recognise Executives for their level of responsibility, relative expertise and experience. It includes the fully costed value of salary, superannuation, motor vehicle and other short-term benefits including Fringe Benefit Tax (FBT). The TFR package is paid in cash, superannuation contributions as well as motor vehicle and other employee benefits provided on salary sacrifice.

The opportunity value for the at-risk components of remuneration is determined by reference to TFR, so SCP is conscious that any adjustments to TFR have flow-on impacts on potential STI and LTI awards. TFR is reviewed annually on 1 October, with no obligation to adjust. Increases of between 5.2% and 6.0% were made to TFR for the period. Prior to these increases, fixed remuneration for all Executives had remained at the levels set on 1 October 2017.

A benchmarking exercise was undertaken during the period, which benchmarked Executive remuneration to comparable entities.

The Board believes that the FY20 remuneration structure is aligned with business strategy, and appropriate to ensure Executive retention.

STIs – how does it work?

Purpose	The STI is designed to motivate and reward Executives for achieving or exceeding annual strategic objectives set for SCP over the short term and is aligned with value creation. STI recognises individual contributions to SCP's performance.
Eligibility	The eligible Executives for FY20 are the CEO, Anthony Mellowes, the CFO, Mark Fleming and the GC/CS, Mark Lamb.
Instrument	For the CEO and CFO, 50% of the actual STI award is delivered in cash, and 50% in the form of deferred rights to units in SCP. All other Executives receive their STI award in cash only. For the CEO and CFO, each vested STI right entitles the relevant Executive to receive one stapled unit in SCP plus an additional number of stapled units calculated on the basis of the distributions that would have been paid in respect of those stapled units had they been on issue over the two-year deferral period. The additional units are calculated as the number of units that would have been acquired if distributions as announced to the Australian Securities Exchange (ASX) during the vesting period had been paid and reinvested in units, applying the formula set out in clause 3.3 of SCA Property Group's Distribution Reinvestment Plan (DRP) (whether or not that plan is operative at the relevant time) assuming no discount. Fractions of stapled units will be rounded down to the nearest whole number and no residual positive balance carried forward. No distributions accrue in respect of STI rights that lapse.
Awards	Specific quantifiable performance measures have been determined by the Board, based upon recommendations made by the Remuneration Committee. These performance criteria, and their weighting, reflect the FY20 strategic priorities for SCP as detailed in this Report. Award payout levels have been calibrated between Threshold (minimum expected performance), Target and Maximum (exceptional performance, which is significantly above agreed targets and guidance). Target is set at 75% of Maximum for all STI financial and operational management performance conditions. Maximum STI opportunities for each Executive are as follows: CEO – 100% of TFR; CFO – 70% of TFR; and CG/CS – 35% of TFR. Awards can range from zero up to the maximum percentage stated above, based upon the level of performance against STI performance measures.
Performance measures	For each performance measure, a Threshold, Target and Maximum performance target is set. Award payouts reflect the level of performance achieved during the relevant financial year.

Category	Measure	Weighting of total STI award	Rationale for using measure
Financial	FFOPU	40%	Focuses Management on active portfolio and operational management in the context of SCP's adopted risk profile
Financial	MER	10%	To ensure Management sufficiently and efficiently resource the operations of SCP
Financial	Cash NOI	15%	Focuses Management on improving occupancy levels, maximising rental receipts and managing expenses in shopping centres owned by SCP for at least one year as at 30 June 2019
Financial	VCX NOI	15%	Focuses Management on improving occupancy levels, maximising rental receipts and managing expenses in the portfolio of shopping centres acquired from VCX in October 2018
Non-financial	Personal (factors include people management, strategy, stakeholder relations and operational performance)	20%	Management are assessed on factors judged as important for adding security holder value

Performance schedule – FFOPU (All Executives)

	% of relevant STI award that vests
Threshold	0%
50% of max	50%
Target	75%
Maximum	100%

Performance schedule – MER (All Executives)

	% of relevant STI award that vests
Threshold	0%
50% of max	50%
Target	75%
Maximum	100%

Performance schedule – Cash NOI (All Executives)

	% of relevant STI award that vests
Threshold	0%
50% of max	50%
Target	75%
Maximum	100%

Performance schedule – VCX NOI (All Executives)		**% of relevant STI award that vests**
	Threshold	0%
	50% of max	50%
	Target	75%
	Maximum	100%

Discretion	Where a formulaic application of the metrics is likely to produce a material and perverse remuneration outcome, or where it is in the best interests of Unitholders for the Board to do so, the Board may exercise its discretion in determining awards. The purpose of preserving this discretion is to allow the Board to ensure remuneration amounts and structure are at all times appropriate and to prevent any unintended vesting of awards that would arise from a purely formulaic application of the STI metrics. As noted in sections 1.1 and 3.2, negative discretion was applied in FY20 in relation to the personal component of the FY20 STI awards.
Deferral	STI rights are subject to a two-year deferral. Rights will not be issued to the CEO and CFO for FY20.
Termination/Forfeiture	If an Executive ceases employment by way of termination by SCP without cause, redundancy, diminution of responsibility, retirement, death or disability or other circumstances approved by the Board, the Executive retains unvested incentive opportunities to encourage Management to secure the long-term future of SCP. In the event of the Executive's termination by SCP for cause prior to the end of the performance period, all STI unpaid and unvested incentive opportunities are forfeited.
Clawback	Consistent with good governance and to reinforce the importance of integrity and risk management in SCP's Remuneration Framework, SCP's incentive plan contains broadly framed malus provisions that allow the Board in its sole discretion to determine that all, or part, of any unvested incentive awards be forfeited in certain circumstances. These circumstances include, but are not limited to: • A material misstatement or omission in the Financial Statements of SCP; • If actions or inactions seriously damage SCP's reputation or put SCP at significant risk; • If FFO is not maintained in the deferral; and/or • A material abnormal occurrence results in an unintended increase in the award.
Hedging	Participants are prohibited from hedging their unvested deferred rights.

LTIs – how does it work?

Purpose	The LTI is aimed at aligning Executive and Unitholder value while also providing a retention tool, as the LTI is intended to vest over time.
Eligibility	The eligible Executives for the current period are the CEO, Anthony Mellowes, the CFO, Mark Fleming and the GC/CS, Mark Lamb.
Instrument	Each vested LTI right entitles the relevant Executive (or participant) to receive one stapled unit in SCP plus an additional number of stapled units calculated on the basis of the distributions that would have been paid in respect of those stapled units over the four-year performance period. The additional units are calculated as the number of units that would have been acquired if distributions as announced to the ASX during the vesting period had been paid and reinvested in units, applying the formula set out in clause 3.3 of SCA Property Group's DRP (whether or not that plan is operative at the relevant time) assuming no discount. Fractions of stapled units will be rounded down to the nearest whole number and no residual positive balance carried forward. No distributions accrue in respect of LTI rights that lapse.
LTI performance rights granted in FY20	The number of performance rights granted to Executives in FY20 is as follows: • Anthony Mellowes – 377,528 LTI rights; • Mark Fleming – 181,428 LTI rights; and • Mark Lamb – 82,498 LTI rights.

Grant price	The grant price has been calculated by dividing the relevant award opportunity by the volume-weighted average price of SCP units on the ASX for the five trading days following the release of SCP's 2019 full year results, being $2.5561.

Performance hurdles (each apply to one-third of the LTI grant)	**Relative TSR (Tranche 1)**	**FFOPU (Tranche 2)**	**ROE (Tranche 3)**
	Measures SCP's TSR performance over the Tranche 1 performance period (being from 1 October 2019 to 30 September 2022) relative to the TSR for the constituents of the S&P/ASX 200 A-REIT Accumulation Index over that same period.	This condition requires the growth in SCP's FFOPU over the Tranche 2 performance period (being from 1 July 2019 to 30 June 2022) above the Base Point to exceed a certain level as detailed below. The FY20 "Base Point" for measuring the rate of FFOPU growth is 16.33 cents per unit.	This condition requires SCP's total ROE over the Tranche 3 performance period (being from 1 July 2019 to 30 June 2022) to exceed a certain level, as detailed below.

Vesting schedule – Relative TSR		**Position of SCP relative to S&P/ASX 200 A-REIT Accumulation Index**	**% of Tranche 1 LTI rights that vest**
	At or below Threshold	Less than or equal to 50th percentile	0%
	Between Threshold and Maximum	Between 50th percentile and 75th percentile	Vest on a straight-line basis between 0% at Threshold and 100% at Maximum
	Maximum	At or above 75th percentile	100%
Vesting Schedule – FFOPU		**Growth in FFOPU over performance period above Base Point**	**% of Tranche 2 LTI rights that vest**
	At or below Threshold	Less than or equal to 2.0% p.a.	0%
	Between Threshold and Maximum	Between 2.0% and 5.0% p.a	Vest on a straight-line basis between 0% at Threshold and 100% at Maximum
	Maximum	At or above 5.0% p.a.	100%
Vesting Schedule – ROE		**ROE over performance period**	**% of Tranche 3 LTI rights that vest**
	At or below Threshold	Less than 8.0% p.a.	0%
	Between Threshold and Maximum	Between 8.0% p.a. and 11.5% p.a.	Vest on a straight-line basis between 0% at Threshold and 100% at Maximum
	Maximum	At or above 11.5% p.a.	100%

Vesting/delivery	The performance rights can only be exercised if and when the performance conditions are achieved. The performance period is a three-year period, ending on the dates specified above. Any rights awarded then vest at the end of a further one-year deferral period ending on 30 June 2023, unless the Board exercises its discretion to forfeit the awarded rights under the malus provisions of the SCA Property Group Executive Incentive Plan Rules. Any rights which do not vest following testing of the performance conditions are forfeited.
Discretion	Where a formulaic application of the metrics is likely to produce a material and perverse remuneration outcome, or where it is in the best interests of Unitholders for the Board to do so, the Board may exercise its discretion in determining awards. The purpose of preserving this discretion is to allow the Board to ensure remuneration amounts and structure are at all times appropriate and to prevent any unintended vesting of awards that would arise from a purely formulaic application of the LTI metrics.

Termination/forfeiture	If an Executive ceases employment by way of termination by SCP without cause, redundancy, diminution of responsibility, retirement, death or disability or other circumstances approved by the Board, the Executive retains unvested incentive opportunities to encourage Management to secure the long-term future of SCP. All unvested LTI rights will lapse if the Executive is terminated by SCP for cause.
Clawback	Consistent with good governance and to reinforce the importance of integrity and risk management in SCP's reward framework, each of SCP's incentive plans contains broadly framed malus provisions that allow the Board in its sole discretion to determine that all, or part, of any unvested incentive awards be forfeited in certain circumstances. These circumstances include, but are not limited to: • A material misstatement or omission in the Financial Statements of SCP; • If actions or inactions seriously damage SCP's reputation or put SCP at significant risk; • If FFO is not maintained; and/or • A material abnormal occurrence results in an unintended increase in the award.
Hedging	Participants are prohibited from hedging their unvested performance rights.

3.4 Past financial performance

The tables below set out summary information about the Group's earnings and FFO, stapled security ("unit") net tangible assets (NTA) and ASX price for the last seven complete financial years.

Past Financial Performance

	FY20 Results	FY19 Results	FY18 Results	FY17 Results	FY16 Results	FY15 Results	FY14 Results
Statutory profit (after tax)	$85.5m	$109.6m	$175.2m	$319.6m	$184.7m	$150.5m	$111.6m
Statutory profit (after tax) cents per unit	8.9	12.6	23.5	43.3	25.4	22.9	17.3
FFO	$140.8m	$141.8m	$114.3m	$108.4m	$100.1m	$84.3m	$80.4m
FFO cents per unit	14.65	16.33	15.30	14.70	13.75	12.81	12.44
Distributions paid and payable (cents per unit)	12.50	14.70	13.90	13.10	12.20	11.40	11.00

Operational	FY20 Results	FY19 Results	FY18 Results	FY17 Results	FY16 Results	FY15 Results	FY14 Results
Net tangible assets per unit	$2.22	$2.27	$2.30	$2.20	$1.92	$1.77	$1.64
Unit price (as at 30 June)	$2.18	$2.39	$2.45	$2.19	$2.28	$2.13	$1.72
Management Expense Ratio (MER) %	0.38%	0.37%	0.43%	0.45%	0.51%	0.55%	0.65%

3.5 LTI grants in FY20

The table below presents the LTI grants to Executives made during FY20 that are due to vest on 1 July 2023, subject to performance conditions. The maximum total value of the LTI grants is based on the estimated fair value calculated at the time of the grant and amortised in accordance with the accounting standard requirements.

LTI Grants in FY20

2020	LTI max as % of fixed remuneration	Performance measure	Number of performance rights granted	Fair value per performance right ($)	Maximum total value of grant ($)
Anthony Mellowes	100%	Relative TSR	125,843	1.28	161,079
		FFOPU	125,843	2.59	325,933
		ROE	125,843	2.59	325,933
Total			**377,528**		**812,945**
Mark Fleming	70%	Relative TSR	60,476	1.28	77,409
		FFOPU	60,476	2.59	156,633
		ROE	60,476	2.59	156,633
Total			**181,428**		**390,675**
Mark Lamb	35%	Relative TSR	27,499	1.28	35,199
		FFOPU	27,499	2.59	71,222
		ROE	27,499	2.59	71,222
Total			**82,498**		**177,643**

Performance right movements during the year

Type and eligibility	Vesting Conditions[1]	Security price at grant date	Grant date	Testing date	Vesting date	Maximum number of securities or maximum value of securities to be issued	Fair value at grant date
STIP (FY20) (Mr Mellowes)	Non-market	$2.61	Aug-19	Jul-20	Jul-22	$482,500	$0.96 per $1.00
STIP (FY20) (Mr Fleming)	Non-market	$2.61	Aug-19	Jul-20	Jul-22	$231,875	$0.96 per $1.00
LTIP (FY20 - FY22) (Tranche 1) (Messrs Mellowes, Fleming, Lamb)	Relative TSR[2]	$2.61	Aug-19	Sept-22	Jul-23	213,818	$1.28 per security
LTIP (FY20 - FY22) (Tranche 2) (Messrs Mellowes, Fleming, Lamb)	Non-market	$2.61	Aug-19	Jun-22	Jul-23	213,818	$2.59 per security
LTIP (FY20 - FY22) (Tranche 3) (Messrs Mellowes, Fleming, Lamb)	Non-market	$2.61	Aug-19	Jun-22	Jul-23	213,818	$2.59 per security

1. *Service and non-market conditions include financial and non-financial targets along with a deferred vesting period.*
2. *Relative TSR is Relative Total Securityholder Return measured against the S&P/ASX 200 A-REIT Accumulation Index.*

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

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

Key inputs to the pricing models include:

	30 June 2020
Volatility	16%
Dividend yield	5.8%
Risk-free interest rate	0.7%

3.6 Total remuneration earned in FY20

Potential remuneration granted in FY20

Executive	Maximum potential cash STI			Maximum potential equity STI			Maximum potential equity LTI		
	% of TFR	$[1]	% of total potential rem	% of TFR	$[1]	% of total potential rem	% of TFR	$[3]	% of total potential rem
Anthony Mellowes	50%[2]	482,500	18%	50%[2]	463,200	17%	100%	812,945	30%
Mark Fleming	35%[2]	231,875	16%	35%[2]	222,600	15%	70%	390,675	27%
Mark Lamb	35%	210,875	22%	0%	-	0%	35%	177,643	19%

1. *STI incentives for Mr Mellowes and Mr Fleming are payable 50% in cash and 50% in equity. The difference between the cash and equity components is due to the fair valuation of the equity granted under AASB 2 Share based payments (AASB2).*
2. *In FY20, Mr Mellowes' STI opportunity was 100% of his TFR and Mr Flemings' STI opportunity was 70% of his TFR. STI incentives for Mr Mellowes and Mr Fleming are payable 50% in cash and 50% in equity and the percentage maximum has been equally allocated between cash and equity.*
3. *For Mr Mellowes the LTI maximum incentive is $965,000, for Mr Fleming is $463,750 and for Mr Lamb is $210.875. All of the LTI awarded in equity and the dollar values shown here represent the fair value under AASB2 of equity instruments granted.*

The following is the actual remuneration paid or accrued during the financial year to 30 June 2020[1]:

Table of Executive remuneration paid or accrued

Executive		Salary & fees[2] $	Cash bonus[3] $	Total $	Super $	Long service leave $	Share based payments[4] $	Total $
Anthony Mellowes, CEO	**2020**	**926,250**	**-**	**926,250**	**25,000**	**23,012**	**492,706**	**1,466,968**
	2019	885,000	324,290	1,209,290	25,000	20,897	735,514	1,990,701
Mark Fleming, CFO	**2020**	**628,125**	**-**	**628,125**	**25,000**	**15,519**	**229,203**	**897,847**
	2019	600,000	157,219	757,219	25,000	14,167	338,772	1,135,158
Mark Lamb, GC/CS	**2020**	**570,000**	**-**	**570,000**	**25,000**	**14,080**	**51,531**	**660,611**
	2019	547,500	152,016	699,516	25,000	12,927	79,024	816,467
Total	**2020**	**2,124,375**	**-**	**2,124,375**	**75,000**	**52,611**	**773,440**	**3,025,426**
	2019	2,032,500	633,525	2,666,025	75,000	47,991	1,153,310	3,942,326

1. *Amounts recognised above were determined subsequent to the release of the Financial Statements on 10 August 2020. Accordingly, they may differ to the provisional estimates recognised in Note 25 to the Financial Statements.*
2. *Salary reviews take effect from 1 October.*
3. *The amount shown under "Cash bonus" refers to the amount which will be paid to Executives in September 2020 under the STI Plan for performance over the 2020 financial year.*
4. *The values for equity-based remuneration have been determined in accordance with AASB 2 and represent the current year amortisation of the fair value of rights over the vesting period adjusted for service and non-market vesting conditions. The share-based payments are made up of STI equity and LTI equity. Please refer to the following table for additional details of the share-based payments.*

The break-up of the amounts recognised for performance-based compensation relevant for the financial year ended 30 June 2020, including details of the share-based payments accrued in respect of the current year and prior-year plans using the valuation of equity in accordance with AASB 2, are presented below:

Performance based component of actual remuneration in 2020

Executive	Actual cash STI		Actual equity STI		Actual equity LTI		Total equity STI and LTI
	$	% of total rem	$	% of total rem	$	% of total rem	$
Anthony Mellowes, CEO	-	0%	193,780	13%	298,926	20%	492,706
Mark Fleming, CFO	-	0%	91,962	10%	137,241	15%	229,203
Mark Lamb, GC/CS	-	0%	-	0%	51,531	8%	51,531

Equity holdings of Executives

Executive	Held at 1 July 2019	Vested during year	Changes during the year	Held at 30 June 2020	Number of unvested rights as at 30 June 2020	Total interest in SCP units
Anthony Mellowes, CEO	785,330	541,501	(400,000)	926,831	1,530,276	2,457,107
Mark Fleming, CFO	146,465	247,544	(185,230)	208,779	712,443	921,222
Mark Lamb, GC/CS	170,047	67,643	(57,361)	180,329	242,674	423,003

3.7 Service agreements for Executive KMP

There were no changes to the service agreements for Executives in FY20.

Each Executive has a formal contract, known as a "service agreement". These agreements are of a continuing nature and have no set term of service (subject to the termination provisions).

The key terms of the service agreements for the Executive are summarised below:

Executive Director, Chief Executive Officer: Anthony Mellowes

Contract duration	Commenced 1 July 2013, open ended
TFR as at 30 June 2020	$965,000. Includes salary, superannuation, motor vehicle and other salary sacrifice employee benefits.
Review of TFR	Reviewed annually, effective from 1 October with no obligation to adjust.
Variable remuneration eligibility	The CEO is eligible to participate in SCP's plans for performance-based remuneration, and in FY20 that included: **FY20 STI: Maximum opportunity:** 100% of TFR **FY20 LTI: Maximum opportunity:** 100% of TFR
Non-compete period	Up to 12 months
Non-solicitation period	Up to 12 months
Notice by SCP	9 months
Notice by Executive	9 months
Termination payments to compensate for non-solicitation/non-compete clause in certain circumstances	Maximum benefit from termination payment and payment in lieu of notice is 12 months based on prior-year fixed and variable remuneration.

Executive Director, Chief Financial Officer: Mark Fleming

Contract duration	Commenced 20 August 2013, open ended
TFR as at 30 June 2020	$662,500. Includes salary, superannuation, motor vehicle and other salary sacrifice employee benefits and other short-term benefits.
Review of TFR	Reviewed annually effective from 1 October with no obligation to adjust.
Variable remuneration eligibility	The CFO is eligible to participate in the SCP's plans for performance-based remuneration, and in FY20 that included: **FY20 STI: Maximum opportunity:** 70% of TFR **FY20 LTI: Maximum opportunity:** 70% of TFR
Non-compete period	6 months
Non-solicitation period	6 months
Notice by SCP	6 months
Notice by Executive	3 months
Termination payments to compensate for non-solicitation/non-compete clause in certain circumstances	Maximum benefit from termination payment and payment in lieu of notice is 6 months based on prior-year fixed and variable remuneration.

General Counsel and Company Secretary: Mark Lamb

Contract duration	Commenced 26 September 2012, open ended
TFR as at 30 June 2020	$602,500. Includes salary, superannuation, motor vehicle and other salary sacrifice employee benefits.
Review of TFR	Reviewed annually effective from 1 October with no obligation to adjust.
Variable remuneration eligibility	The GC/CS is eligible to participate in the SCP's plans for performance-based remuneration, and in FY20 that included: **FY20 STI: Maximum opportunity:** 35% of TFR **FY20 LTI: Maximum opportunity**: 35% of TFR
Non-compete period	Up to 12 months
Non-solicitation period	Up to 12 months
Notice by SCP	6 months
Notice by Executive	3 months
Termination payments to compensate for non-solicitation/non-compete clause in certain circumstances	TFR for 6 months

Termination provisions

The following illustrates how termination payments will be managed in various termination scenarios.

Notice period, non-compete/ non-solicitation	SCP can elect to make a payment of TFR in lieu of the notice period by SCP or the Executive, as applicable. At the Board's discretion, an additional termination benefit may be made to acknowledge any post-termination non-compete/non-solicitation agreements made with the Executive. The combined total cash benefit arising from these termination payments (excluding statutory entitlements) is capped at 12 months based on prior-year fixed and variable remuneration, subject to the provisions of sections 200B–200E of the Corporations Act to the extent those provisions apply in the relevant circumstances.
STI and LTI awards	If an Executive ceases employment by way of termination by SCP without cause, redundancy, diminution of responsibility, retirement, death or disability or other circumstances approved by the Board, the Executive retains unvested or unpaid incentive opportunities to encourage Management to secure the long-term future of SCP. All unvested or unpaid incentive opportunities will lapse if the Executive is terminated by SCP for cause.
Board discretion	The Board has full discretion to amend any of the above termination arrangements to acknowledge exceptional circumstances and determine appropriate alternative vesting outcomes that are consistent, fair and reasonable, and balance multiple stakeholder interests. The Board acknowledges that, consistent with its approach to voluntarily adopt certain corporate governance obligations not otherwise applicable to SCP given its structure, Unitholder approval will be sought where termination payments exceed the limits prescribed by the Corporations Act.
Change of control	In the event of a change of control in SCP before the vesting date of any equity, the Board reserves the right to exercise its discretion for early vesting of the equity. In exercising its discretion, the Board may take account of the extent to which performance conditions have or have not been met and the portion of the vesting period that has elapsed at the relevant date.

4. NON-EXECUTIVE DIRECTOR REMUNERATION

4.1 Board remuneration strategy

SCP aims to attract and retain a high calibre of Non-Executive Directors (NEDs) who are equipped with diverse skills to govern the organisation and oversee Management so as to return value for SCP Unitholders. SCP aims to fairly remunerate Directors for their responsibilities relative to organisations of similar size and complexity.

The maximum aggregate fee pool available to NEDs has not been increased from the level set when SCP listed in 2012, being $1,300,000 p.a.

A benchmarking review of NED remuneration was undertaken by Egan Associates in 2018. As a consequence of the review, it was determined that no increase to the base fees paid to NEDs would be applied; however, Committee fees would be standardised across all Committees from 1 January 2019, with the exception of the Nomination Committee where no fees apply. Increases of 2.5% were applied to NED base fees from 1 January 2020. There was no increase applied to Committee fees, with the exception of the Nomination Committee where the fee payable to the Chair was increased. No fees are paid to members of the Nomination Committee.

Total NED remuneration payable in FY20 was $1,184,027, up from $1,071,103 in FY19.

4.2 Total remuneration for Non-Executive Directors

The schedule of fees for NEDs for calendar years is set out in the table below, and fees are annual fees, unless otherwise stated.

Non-Executive Director Board and Committee Fees

	Board		ARMCC		Remuneration		Investment		Nomination	
	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**
Chair	$333,854	**$338,027**	$25,000	**$25,000**	$25,000	**$25,000**	$25,000	**$25,000**	$7,500	**$15,000**
Member	$128,593	**$130,200**	$15,000	**$15,000**	$15,000	**$15,000**	$15,000	**$15,000**	-	-

Total remuneration for Non-Executive Directors

Non-Executive Director	Financial Year	Director fees $	Superannuation $	Committee fees $	Total $
Philip Clark AO	**2020**	**317,024**	**21,003**	**-**	**338,027**
	2019	314,197	19,657	-	333,854
Steven Crane	**2020**	**115,434**	**14,766**	**40,000**	**170,200**
	2019	63,224	7,238	12,968	83,430
Dr Kirstin Ferguson	**2020**	**115,000**	**15,200**	**45,000**	**175,200**
	2019	114,914	13,679	29,080	157,673
James Hodgkinson OAM	**2020**	**-**	**-**	**-**	**-**
	2019	57,866	6,959	15,390	80,215
Beth Laughton	**2020**	**116,301**	**13,899**	**30,000**	**160,200**
	2019	63,224	7,238	12,968	83,430
Philip Redmond	**2020**	**115,434**	**14,766**	**40,000**	**170,200**
	2019	114,431	14,162	34,647	163,240
Belinda Robson	**2020**	**115,434**	**14,766**	**40,000**	**170,200**
	2019	113,909	14,685	40,667	169,261
Total	**2020**	**894,627**	**94,400**	**195,000**	**1,184,027**
	2019	841,765	83,618	145,720	1,071,103

4.3 Non-Executive Director unitholding

Non-Executive Director	Held as at 30 June 2019	Changes during the year	Held as at 30 June 2020
Philip Clark AO	76,465	124,629	201,094
Steven Crane	50,000	38,888	88,888
Dr Kirstin Ferguson	16,465	18,604	35,069
Beth Laughton	4,333	13,998	18,331
Philip Redmond	73,965	13,888	87,853
Belinda Robson	48,607	13,888	62,495

5. ADDITIONAL INFORMATION

5.1 Events subsequent

FY21 STI

SCP has set hurdles and metrics for the first half of the FY21 only, given the current uncertainty around the impact of COVID-19. Hurdles for the second 6 months will be set in December 2020 and January 2021.

The hurdles for first half of FY21 have been set to focus Executives on rental collection and growing AFFOPU. The hurdles are as follows:

- AFFOPU – performance is rewarded where AFFOPU for the half year exceeds certain levels;
- Rent collection – performance is rewarded where rent collected exceeds specified levels; and
- Personal component – performance is rewarded where the Executive's performance is assessed as strong to exceptional against the personal performance targets.

As Directors of SCPRE, units may only be acquired under the incentive plan by Mr Mellowes and Mr Fleming (instead of their equivalent cash value at the time of vesting) if Unitholders approve the issue. Any units granted to Mr Mellowes and Mr Fleming will be deferred for one year. In the past, SCP has had a two-year deferral for STI units granted. This will be reviewed for FY22.

FY21 LTI

The FY21 hurdles and metrics are set out below. The hurdles and metrics set for FY21 have been modified from those used in FY20 to reflect the change in SCP's strategic priorities occasioned by COVID-19. Each year the Board reviews the hurdles in line with strategy and sets the metrics for the forward-looking period. This process will continue and may involve changes in subsequent years. The ranges below are designed as stretch targets for strong to exceptional performance. They do not represent Management or the Board's forecasts, and nor should they be taken as guidance as to likely or potential future outcomes.

The LTI rights are subject to a four-year vesting period comprising a three-year forward-looking performance period and a one-year deferral period (together the "vesting period"). Any rights that do not vest following testing of the performance conditions are forfeited.

The LTI rights that meet the performance hurdles will vest in one instalment on or about 1 July 2024, being four years from the commencement of the performance period.

The performance conditions for the FY21 LTI are as follows:

Relative TSR performance condition – weighting 60% (Relative TSR Tranche)

Subject to satisfaction of the performance conditions, the Relative TSR Tranche will vest on the following basis:

	Position of SCA Property Group relative to constituents of the S&P/ASX 200 A-REIT Accumulation Index	% of Tranche 1 LTI rights that vest	% of total LTI rights that vest
At or below Threshold	Less than or equal to 50th percentile	0%	0%
Between Threshold and Maximum	Between 50th percentile and 75th percentile	Vest on a straight-line basis between 0% at Threshold and 100% at Maximum	Vest on a straight-line basis between 0% vesting at Threshold and 60% at Maximum
Maximum	At or above 75th percentile	100%	60%

AFFOPU performance condition – weighting 40% (AFFOPU Tranche)

Subject to satisfaction of the performance conditions, the AFFOPU Tranche will vest on the following basis:

	AFFOPU for the year to 30 June 2023	% of Tranche 2 LTI Rights that vest	% of total LTI Rights that vest
At or below Threshold	Less than or equal to 12.5cpu	0%	0%
Between Threshold and Maximum	Between 12.5cpu and 13.9cpu	Vest on a straight-line basis between 0% at Threshold and 100% at Maximum	Vest on a straight-line basis between 0% at Threshold and 40% at Maximum
Maximum	At or above 13.9cpu	100%	40%

The Threshold AFFOPU level of 12.5cpu was selected because this is the AFFOPU that was achieved in the FY20 financial year, which included eight months of pre-COVID trading and four months of COVID impacted trading. While there are more units on issue following the equity raisings in April and May 2020, SCP aims to return to not less than FY20 AFFOPU by FY23.

Signed pursuant to a resolution of Directors.

Philip Marcus Clark AO
Chairman, SCA Property Group

5.2 Definitions

AFFOPU	means Adjusted Funds from Operations Per Unit	*KPI*	means key performance indicator
ARMCC	means Audit, Risk Management and Compliance Committee	*LTI*	means Long-Term Incentive
Cash NOI	means cash property net operating income	*MER*	means Management Expense Ratio
CEO	means Chief Executive Officer	*NEDs*	means Non-Executive Directors
CFO	means Chief Financial Officer	*NOI*	means net operating income
CPU	means cents per unit	*NTA*	means net tangible assets
DEPU	means distributable earnings per unit	*ROE*	means return on equity
DRP	means Distribution Reinvestment Plan	*STI*	means Short-Term Incentive
FBT	means Fringe Benefits Tax	*TFR*	means total fixed remuneration
FFO	means Funds from Operations	*TRO*	means total remuneration opportunity
FFOPU	means Funds from Operations per Unit	*TSR*	means total securityholder return
GC/CS	means General Counsel/Company Secretary	*VCX NOI*	means cash net operating income from VCX shopping centres
KMP	means Key Management Personnel		

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Independent Auditor's Report to the Stapled Security Holders of Shopping Centres Australasia Property Group RE Limited as responsible entity for Shopping Centres Australasia Property Retail Trust and Shopping Centres Australasia Property Management Trust

We have audited the accompanying remuneration report of Shopping Centres Australasia Property Group ("SCA Property Group") comprising Shopping Centres Australasia Property Retail Trust and Shopping Centres Australasia Property Management Trust and their controlled entities as set out on pages 32 to 57 of the annual report of SCA Property Group for the year ended 30 June 2020.

In our opinion, the remuneration report of SCA Property Group, for the year ended 30 June 2020, has been prepared in material respects in accordance with section 300A of the Corporations Act 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Remuneration Report* section of our report. We are independent of the SCA Property Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the "Code") that are relevant to our audit of the Remuneration Report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Responsibilities of the Board of Directors for the remuneration report

The Directors of Shopping Centres Australasia Property Group RE Limited as responsible entity of the SCA Property Group ("the Directors") have voluntarily presented the Remuneration Report which has been prepared in accordance with section 300A of the Corporations Act 2001.

The Director's responsibility also includes such internal control as they determine is necessary to enable the preparation and fair presentation of the Remuneration Report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the remuneration report

Our objectives are to obtain reasonable assurance about whether the remuneration report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

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considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this remuneration report.

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

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

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

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

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

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

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

A. COLEMAN.

Andrew J Coleman
Partner
Chartered Accountants
Sydney, 5 October 2020

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DIRECTORS' AND FINANCIAL REPORT

Directors' Report

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

The Responsible Entity for the Trusts is Shopping Centres Australasia Property Group RE Limited, which presents its report together with the Trusts' Financial Reports for the year ended 30 June 2020 and the auditor's report thereon.

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

1. Directors

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

Mr Philip Marcus Clark (appointed 19 September 2012)

Chair and Non-Executive Director

Independent: Yes.

Other listed Directorships held in last 3 years: Non-Executive Director of Ingenia Communities Group (June 2012 to December 2017).

Special responsibilities and other positions held: Member of Nomination Committee and Audit, Risk Management and Compliance Committee.

Other positions currently held, unrelated to the Group, include member of the JP Morgan Australia Advisory Council, Council of Charles Sturt University, and Premier's Science and Innovation Council. Chair of a number of government and private boards including: NSW Skills Board, Royal Botanic Gardens & Domain Trust, NSW Public Purpose Fund, and University of Wollongong Early Start Advisory Board. Director of Food Agility Cooperative Research Centre and Consultant to FTI Consulting.

Other Experience: Mr Clark was the Managing Partner of the law firm Minter Ellison from 1995 to 2005. Prior to joining Minter Ellison, Mr Clark was a Director and Head of Corporate with ABN Amro Australia, and prior to that he was the Managing Partner of the law firm Mallesons Stephen Jaques for 16 years. Mr Clark has been a Director of several listed AREITs and Chair and Non-Executive Director of Hunter Hall Global Value Limited (July 2013 to December 2015), in addition to the Group.

Mr Clark brings specific skills in the following areas:

- M & A and capital markets
- Audit, risk management and compliance
- Corporate governance
- Real estate, including property management, portfolio and investment management, asset management and funds management
- Remuneration
- Workplace health and safety
- Stakeholder engagement

Qualifications: BA, LLB, and MBA (Columbia University).

Mr Steven Crane (appointed 13 December 2018)

Non-Executive Director and Deputy Chair

Independent: Yes.

Other listed Directorships held in last 3 years: Chair and Non-Executive Director of nib holdings limited (Non-Executive Director from September 2010 and Chair from October 2011 to current) and Non-Executive Director of APA Group (comprising Australian Pipeline Trust and APT Investment Trust) (January 2011 to current).

Special responsibilities and other positions held: Chair of Remuneration Committee, and member of Nomination Committee and Investment Committee.

Other positions currently held unrelated to the Group includes Taronga Conservation Society Australia and Global Value Technology Limited.

Other Experience: Mr Crane has held a number of other positions unrelated to the Group include Non-Executive Director of Bank of Queensland (2008-2015), Non-Executive Director of Transfield Services (2008-2015), Non-Executive Director of APA Ethane Limited (2008-2011), Trustee of Australian Reward Investment Alliance (2007-2009), Chair of Adelaide Managed Funds Limited (2006-2008), Chair of Investa Property Group (2006-2007), Non-Executive Director of Adelaide Bank (2005-2007), Non-Executive Director of Foodland Associated (2003-2005), Deputy Chair of Australian Chamber Orchestra and Director of Sunnyfield Association.

Mr Crane brings specific skills in the following areas:

- Funds management
- Investment banking including M & A and capital markets
- Finance and accounting including audit
- Remuneration
- Stakeholder engagement

Qualifications: BComm, FAICD, SF Fin.

Dr Kirstin Ferguson (appointed 1 January 2015)

Non-Executive Director

Independent: Yes.

Other listed Directorships held in last 3 years: Non-Executive Director of EML Payments Limited (February 2018 to date).

Special responsibilities and other positions held: Chair of Nomination Committee and member of Audit, Risk Management and Compliance Committee, and Remuneration Committee.

Other positions currently held unrelated to the Group include Non-Executive Director (and currently Deputy Chair) of the Australian Broadcasting Corporation (November 2015 to date), Non-Executive Director of Hyne & Sons Pty Limited (August 2013 to date), and consultant to Envato Pty Limited.

Other experience: Dr Ferguson is an experienced Non-Executive Director on ASX100, ASX200, government, not-for-profit and significant private company boards. Dr Ferguson has a PhD in corporate culture and governance from QUT Business School where she is also an Adjunct Professor (April 2015 to date). Dr Ferguson was formerly the global CEO of the workplace health and safety organisation, Sentis Pty Limited, and Director Corporate Services at Deacons (now Norton Rose Fulbright). Dr Ferguson has listed company experience including roles as a Non-Executive Director of CIMIC Group Limited (July 2014 to November 2016) and Dart Energy Limited (November 2012 to March 2013), as well as board roles with SunWater Limited (October 2008 to August 2015), the Queensland Rugby Union (April 2011 to April 2013) and Queensland Theatre Company (May 2013 to May 2016). Dr Ferguson was also the Independent Chair of the Thiess Advisory Board (February 2013 to June 2014). Dr Ferguson is also the creator of the global, online #CelebratingWomen campaign and co-author of Women Kind and was a Non-Executive Director of the Layne Beachley Aim for the Stars Foundation (2016 to 2019).

Dr Ferguson brings specific skills in the following areas:

- Remuneration
- Organisational culture
- Diversity
- Risk and compliance

- Workplace health and safety
- Stakeholder engagement
- Social media

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

Ms Beth Laughton (appointed 13 December 2018)

Non-Executive Director

Independent: Yes.

Other listed Directorships held in last 3 years: Director of JB Hi-Fi Limited (May 2011 to current).

Special responsibilities and other positions held: Member of the Audit, Risk Management and Compliance Committee, Remuneration Committee and Nomination Committee.

Other positions currently held unrelated to the Group include Non-Executive Director of GPT Funds Management Limited.

Other Experience: Ms Laughton began her career with Peat, Marwick, Mitchell (now KPMG) in audit and then spent 25 years advising companies in mergers and acquisitions, valuations and equity capital markets. She has worked at senior levels with Ord Minnett Corporate Finance (now JP Morgan), TMT Partners and Wilson HTM, advising companies in a range of industries including, property, retail and the information, communication and media sectors. She has held a number of other positions unrelated to the Group including a Member of Defence SA's Advisory Board (2007-2016), Non-Executive Director of the Co-operative Research Centre for Contamination, Assessment, Remediation of the Environment (2012-2014), Non-Executive Director of Australand Property Group (2012-2014), and Director of Sydney Ferries (2004-2010).

Ms Laughton brings specific skills in the following areas:

- Property investment and funds management
- M & A and equity capital markets
- Finance and accounting
- Corporate governance
- Retail
- Remuneration
- Audit and risk management

Qualifications: BEcon, FCA and FAICD.

Mr Philip Redmond (appointed 26 September 2012)

Non-Executive Director

Independent: Yes.

Other listed Directorships held in last 3 years: None.

Special responsibilities and other positions held: Chair of Audit, Risk Management and Compliance Committee, and member of Nomination Committee and Investment Committee.

Other experience: Mr Redmond has over 30 years of experience in the real estate industry including over five years with AMP's real estate team and over 12 years with the investment bank UBS in various roles including as Managing Director - Head of Real Estate Australasia. In addition, Mr Redmond has been a Non-Executive Director for a number of responsible entities in the listed A-REIT sector including most recently Non-Executive Director Galileo Funds Management Limited the Responsible Entity for Galileo Japan Trust (2006 to October 2016).

Mr Redmond brings specific skills in the following areas:

- Real estate, including property and development management, portfolio and investment management, asset management and funds management
- Investment banking and corporate finance
- M&A and capital markets

- Equity placements and entitlement offers
- Real estate valuations
- Development of strategy and policy for real estate investment funds
- Risk management
- International real estate investment

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

Ms Belinda Robson (appointed 27 September 2012)

Non-Executive Director

Independent: Yes.

Other listed Directorships held in last 3 years: None.

Special responsibilities and other positions held: Chair of the Investment Committee and member of the Remuneration Committee, and Nomination Committee.

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

Other experience: Ms Robson is an experienced real estate executive and people leader, having previously worked with Lendlease Group for nearly 30 years in a range of roles including as Fund Manager of Australian Prime Property Retail Fund (APPF Retail) (APPF Retail is managed by the Lendlease Group).

Ms Robson brings specific skills in the following areas:

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

Qualifications: BComm (Honours).

Mr Anthony Mellowes (appointed Executive Director 2 October 2012)

Executive Director and CEO

Independent: No.

Other listed Directorships held in last 3 years: None.

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

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

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

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

Mr Mellowes brings specific skills in the following areas:

- Real estate, in particular retail assets, spanning all aspects of real estate including property and development management, portfolio and investment management and funds management

- Retail experience spanning all retail asset classes
- M&A and capital markets
- Equity placements

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

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

Executive Director and CFO

Independent: No.

Other listed Directorships held in last 3 years: None.

Special responsibilities and other positions held: In addition to being an Executive Director and CFO, Mr Fleming is a member of the Investment Committee and an alternative Executive Director of SCA Unlisted Retail Fund RE Limited for Mr Mellowes.

Other positions currently held unrelated to the Group include Trustee of the Royal Botanical Gardens & Domain Trust.

Other experience: Mr Fleming was CFO of Treasury Wine Estates from 2011 to 2013. Mr Fleming worked at Woolworths Limited from 2003 to 2011, firstly as General Manager Corporate Finance, and then as General Manager Supermarket Finance. Prior to Woolworths Limited, Mr Fleming worked in investment banking at UBS, Goldman Sachs and Bankers Trust.

Mr Fleming brings specific skills in the following areas:

- Investment banking, M&A, capital markets, strategy, and corporate finance
- Capital management, including debt, derivatives and equity raising
- Retail industry expertise across a range of retail categories including supermarkets and experience in fast moving consumer goods
- Real estate expertise, particularly in retail asset classes, including valuations and funds management
- Listed company CFO experience, including treasury, tax, accounting/financial control/audit, corporate governance/risk management/compliance, stakeholder engagement/investor relations

Qualifications: LLB, B.Econ (First Class Honours), CPA.

Company Secretaries

Mr Mark Lamb (appointed 26 September 2012)

General Counsel and Company Secretary

Experience: Mr Lamb is an experienced transactional and corporate lawyer with over 20 years' experience in private practice and 10 years as a Partner of Corrs Chambers Westgarth (and subsequently Herbert Geer). Subsequently Mr Lamb has 12 years experience in the listed sector including as General Counsel and Company Secretary of ING Real Estate, prior to joining SCA.

Mr Lamb has extensive experience in retail shopping centre developments, acquisitions, sales and major leasing transactions having acted for various REITs and public companies during his career.

Qualifications: LLB.

Ms Erica Rees (appointed 5 February 2020)

Senior Legal Counsel and Company Secretary

Experience: Ms Rees is an experienced funds and property lawyer with over 15 years' experience in legal practice including property transactions, property developments, leasing, funds management, corporate and debt. Ms Rees joined SCA in late 2012 and was previously a Senior Associate in a national law firm. Ms Rees is also a Company Secretary for the Group and SCA Unlisted Retail Fund RE Limited which is the Responsible Entity for SCA's funds management business.

Qualifications: BA LLB (Hons), AGIA, ACIS.

Directors' relevant interests

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

Director	Number of stapled securities at 30 June 2019	Net movement increase / (decrease)	Number of stapled securities at date of this report	Number of unvested performance rights at date of this report
P Clark	76,465	124,629	201,094	-
S Crane	50,000	38,888	88,888	-
K Ferguson	16,465	18,604	35,069	-
B Laughton	4,333	13,998	18,331	-
P Redmond	73,965	13,888	87,853	-
B Robson	48,607	13,888	62,495	-
A Mellowes	785,330	565,847	1,351,177	1,151,523
M Fleming	146,465	256,367	402,832	539,237

Directors' attendance at meetings

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

Number of meetings held	Number
Board of Directors (Board)	17
Audit, Risk Management and Compliance Committee (ARMCC)	5
Remuneration Committee (Remuneration)	3
Nomination Committee (Nomination)	2
Investment Committee (Investment)	6

	Board		ARMCC			Remuneration			Nomination			Investment		
Director	A	B	A	B	C	A	B	C	A	B	C	A	B	C
P Clark	17	17	5	5	-	-	-	3	2	2	-	-	-	3
S Crane	17	17	-	-	4	3	3	-	2	2	-	6	6	-
K Ferguson	17	17	5	5	-	3	3	-	2	2	-	-	-	-
B Laughton	17	17	5	5	-	3	3	-	2	2	-	-	-	1
P Redmond	17	17	5	5	-	-	-	3	2	2	-	6	6	-
B Robson	17	16	-	-	5	3	3	-	2	2	-	6	5	-
A Mellowes	17	16	-	-	5	-	-	3	-	-	2	6	6	-
M Fleming	17	17	-	-	5	-	-	3	-	-	1	6	6	-

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

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

C: Number of meetings attended as a guest.

2. Principal activities

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

3. Impact of COVID-19

The events relating to COVID-19 have had a material adverse impact on both the operations and financial performance of the Group during the period. These impacts have included: volatility in the retail sales performance of our tenants, government-imposed trading restrictions on some of our tenants, the enactment of legislation in each state and territory implementing the National Cabinet Mandatory Code of Conduct ("Code of Conduct") for small and medium sized enterprise tenants, a large increase in rental arrears compared to prior periods by our speciality tenants directly attributable to the COVID-19 pandemic, an increase in expenses (for example, extra cleaning and security) and reduction in the valuation of our investment properties.

As these COVID-19 related impacts are ongoing, there is continued uncertainty in relation to the future financial performance of the Group.

The implications of the above on the Consolidated Financial Statements falls broadly into two areas:

- Recording and collecting of rental income: some rental income that was invoiced during the period has not been received. A portion of this unpaid rent has been waived or deferred. A portion of the remaining balance of unpaid rent is not expected to be recovered in a future period and, as such, an expected credit loss provision has been raised for the amount of the expected cash shortfall relative to contractual lease payments ("ECL" provision). The full ECL provision is $15.3 million, being $0.9 million that was already recognised as at 30 June 2019 plus an additional $14.4 million that has now been raised in relation to unpaid rent related to the COVID-19 pandemic.
- Fair value of investment properties: this requires assumptions to be made about the future financial performance of the properties and recent market transactional evidence. There are significant judgements and uncertainties relating to both of these assumptions. Since 30 June 2019, the value of investment properties has decreased by $87.9 million, of which $27.4 million is directly related to expected waivers as a result of the COVID-19 pandemic.

The accounting treatments and key estimates and significant judgements in each of these areas are set out in note 3 of the Financial Statements.

4. Property portfolio

The investment portfolio as at 30 June 2020 consisted of 85 shopping centres (30 June 2019: 85 shopping centres) valued at $3,138.2 million (30 June 2019: $3,147.0 million). The investment portfolio consists of convenience based neighbourhood and sub-regional shopping centres with a strong weighting toward non-discretionary retail segments.

Acquisitions and developments

During the period one shopping centre was acquired (Warner Marketplace (Queensland)) for $78.4m in December 2019, excluding transaction costs. The Shell Cove Stage 3 development was completed for $4.8m in December 2019.

Disposal

The Group sold Cowes (Victoria) in February 2020 for $21.5 million.

Revaluations

The total value of investment properties as at 30 June 2020 was $3,138.2 million (30 June 2019: $3,147.0 million). During the year ended 30 June 2020 independent valuations were obtained for 45 investment properties in addition to all of the investment properties being internally valued. The weighted average capitalisation rate (cap rate) of the portfolio as at 30 June 2020 was 6.51% (30 June 2019: 6.48%).

The change in value of the investment properties during the year was due primarily to the acquisition of Warner Marketplace and the completion of the Shell Cove Stage 3 development during the period, offset by the sale of Cowes and the negative like-for-like valuation movements some of which are either directly or indirectly related to the COVID-19 pandemic. For more information in relation to the COVID-19 impact on revaluations refer to note 3 of the Financial Statements.

5. Funds Management

As at 30 June 2020 the Group managed 5 properties valued at $102.6 million for its three SCA unlisted retail funds (30 June 2019: 11 properties valued at $184.3 million). The Group has an investment in each of these funds. During the year the first of these funds, SCA Unlisted Retail Fund 1 (SURF 1) reached the end of its term and commenced the process of winding up including the sale of the properties, the repayment of the debt and with the majority of the remaining funds then returned as capital to the unitholders. The Group has received $9.0 million during the year as a return of capital on its investment in SURF 1. There may be an additional final return of capital once the fund is finally wound up in financial year 2021. This amount is not expected to be

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significant. In addition, the Group may be entitled to a performance fee in accordance with the investment management agreement with SURF 1.

6. Financial review

Financial review

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

		SCA Property Group		Retail Trust	
		30 June 2020	30 June 2019	**30 June 2020**	30 June 2019
Net profit after tax	($m)	**85.5**	109.6	**84.8**	109.1
Basic earnings per security (weighted for securities on issue during the year)	(cents per security)	**8.9**	12.6	**8.8**	12.6
Diluted earnings per security (weighted for securities on issue during the year)	(cents per security)	**8.9**	12.6	**8.8**	12.6
Funds from operations	($m)	**140.8**	141.8	**140.1**	141.3
Funds from operations per security (weighted for securities on issue during the year)	(cents per security)	**14.65**	16.33	**14.58**	16.27
Distributions paid and payable to security holders	($m)	**123.5**	135.4	**123.5**	135.4
Distributions	(cents per security)	**12.5**	14.7	**12.5**	14.7
Net tangible assets	($ per security)	**2.22**	2.27	**2.21**	2.26
Weighted average number of securities used as the denominator in calculating basic earnings per security	(millions of securities)	**960.9**	868.4	**960.9**	868.4
Weighted average number of securities used as the denominator in calculating diluted earnings per security	(millions of securities)	**964.6**	870.8	**964.6**	870.8

Funds from Operations and Adjusted Funds from Operations

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

	SCA Property Group		Retail Trust	
	30 June 2020 $m	30 June 2019 $m	**30 June 2020 $m**	30 June 2019 $m
Net profit after tax (statutory)	**85.5**	109.6	**84.8**	109.1
Adjustments for non cash items included in statutory profit				
Reverse: Straight-lining of rental income and amortisation of incentives	**8.1**	8.6	**8.1**	8.6
Reverse: Fair value or unrealised adjustments				
- Investment properties	**87.9**	40.5	**87.9**	40.5
- Derivatives	**(51.4)**	(66.3)	**(51.4)**	(66.3)
- Foreign exchange	**8.1**	27.3	**8.1**	27.3
Other Adjustments				
Reverse: Other income	**(0.5)**	-	**(0.5)**	-
Reverse: Net unrealised profit from associates (SURF funds)	**1.6**	0.7	**1.6**	0.7
Reverse: Swap termination costs	**-**	17.7	**-**	17.7
Reverse: Transaction fees	**1.5**	3.7	**1.5**	3.7
Funds from Operations	**140.8**	141.8	**140.1**	141.3
Less: Maintenance capital expenditure	**(6.0)**	(5.6)	**(6.0)**	(5.6)
Less: Capital leasing incentives and leasing costs	**(10.5)**	(8.8)	**(10.5)**	(8.8)
Adjusted Funds from Operations	**124.3**	127.4	**123.6**	126.9

7. Contributed equity

Equity placement and Unit purchase plan

The Group completed an institutional placement on 16 April 2020 and a unit purchase plan on 15 May 2020. The institutional placement raised $250.0 million by issuing 115.7 million securities at $2.16 per security. The unit purchase plan raised $29.3 million by issuing 13.6 million securities at $2.16 per security. The purpose of these equity raisings was to strengthen the Group's balance sheet and to provide funding flexibility to continue to deliver on the Group's strategy of investing in convenience-based supermarket-anchored centres as opportunities arise. As at 30 June 2020 the proceeds had been used to pay down revolving bilateral debt facilities and to invest in term deposits.

Distribution reinvestment plan (DRP)

The Group has a DRP under which unitholders may elect to have their distribution entitlements satisfied by the issue of new securities at the time of the distribution payment rather than being paid in cash. The DRP was in place for the distribution declared in June 2019 (paid in August 2019) and the distribution declared in December 2019 (paid in January 2020).

The distribution declared in June 2019 resulted in $13.0 million being raised by the DRP through the issue of 5.3 million securities at $2.48 in August 2019. The distribution declared in December 2019 resulted in $27.9 million being raised by the DRP through the issue of 10.3 million securities at $2.71 in January 2020. The 10.3 million units included 5.1 million units issued pursuant to an underwriting agreement.

Other equity issues

Additionally, 959,860 units were issued during the year in respect of executive and staff compensation plans for nil consideration.

8. Significant changes and developments during the year

Investment properties – acquisitions, disposals and developments

During the year one shopping centre was acquired in December 2019 (Warner Marketplace, Queensland) for $78.4 million, excluding transaction costs. Shell Cove Stage 3 development was completed in December 2019 for $4.8 million. One property (Cowes, Victoria) also sold in February 2020 for $21.5 million.

Capital management - debt

During the year the bilateral debt facilities were increased in facility limit by $200.0 million and extended in maturity. As a result, the total bilateral facilities are now $600.0 million (30 June 2019: $400.0 million). This includes $400.0 million of revolving bilateral debt facilities (30 June 2019: $250.0 million).

As at 30 June 2020 the Group had undrawn debt facilities and cash and cash equivalents of $622.8 million (30 June 2019: $180.2 million).

The next debt expiry is the A$ MTN $225.0 million in April 2021. Under the terms of this MTN it can be repaid (with appropriate notice) from October 2020 with no make whole obligation. The current intention is that the MTN will be repaid from cash and cash equivalents and undrawn debt.

The average debt facility maturity of the Group at 30 June 2020 was 5.1 years (30 June 2019: 6.1 years). At 30 June 2020 91.1% of the Group's debt was fixed or hedged (30 June 2019: 70.4%).

Gearing

The Group maintains a prudent approach to managing the balance sheet with gearing of 25.6% as at 30 June 2020 (30 June 2019: 32.8%). The Group's target gearing range is 30% to 40%, however the Group has a preference for gearing to remain below 35% at this point in the cycle. Gearing is below the target range following an institutional placement of 115.7 million securities on 16 April 2020 at $2.16 a security and a unit holder purchase plan on 15 May 2020 under which 13.6 million units were issued at $2.16 per security. The purpose of these equity raisings was to strengthen the Group's balance sheet and to provide funding flexibility to continue to deliver on the Group's strategy of investing in convenience-based supermarket-anchored centres as opportunities arise.

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9. Major business risk profile

The Board is ultimately responsible for the risk management process and the systems of internal control. Senior management is responsible for identifying risks and implementing appropriate mitigation processes and controls. The Audit, Risk Management and Compliance Committee, is responsible for establishing, reviewing and monitoring the process of risk management, and presents this to the Board for the Board's approval.

The table below summarises the key business risks as set out in the Group's risk register.

Key Risks	Cause(s)	Effect	Mitigation
STRATEGIC			
Economic slowdown leading to subdued retail sales	Macroeconomic environment, eg. COVID-19 pandemic	Reduced rental income and reduced investment property valuations	High proportion of income from supermarket anchor tenants with long leases, a diverse mix of specialty tenants with a bias towards non-discretionary categories
Online retailing reduces foot traffic through SCA centres	Increased online sales result in reduced in store sales	Reduced rental income and reduced investment property valuations	Encourage supermarket "click 'n collect", tenancy mix towards online-resilient specialty categories
Anchor tenant closes stores	Reduced productivity in large format stores	Reduced rental income and reduced investment property valuations	Reduce exposure to poorer performing discount department stores over time, long term leases with anchor tenants
Supermarket anchor tenant becomes insolvent	Major structural change to the supermarket sector or capital structure failure	Reduced rental income and reduced investment property valuations	Increase diversification of supermarket anchors over time
New categories of business are entered into without appropriate due diligence or analysis	Inadequate due diligence or analysis	SCA suffers loss of capital or loses upside opportunities	Appropriate resources and senior management oversight, Investment Committee to review major initiatives
Property acquisition rate is below expectations	Investment hurdles cannot be achieved	Lack of earnings growth	Closely monitor all potential acquisitions, and regularly review investment hurdles
FINANCIAL			
Breach of debt covenants / debt default	LVR: debt increases or value of assets declines ICR: cost of debt increases or earnings decreases	Constrained acquisition growth and potential insolvency	Conservative level of gearing, more than 50% of fixed rate debt, relative liquidity of neighbourhood assets, maintain strong and diversified banking relationships
Cost of debt increases	Market base rates or margins increase, or SCA credit rating is downgraded	Increased interest expense leads to lower earnings	Conservative level of gearing, more than 50% fixed rate debt, maintain strong and diversified banking relationships
Value of assets declines	Increase in market capitalisation / discount rates, decrease in net operating income or expected future cash flows	Decrease in NTA and increase in LVR ratio	Conservative level of gearing, geographic diversification, long dated lease agreements, credit quality of anchor tenants

Key Risks	Cause(s)	Effect	Mitigation
OPERATIONAL			
Injury or illness to employees, contractors, tenants or customers that was reasonably foreseeable and within the influence or control of SCA	An incident that is as a result of an act, or failure to act, by SCA or where SCA can reasonably influence the outcome	Death, serious injury or adverse health outcomes for SCA employees, contractors, tenants or customers	Conservative safety strategy, safety reporting to the Board, ongoing safety training for employees and contractors, encouragement of continuous challenge and improvement on safety achievements, outsourced property and facilities management with safety KPI's, appropriate workers' compensation, public liability and property insurance
Outsourced service provider does not perform in accordance with service level agreements	Inadequate supervision of SCP's outsourced functions and/or unsatisfactory quality control	Unsatisfactory quality control resulting in loss to unitholders, breach of financial services law, or loss of reputation	Appropriate policies, procedures and operational practices adopted, reviewed and maintained, training, insurance
PEOPLE & CULTURE			
Inability to attract or retain appropriate talent	Inadequate resourcing, development or training	Loss of knowledge, experience, engagement and productivity	Appropriate HR resourcing, processes and procedures, senior management engagement, remuneration committee oversight
Culture does not align with strategy	Inadequate development of culture strategy, failure of leadership, training or engagement	Target culture is not embedded in the business	Develop and continuously improve culture strategy alignment, cultural reviews, staff training and coaching
LEGAL & COMPLIANCE			
Material breach of law or regulation	Not maintaining an adequate risk management system, compliance plan, policies, procedures, reporting, monitoring and training	Potential loss of AFSL, litigation, financial loss or reputational damage	Risk management framework and compliance plan are in place, regularly reviewed and embedded in the business. Appropriate policies, procedures and training. Engagement of senior management and oversight by ARMCC committee and the Board

10. Business strategies and prospects for future financial years

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

The Group is focused on achieving growing and resilient cash flows by investing in properties that have tenants who operate primarily in non-discretionary and defensive retailing sectors. This is to support secure and growing distributions to the Group's security holders. It intends to achieve this by:

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

While the Group's strategy has not changed, its current operational and financial performance has been impacted by the COVID-19 pandemic and these impacts are expected to continue into financial year 2021 and possibly beyond. If the events relating to COVID-19 are more material or prolonged than anticipated, this will have a greater impact that may include a further reduction in rent collected and further reduction in property values.

For more information in relation to the impact for COVID-19 on the Group, refer to note 3 to the Financial Statements.

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

11. Environmental regulations

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

12. Indemnification and insurance of Directors, Officers, RE and Auditor

The Directors' have been provided with a Deed of Indemnity which is intended, to the extent allowed by law, to indemnify the Directors against all losses or liabilities incurred by the person acting in their capacity as a Director.

Additionally, the Group has acquired Directors' and Officers' liability insurance. In accordance with usual commercial practice, the insurance contract prohibits disclosure of details relating to the nature of the liabilities covered by the insurance, the limit of indemnity and the amount of the premiums paid under the policy.

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

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

13. Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 75.

14. Audit and non-audit fees

Details of the amounts paid or payable to the auditor (Deloitte Touche Tohmatsu) for audit and non-audit services provided are detailed in note 30 of the Financial Statements.

There were no non-audit services during the year. The Directors are satisfied that the general standard of independence for auditors imposed by the Corporations Act 2001 has been satisfied.

The Directors are of the opinion that the services disclosed in note 30 of the Financial Report do not compromise the external auditor's independence, based on that none of the non audit services provided (to the extent that any services were provided) undermine the general principles relating to auditor independence as set out in APES 110 'Code of Ethics for Professional Accountants' issued by the Accounting Professional & Ethics Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as advocate for the Group or jointly sharing risks and rewards.

15. Going concern

The Financial Statements are prepared on the going concern basis. The impact of COVID-19 pandemic has resulted in a portion of the tenants of the Group experiencing challenging and uncertain times. Whilst the situation is evolving, the Group remains confident that it will be able to continue as a going concern. In reaching this position, it has been considered that the Group and Retail Trust are in a net current asset deficiency position of $91.5 million. At 30 June 2020 the Group and Retail Trust have the ability to drawdown sufficient funds to pay the current liabilities and the capital commitments (refer to note 23 of the Financial Statements), having available cash and cash equivalents and undrawn debt facilities of $622.8 million. For more information refer to note 2 of the Financial Statements.

16. Subsequent events

At the date these Financial Statements are authorised for issue, no further adjustments in respect of the impact of COVID-19 have been made. However, the COVID-19 situation continues to evolve. Recently the Victorian Government announced Stage 4 restrictions for the Melbourne metropolitan area and Stage 3 restrictions for regional Victoria. Stage 4 restrictions result in the closure of most retail stores with limited exceptions including supermarkets, food stores, liquor stores and pharmacies. The Group owns 14 shopping centres in Victoria (including 8 in metropolitan Melbourne) representing approximately 18% of the Group's gross property income. The full consequences on the Group's future financial performance and the value of the Group's investment properties continues to be uncertain.

In July 2020 the Group exchanged conditional contracts to purchase a retail neighbourhood shopping centre, Bakewell, in the Northern Territory for $33.0 million (excluding transaction costs). This property is expected to settle by September 2020.

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

17. Rounding of amounts

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

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

Chair
Sydney
10 August 2020

Deloitte.

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

10 August 2020

Dear Directors

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

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

As lead audit partner for the audit of the financial statements of Shopping Centres Australasia Property Management Trust and Shopping Centres Australasia Property Retail Trust for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

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

Yours faithfully

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

A. COLEMAN.

Andrew J Coleman
Partner
Chartered Accountants

Consolidated Statements of Comprehensive Income

For the year ended 30 June 2020

	Notes	SCA Property Group 30 June 2020 $m	SCA Property Group 30 June 2019 $m	Retail Trust 30 June 2020 $m	Retail Trust 30 June 2019 $m
Revenue					
Rental income		**254.8**	233.4	**254.8**	233.4
Recoveries and recharge revenue		**34.2**	30.4	**34.2**	30.4
Fund management revenue		**1.7**	1.8	**-**	-
Distribution income CQR	11	**1.7**	4.4	**1.7**	4.4
		292.4	270.0	**290.7**	268.2
Expenses					
Property expenses		**(108.6)**	(84.2)	**(108.6)**	(84.2)
Corporate costs		**(13.8)**	(13.1)	**(13.3)**	(12.4)
		170.0	172.7	**168.8**	171.6
Unrealised (loss)/gain including change in fair value through profit or loss					
- Investment properties	13	**(87.9)**	(40.5)	**(87.9)**	(40.5)
- Derivatives		**51.4**	66.3	**51.4**	66.3
- Foreign exchange		**(8.1)**	(27.3)	**(8.1)**	(27.3)
- Share of net profit from associates (SURF funds)	14	**-**	1.2	**-**	1.2
Transaction costs	7	**(1.5)**	(3.7)	**(1.5)**	(3.7)
Earnings before interest and tax (EBIT)		**123.9**	168.7	**122.7**	167.6
Interest income		**0.3**	0.4	**0.3**	0.4
Finance costs	8	**(38.2)**	(58.9)	**(38.2)**	(58.9)
Net profit before tax		**86.0**	110.2	**84.8**	109.1
Taxation	9	**(0.5)**	(0.6)	**-**	-
Net profit after tax		**85.5**	109.6	**84.8**	109.1
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Movement on revaluation of Investment - fair value through other comprehensive income	11	**(6.9)**	4.0	**(6.9)**	4.0
Total comprehensive income		**78.6**	113.6	**77.9**	113.1
Net profit after tax attributable to security holders of:					
SCA Property Management Trust		**0.7**	0.5		
SCA Property Retail Trust (non-controlling interest)		**84.8**	109.1		
Net profit after tax		**85.5**	109.6		
Total comprehensive income for the period attributable to unitholders of:					
SCA Property Management Trust		**0.7**	0.5		
SCA Property Retail Trust (non-controlling interest)		**77.9**	113.1		
Total comprehensive income		**78.6**	113.6		
Distributions per stapled security (cents)	5	**12.5**	14.7	**12.5**	14.7
Weighted average number of securities used as the denominator in calculating basic earnings per security below		**960.9**	868.4	**960.9**	868.4
Basic earnings per stapled security (cents)	6	**8.9**	12.6	**8.8**	12.6
Weighted average number of securities used as the denominator in calculating diluted earnings per stapled security below		**964.6**	870.8	**964.6**	870.8
Diluted earnings per stapled security (cents)	6	**8.9**	12.6	**8.8**	12.6
Basic earnings per security (cents) SCA Property Management Trust	6	**0.1**	-		
Diluted earnings per security of (cents) SCA Property Management Trust	6	**0.1**	-		

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

Shopping Centres Australasia Property Group

Consolidated Balance Sheets

As at 30 June 2020

	Notes	SCA Property Group 30 June 2020 $m	SCA Property Group 30 June 2019 $m	Retail Trust 30 June 2020 $m	Retail Trust 30 June 2019 $m
Current assets					
Cash and cash equivalents	4	**183.8**	4.2	**182.7**	3.1
Receivables	10	**34.2**	28.3	**34.2**	28.1
Derivative financial instruments	17	**6.1**	3.2	**6.1**	3.2
Investment in CQR	11	**22.7**	29.6	**22.7**	29.6
Other assets	12	**2.8**	2.3	**2.3**	1.9
Total current assets		**249.6**	67.6	**248.0**	65.9
Non-current assets					
Investment properties	13	**3,138.2**	3,147.0	**3,138.2**	3,147.0
Derivative financial instruments	17	**177.7**	122.0	**177.7**	122.0
Investment in associates (SURF funds)	14	**15.9**	26.5	**15.9**	26.5
Other assets	12	**8.3**	9.1	**5.9**	5.9
Total non-current assets		**3,340.1**	3,304.6	**3,337.7**	3,301.4
Total assets		**3,589.7**	3,372.2	**3,585.7**	3,367.3
Current liabilities					
Trade and other payables	15	**58.3**	47.4	**68.5**	56.4
Distribution payable	5	**53.6**	69.0	**53.6**	69.0
Derivative financial instruments	17	**2.5**	1.1	**2.5**	1.1
Provisions		**1.7**	2.8	**-**	-
Interest bearing liabilities	16	**225.0**	-	**225.0**	-
Total current liabilities		**341.1**	120.3	**349.6**	126.5
Non-current liabilities					
Interest bearing liabilities	16	**858.6**	1,137.5	**858.6**	1,137.5
Derivative financial instruments	17	**7.7**	1.9	**7.7**	1.9
Provisions		**0.2**	0.2	**-**	-
Other liabilities	12	**8.1**	8.4	**6.3**	6.1
Total non-current liabilities		**874.6**	1,148.0	**872.6**	1,145.5
Total liabilities		**1,215.7**	1,268.3	**1,222.2**	1,272.0
Net assets		**2,374.0**	2,103.9	**2,363.5**	2,095.3
Equity					
Contributed equity	18	**10.2**	9.0	**1,962.6**	1,649.7
Reserves	19	**-**	-	**3.0**	9.0
Accumulated profit/(loss)	20	**0.3**	(0.4)	**397.9**	436.6
Non-controlling interest		**2,363.5**	2,095.3	**-**	-
Total equity		**2,374.0**	2,103.9	**2,363.5**	2,095.3

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

Shopping Centres Australasia Property Group
Consolidated Statements of Changes in Equity

For the year ended 30 June 2020

		SCA Property Group				
		Contributed equity	Accumulated profit/(loss)	Attributable to owners of parent	Non-controlling interest	Total
	Notes	$m	$m	$m	$m	$m
Balance at 1 July 2019		**9.0**	**(0.4)**	**8.6**	**2,095.3**	**2,103.9**
Net profit after tax for the period		**-**	**0.7**	**0.7**	**84.8**	**85.5**
Other comprehensive income for the period, net of tax	19	**-**	**-**	**-**	**(6.9)**	**(6.9)**
Total comprehensive income for the period		**-**	**0.7**	**0.7**	**77.9**	**78.6**
Transactions with unitholders in their capacity as equity holders:						
Equity issued	18	**1.2**	**-**	**1.2**	**319.0**	**320.2**
Costs associated with equity raising	18	**-**	**-**	**-**	**(6.1)**	**(6.1)**
Employee share based payments	19	**-**	**-**	**-**	**0.9**	**0.9**
Distributions paid and payable	5	**-**	**-**	**-**	**(123.5)**	**(123.5)**
		1.2	**-**	**1.2**	**190.3**	**191.5**
Balance at 30 June 2020		**10.2**	**0.3**	**10.5**	**2,363.5**	**2,374.0**
Balance at 1 July 2018		7.5	(0.9)	6.6	1,714.4	1,721.0
Net profit after tax for the period		-	0.5	0.5	109.1	109.6
Other comprehensive income for the period, net of tax	19	-	-	-	4.0	4.0
Total comprehensive income for the period		-	0.5	0.5	113.1	113.6
Transactions with unitholders in their capacity as equity holders:						
Equity issued	18	1.5	-	1.5	407.9	409.4
Costs associated with equity raising	18	-	-	-	(6.2)	(6.2)
Employee share based payments	19	-	-	-	1.5	1.5
Distributions paid and payable	5	-	-	-	(135.4)	(135.4)
		1.5	-	1.5	267.8	269.3
Balance at 30 June 2019		9.0	(0.4)	8.6	2,095.3	2,103.9

		Retail Trust				
			Reserves			
		Contributed equity	Investment in CQR	Share based payments	Accumulated profit	Total
	Notes	$m	$m	$m	$m	$m
Balance at 1 July 2019		**1,649.7**	**3.6**	**5.4**	**436.6**	**2,095.3**
Net profit after tax for the period		**-**	**-**	**-**	**84.8**	**84.8**
Other comprehensive loss for the period, net of tax	19	**-**	**(6.9)**	**-**	**-**	**(6.9)**
Total comprehensive income/ (loss) for the period		**-**	**(6.9)**	**-**	**84.8**	**77.9**
Transactions with unitholders in their capacity as equity holders:						
Equity issued	18	**319.0**	**-**	**-**	**-**	**319.0**
Costs associated with equity raising	18	**(6.1)**	**-**	**-**	**-**	**(6.1)**
Employee share based payments	19	**-**	**-**	**0.9**	**-**	**0.9**
Distributions paid and payable	5	**-**	**-**	**-**	**(123.5)**	**(123.5)**
		312.9	**-**	**0.9**	**(123.5)**	**190.3**
Balance at 30 June 2020		**1,962.6**	**(3.3)**	**6.3**	**397.9**	**2,363.5**
Balance at 1 July 2018		1,248.0	(0.4)	3.9	462.9	1,714.4
Net profit after tax for the period		-	-	-	109.1	109.1
Other comprehensive income for the period, net of tax	19	-	4.0	-	-	4.0
Total comprehensive income/ (loss) for the period		-	4.0	-	109.1	113.1
Transactions with unitholders in their capacity as equity holders:						
Equity issued	18	407.9	-	-	-	407.9
Costs associated with equity raising	18	(6.2)	-	-	-	(6.2)
Employee share based payments	19	-	-	1.5	-	1.5
Distributions paid and payable	5	-	-	-	(135.4)	(135.4)
		401.7	-	1.5	(135.4)	267.8
Balance at 30 June 2019		1,649.7	3.6	5.4	436.6	2,095.3

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

Shopping Centres Australasia Property Group
Consolidated Statements of Cash Flows

For the year ended 30 June 2020

		SCA Property Group		Retail Trust	
	Note	**30 June 2020 $m**	30 June 2019 $m	**30 June 2020 $m**	30 June 2019 $m
Cash flows from operating activities					
Property and other income received (inclusive of GST)		**314.6**	293.0	**313.8**	291.2
Property expenses paid (inclusive of GST)		**(105.1)**	(89.3)	**(105.1)**	(89.3)
Distribution received from associate (SURF funds)	14	**1.4**	1.7	**1.4**	1.7
Distribution received from investment in CQR	11	**3.2**	5.0	**3.2**	5.0
Corporate costs paid (inclusive of GST)		**(13.2)**	(12.0)	**(12.4)**	(10.1)
Interest received		**0.1**	0.4	**0.1**	0.4
Finance costs paid		**(38.5)**	(58.0)	**(38.5)**	(58.0)
Transaction costs (inclusive of GST)		**(1.7)**	(4.0)	**(1.7)**	(4.0)
Taxes paid including GST		**(13.5)**	(16.5)	**(13.5)**	(16.5)
Net cash flow from operating activities	21	**147.3**	120.3	**147.3**	120.4
Cash flows from investing activities					
Payments for investment properties purchased and capital expenditure	13	**(111.4)**	(754.6)	**(111.4)**	(754.6)
Net proceeds from investment properties sold	13	**21.5**	60.3	**21.5**	60.3
Proceeds from the disposal of investment in CQR	11	**-**	57.8	**-**	57.8
Payment for term deposits	4	**(180.0)**	-	**(180.0)**	-
Additions to investments in associates	14	**-**	(9.2)	**-**	(9.2)
Return of capital from investment in associates	14	**9.0**	-	**9.0**	-
Net cash flow from investing activities		**(260.9)**	(645.7)	**(260.9)**	(645.7)
Cash flow from financing activities					
Proceeds from equity raising	18	**320.2**	409.4	**320.2**	409.4
Costs associated with equity raising	18	**(6.1)**	(6.2)	**(6.1)**	(6.2)
Net proceeds from borrowings	16	**178.0**	968.3	**178.0**	968.3
Repayment of borrowings	16	**(240.0)**	(726.0)	**(240.0)**	(726.0)
Distributions paid	5	**(138.9)**	(119.6)	**(138.9)**	(119.6)
Net cash flow from financing activities		**113.2**	525.9	**113.2**	525.9
Net change in cash held		**(0.4)**	0.5	**(0.4)**	0.6
Cash at the beginning of the year		**4.2**	3.7	**3.1**	2.5
Cash at the end of the year		**3.8**	4.2	**2.7**	3.1
Term deposits		**180.0**	-	**180.0**	-
Cash and cash equivalents	**4**	**183.8**	4.2	**182.7**	3.1

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

1. Corporate information

Shopping Centres Australasia Property Group (the Group) comprises the stapling of the securities in two Australian managed investment schemes, Shopping Centres Australasia Property Management Trust (Management Trust) (ARSN 160 612 626) and Shopping Centres Australasia Property Retail Trust (Retail Trust) (ARSN 160 612 788) (collectively the Trusts).

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

The Financial Statements of the Group comprise the consolidated Financial Statements of the Management Trust and its controlled entities including the Retail Trust and its controlled entities. The Financial Statements of the Retail Trust comprise the Consolidated Financial Statements of the Retail Trust and its controlled entities. The Directors of the Responsible Entity have authorised the Financial Report for issue on 10 August 2020.

2. Significant accounting policies

(a) Basis of preparation

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

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

Historical cost convention

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

Going concern

These Consolidated Financial Statements are prepared on the going concern basis. The impact of COVID-19 pandemic has resulted in a portion of the tenants of the Group experiencing challenging and uncertain times. Whilst the situation is evolving, the Group remains confident that it will be able to continue as a going concern. In reaching this position, it has been considered that the Group and Retail Trust are in a net current asset deficiency position of $91.5 million. At 30 June 2020 the Group and Retail Trust have the ability to drawdown sufficient funds to pay the current liabilities and the capital commitments (refer note 23), having available, cash and cash equivalents and undrawn debt facilities of $622.8 million.

The Group has prepared an assessment of its ability to continue as a going concern, taking into account information available.

Whilst the COVID-19 situation is evolving, the Group remains confident that it will be able to continue as a going concern. This assumes the Group will be able to continue trading, realise assets and discharge liabilities in the ordinary course of business for at least 12 months from the date of the financial statements. In reaching this position, the following factors have been considered:

- The Group has cash and cash equivalents and undrawn facilities totalling of $622.8 million
- The Group's major tenants continue to trade strongly and pay rent in a timely manner
- The Group has debt facility expiries of $275.0 million (made up of $225.0 million with respect to an A$ Medium Term Note which expires in April 2021 and a $50.0 million facility which is currently unused which expires in April 2022) in the next 24 months and $622.8 million of cash and undrawn facilities (including the $50.0 million unused facility referred to above)
- The Group is well within its gearing and interest cover ratio for the purposes of its debt covenants
- Stress testing of the covenants results in adequate levels of headroom from both a gearing and interest cover ratio perspective

On the basis of these factors, the Directors of the Responsible Entity believe that the going concern basis of preparation is appropriate and that the Group will be able to pay its debts as and when they fall due. In the event that the Group cannot continue as a going concern, it may not realise its assets and settle its liabilities in the normal course of operations for the amounts stated in its Financial Statements. No allowance for such circumstances has been made in the Financial Statements.

(b) Statement of compliance

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

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

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

Application of new and revised Accounting Standards

The accounting policies adopted by the Group and the Retail Trust are consistent with those of the previous financial year and include the adoption of AASB 9, AASB 15, the early adoption of AASB 16, and other new and amended standards and interpretations commencing 1 July 2018 which have been adopted where applicable from 1 July 2018. The Group and the Retail Trust early adopted AASB 16 Leases (AASB 16) in the Financial Statements for the year ended 30 June 2019 to coincide with the signing of a lease during the period by the Group over its premises in Sydney.

(c) Basis of consolidation

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

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

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

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

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

Investments in associates

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

(d) Revenue recognition

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

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

Waivers granted to tenants proportionate to the decrease in their sales during the pandemic period are recognised as loss on derecognition of the lease receivable immediately. These waivers linked to the tenant's turnover are variable in nature and therefore straight lining income is not revised. Where a waiver of future rent has been agreed before the reporting date, this has resulted in a lease modification in line with AASB 16.

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

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

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

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

Refer to note 3 for the COVID-19 impact on revenue.

(e) Finance costs

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

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

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

(f) Tax

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

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

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

(g) Goods and services tax (GST)

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

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

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

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short term time deposits to meet short term commitments. Investments in term deposits which are short term in nature are also included in cash and cash equivalents. Term deposits included in cash and cash equivalents are deposits that are subject to an insignificant risk of changes in value. All term deposits are to meet short term financial commitments.

(i) Trade and other receivables

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

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

The Group uses the specific ECL model for the credit loss allowance whereby the outstanding balance is analysed, and the provision is determined by applying default percentages adjusted for other current observable data. The group also recognises loss allowances at an amount equal to lifetime ECL on trade and other receivables. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the asset. Refer to note 3 for COVID-19 impact on ECL.

(j) Investment properties

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

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

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

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

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

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

Incentives such as cash, rent-free periods, lessee or lessor owned fit outs may be provided to lessees to enter into an operating lease. Leasing fees may also be paid for the negotiation of leases. These incentives and lease fees are capitalised to the investment property and are amortised on a straight-line basis over the lesser of the term of the lease and the useful life of the fit out, as a reduction of rental income. The carrying amounts of the lease incentives and leasing fees are reflected in the fair value of investment properties. Refer to note 3 for COVID-19 impact on investment property valuations.

(k) Recoverable amount of assets

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

(l) Payables

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

Distribution

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

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

(m) Employee benefits

Equity based compensation arrangements

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

(n) Interest bearing liabilities

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

(o) Derivative and other financial instruments

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

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

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

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

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

(p) Contributed equity

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

(q) Earnings per security

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

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

(r) Segment reporting

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

(s) Investments at fair value through other comprehensive income

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

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

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

(t) Assets classified as held for sale

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

(u) Leases

For leases where the Group is the lessee, a separate right-of-use asset and lease liability is recognised in the Consolidated Balance Sheets. Measurement of the lease liability is the present value of the lease payments that are not paid at the date of transition, discounted using an appropriate discount rate. The right of use asset is presented within the Consolidated Balance Sheets within Other assets and the lease liability within Other liabilities respectively.

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

(v) Use of estimates and judgements

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The significant judgements and estimates used in the preparation of these financial statements are outlined below.

Judgement – Classification and carrying value of investments

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

Judgement - Selection of parent entity

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

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

Estimate - Valuation of investment properties

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

The major critical assumptions underlying estimates of fair values are those relating to the capitalisation of income and the discount rate. Other assumptions of lesser importance include consideration of the property type, location and tenancy profile together with market sales and other matters such market rents, current rents including possible rent reversion, capital expenditure, lease expiry profile including vacancy, type of tenants, capital expenditure and sales growth of the centre. If there is any change in these assumptions or economic conditions, the fair value of the investment properties may differ. See further disclosure regarding assumptions used in valuation of investment properties in note 13 and COVID-19 impact in note 3.

Estimate - Valuation of financial instruments

The fair value of derivatives assets and liabilities are based on assumptions of future events and involve significant estimates. The basis of valuation for the Group's derivatives are set out in note 17. The value of derivatives may differ in future reporting periods due to the passing of time and / or changes in market rates including interest rates, foreign exchange rates and market volatility.

Estimate – Expected credit loss (ECL)

The ECL is based on management estimates of probability of recoverability rent invoiced. The basis of these estimates is set out in the note 3. Should the actual results differ the actual credit loss will change and the difference will be included in the financial year 2021 result or following year(s).

3. Impact of COVID-19 pandemic

The events relating to COVID-19 have had a material adverse impact on both the operations and financial performance of the Group during the period. These impacts have included: volatility in the retail sales performance of our tenants, government-imposed trading restrictions on some of our tenants, the enactment of legislation in each state and territory implementing the National Cabinet Mandatory Code of Conduct ("Code of Conduct") for small and medium sized enterprise tenants, a large increase in rental arrears (compared to prior periods) by our speciality tenants directly attributable to the COVID-19 pandemic, an increase in expenses (for example, extra cleaning and security) and reduction in the valuation of our investment properties.

As these COVID-19 related impacts are ongoing, there is continued uncertainty in relation to the future financial performance of the Group.

The implications of the above on the Consolidated Financial Statements falls broadly into two areas:

- Recording and collecting of rental income: some rental income invoiced during the period has not been received. A portion of this unpaid rent has been waived or deferred. A portion of the remaining balance of unpaid rent is not expected to be recovered in a future period and, as such, an expected credit loss provision has been raised for the amount of the expected cash shortfall relative to contractual lease payments ("ECL" provision).
- Fair value of investment properties: this requires assumptions to be made about the future financial performance of the properties and recent market transactional evidence. There are significant judgements and uncertainties relating to both of these assumptions. Since 30 June 2019, the value of investment properties has decreased by $87.9 million, of which $27.4 million is directly related to expected waivers as a result of the COVID-19 pandemic.

The accounting treatments, key estimates and significant judgements in each of these areas is set out below.

Recording and collecting of rental income

Pursuant to the Code of Conduct, the Group is obligated to give rental relief to tenants who are small and medium-sized entities (defined as having annual revenue of less than $50 million) and who qualify for the JobKeeper Payment Scheme (SME tenants). That rental relief is required to be proportional to the decrease in the tenant's sales for the relevant period, and is to be granted as a permanent rent waiver of at least 50% of the relief given, with the balance of the rental relief as a rent deferral. The rent deferral component is to be repaid by the tenants over the remaining lease term, but not less than 24 months (in some jurisdictions), once the COVID-19 pandemic has ended. In addition, some tenants who do not qualify for the Code of Conduct relief ("National tenants") have also requested that their rent be waived in whole or in part. The Group is considering these requests on a case-by-case basis.

At 30 June 2020, the Group experienced a shortfall in cash rental income received vs invoiced rental income of **$26.8** million. Of this amount:

- **$4.5** million has been waived (including $4.2 million relating to SME tenants under the Code of Conduct and $0.3 million relating to National tenants);
- **$22.3** million is the remaining balance of unpaid rent (including $4.3 million of deferred rental income relating to SME tenants under the Code of Conduct), of which $7.0 million is expected to be recovered in future periods and $15.3 million is not expected to be recovered in future periods.

Shopping Centres Australasia Property Group
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For the year ended 30 June 2020

The accounting treatment, and key estimates and significant judgements in relation to each of the above categories are set out below.

Waivers & deferrals

Waivers granted to tenants proportionate to the decrease in their sales during the pandemic period are recognised as loss on derecognition of the lease receivable immediately. These waivers linked to the tenant's turnover are variable in nature and therefore straight lining income is not revised. Where a waiver of future rent has been agreed before the reporting date, this has resulted in a lease modification in line with AASB 16. This means that none of the $4.5 million of waived rent has been recognised as rental income, and no receivable has been raised.

Deferrals granted in the current period without a change in the lease term do not change straight lining income receivable. This means that the full $4.3 million of deferred rent has been recognised as rental income, and a corresponding receivable has also been raised.

Unpaid rent / expected credit loss

The unpaid rent balance of $22.3 million has been recognised as rental income, and a corresponding receivable has also been raised.

However, for the portion of this unpaid rent that is not expected to be recovered in a future period an equivalent "expected credit loss" provision ("ECL") of **$15.3** million has been raised in line with AASB 9. As the opening ECL balance at 30 June 2019 was $0.9 million, the incremental ECL allowance of $14.4 million has been presented in the Financial Statements as a property expense. This does not mean that the Group will not attempt to recover the unpaid rent, and any amounts that are successfully recovered in future periods will result in the release of the ECL provision in that period. In determining which portion of the unpaid rent is not expected to be recovered in future periods, the following estimates have been made:

- Deferred rent: $4.3 million of the unpaid rent has been granted as deferrals to SME tenants under the Code of Conduct. The Group is not permitted to recover deferred rent during the COVID-19 period, and thereafter can only recover these amounts over the remaining lease term (subject to a minimum period of 24 months in some jurisdictions). Due to these restrictions, the Group has formed the view that the recovery of the deferred rent is unlikely, and as such an ECL provision has been raised for 100% of the deferred rent amount of **$4.3** million.
- Aged debt >120 days: $4.1 million of the unpaid rent relates to the pre-COVID-19 period (before March 2020) and as such is more than 120 days overdue. Of this $0.5 million relates to anchor tenants which the Group expects to recover. Due to the age of the debt, the Group has formed the view that the recovery of the non-anchor component is unlikely, and as such an ECL provision has been raised for 100% of the remaining amount of **$3.6** million.
- Current to 120 days: $13.9 million of the unpaid rent relates to the COVID-19 period of March 2020 to June 2020. Some tenants have performed strongly during this period, while others have suffered a significant reduction in sales revenue. The Group has categorised the tenants into retail segments and has based it's judgement on the sales performance of those retail segments during the COVID-19 period. Overall, the Group has estimated that based on the expected cash collection 58% of this amount is unlikely to be recovered, resulting in an ECL provision of **$8.1** million.
- Further loss allowances: in addition to the expected credit losses above, the loss allowances of **$1.3** million for all trade and other receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions based on the Group's past history and existing market conditions at the end of each reporting period.
- Bank guarantees: Most tenants have bank guarantees in place that the Group can draw upon for non-payment of rent. The right to draw on these guarantees is usually only exercised when tenants' leases expire or are terminated. In addition, under the Code of Conduct, the Group is not permitted to draw on bank guarantees for SME tenants during the COVID-19 pandemic period and for a reasonable period thereafter. It's assumed that the Group will draw on bank guarantees for tenants with remaining lease terms of 12 months or less, but not for tenants that have remaining lease terms of more than 12 months. This has resulted in a reduction of the ECL provision of (**$2.0**) million.

Investment properties fair value

In determining the fair value of investment properties it is necessary to form a view as to the future financial performance of the investment properties (particularly forecast earnings and cash flows), and also to consider market transactional evidence as to the capitalisation rates and the discount rates investors are willing to pay for those earnings and cash flows. As a result of the COVID-19 pandemic, assessing fair value as at the reporting date involves uncertainties around these underlying assumptions:

- Future financial performance: It is unclear how long the COVID-19 pandemic will continue and what the future impact will be on the operational and financial performance of our investment properties
- Market transaction evidence: since the start of the COVID-19 pandemic to 30 June 2020 there had been limited relevant transactional evidence.

As such, independent valuers have included a statement within their valuation reports highlighting a "material valuation uncertainty". This statement serves as a precaution and does not invalidate the valuation and does not mean that the valuation cannot be relied upon. Rather, it is intended to highlight that due to the current extraordinary circumstances, less certainty can be attached to the valuation than would otherwise be the case.

The value of the Group's investment properties has decreased by $94.6 million, from $3,232.8 million as at 31 December 2019 to $3,138.2 million as at 30 June 2020. Of this, $27.4 million is directly related to the COVID-19 pandemic in the form of reduced net operating income over the next 12 months due to forecast increased expenses, rent deferrals and waivers built into the valuations. The remaining $67.2 million can be attributed to other assumption changes, being:

- Capitalisation rate softening of 5bps from 6.46% at 31 December 2019 to 6.51% as 30 June 2020;
- Valuation net operating income decrease of $2.5 million (or 1.2%) between December 2019 and June 2020;
- Discount rates tightening from 7.18% to 7.08%; and
- Discounted cash flow valuations adopting more conservative let-up assumptions and lower market rent growth.

While some of these assumption changes may be partially and indirectly attributable to the expected future impact of the COVID-19 pandemic, it is not possible to specifically assume this cause, and there may be other factors behind these movements including a general softening in economic conditions (that had already started prior to the COVID-19 pandemic period), changing consumer behaviours (for example the rise of online shopping), rising unemployment, decline in consumer confidence and changes in the cost of capital.

In light of the above, the fair value assessment of the Group's investment property portfolio as at the reporting date is a best estimate of the impacts of the COVID-19 pandemic using information available as the time of preparation of the Consolidated Financial Statements about conditions existing at the reporting date and includes forward looking assumptions. In the event the COVID-19 pandemic impacts are more severe or prolonged than anticipated, this may have a further adverse impact on the fair value of the Group's investment property portfolio.

4. Cash and cash equivalents

	SCA Property Group		Retail Trust	
	30 June 2020 $m	30 June 2019 $m	**30 June 2020 $m**	30 June 2019 $m
Cash at bank	**3.8**	4.2	**2.7**	3.1
Term deposits	**180.0**	-	**180.0**	-
	183.8	4.2	**182.7**	3.1

At 30 June 2020 the Group had $180.0 million (30 June 2019: nil) in investment in term deposits. The term deposits are held with major Australian and international banks with a credit rating of Moody's A1 or Standard & Poor's A or stronger. They are short term and for fixed terms with less than 45 days remaining to maturity at 30 June 2020. All term deposits are intended to be used to assist with the funding of the distribution (expected to be paid on or about 31 August 2020) and the repayment of the A$ MTN that expires in April 2021 but can be repaid (with appropriate notice) from October 2020 with no make whole obligation. Refer note 5 and 16.

5. Distributions paid and payable

	Cents per unit	Total amount $m	Date of payment or expected date of payment
2020 SCA Property Group & Retail Trust			
Interim distribution[1]	**7.50**	**69.9**	29 January 2020
Final distribution[2]	**5.00**	**53.6**	31 August 2020
	12.50	**123.5**	
2019 SCA Property Group & Retail Trust			
Interim distribution	7.25	66.4	29 January 2019
Final distribution	7.45	69.0	30 August 2019
	14.70	135.4	

[1] The interim distribution of 7.50 cents per security was declared on 12 December 2019 and was paid on 29 January 2020.

[2] The 2020 final distribution of 5.00 cents per security was declared on 23 June 2020 and is expected to be paid on or about 31 August 2020.

The Management Trust has not declared or paid any distributions. The Group has a Distribution Reinvestment Plan (DRP) in place. The DRP was in place for the distribution declared in December 2019 (paid in January 2020). The equity raised through the DRP on 30 August 2019 was $13.0 million by the issue of 5.3 million securities at a price of $2.48. The distribution declared in December 2019 resulted in $27.9 million being raised by the DRP through the issue of 10.3 million securities at $2.71 in January 2020. Further, the DRP is in place for the distribution declared in June 2020 (expected to be paid on or about 31 August 2020).

Under the DRP Plan Rules, the DRP issue price was determined at a discount of 1.0% to the arithmetic average of the daily volume weighted average market price of securities traded on the ASX during the 10 business days commencing on the business day after the record date.

6. Earnings per security

	SCA Property Group		Retail Trust		Management Trust	
	30 June 2020	30 June 2019	**30 June 2020**	30 June 2019	**30 June 2020**	30 June 2019
Per stapled security						
Net profit after tax for the period ($ million)	**85.5**	109.6	**84.8**	109.1	**0.7**	0.5
Weighted average number of securities used as the denominator in calculating basic earnings per security below	**960,944,215**	868,375,096	**960,944,215**	868,375,096	**960,944,215**	868,375,096
Basic earnings per security for net profit after tax (cents)	**8.9**	12.6	**8.8**	12.6	**0.1**	-
Weighted average number of securities used as the denominator in calculating diluted earnings per security below	**964,578,722**	870,844,450	**964,578,722**	870,844,450	**964,578,722**	870,844,450
Diluted earnings per security for net profit after tax (cents)	**8.9**	12.6	**8.8**	12.6	**0.1**	-

7. Transaction costs

	SCA Property Group & Retail Trust	
	30 June 2020 $m	30 June 2019 $m
Transaction costs	**1.5**	3.7
	1.5	3.7

Transaction costs in the current year relate mainly to other costs associated with the institutional placement on 16 April 2020. Refer note 18. Transactions costs in the prior year related mainly to other costs associated but not capitalised with the acquisition of properties during that year.

8. Finance costs

	SCA Property Group & Retail Trust	
	30 June 2020 $m	30 June 2019 $m
Interest expense	**38.2**	41.2
Swap termination costs	**-**	17.7
	38.2	58.9

Interest expense is made up of interest payments for borrowings (including amortisation of borrowing costs) of $25.0 million and $13.2 million in respect of payments for derivatives including cross currency interest rate swaps (30 June 2019: $30.5 million and $10.7 million respectively).

Swap termination costs in the prior year consists of restructuring the interest rate swap book by terminating swaps in that year.

9. Taxation

	SCA Property Group		Retail Trust	
	30 June 2020 $m	30 June 2019 $m	**30 June 2020 $m**	30 June 2019 $m
Profit before income tax	**86.0**	110.2	**84.8**	109.1
	86.0	110.2	**84.8**	109.1
Prima facie tax (expense) at 30%	**(25.8)**	(33.1)	**(25.4)**	(32.7)
Tax effect of income that is not assessable/deductible in determining taxable profit	**25.3**	32.5	**25.4**	32.7
	(0.5)	(0.6)	-	-

10. Receivables

	SCA Property Group		Retail Trust	
	30 June 2020 $m	30 June 2019 $m	**30 June 2020 $m**	30 June 2019 $m
Current				
Rental receivable	**22.3**	5.0	**22.3**	5.0
Allowance for expected credit loss	**(15.3)**	(0.9)	**(15.3)**	(0.9)
	7.0	4.1	**7.0**	4.1
Other receivables[1]	**27.2**	24.2	**27.2**	24.0
Total receivables	**34.2**	28.3	**34.2**	28.1

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

Ageing of rental receivable and other receivables[1]

	SCA Property Group		Retail Trust	
	30 June 2020 $m	30 June 2019 $m	**30 June 2020 $m**	30 June 2019 $m
Current	**32.7**	26.7	**32.7**	26.5
30 days	**6.1**	1.0	**6.1**	1.0
60 days	**4.6**	0.6	**4.6**	0.6
90 days	**2.0**	0.3	**2.0**	0.3
120 days	**4.1**	0.6	**4.1**	0.6
Rental receivable and other receivables[1]	**49.5**	29.2	**49.5**	29.0

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

The Group writes off a rental receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over 120 days due, whichever occurs earlier. The Group has identified loss patterns for different tenant groups ranging from 50% to 100%. The allowance for expected credit loss has increased significantly due to COVID-19, refer to note 3 for further details. The following tables detail the risk profile of trade receivables based on the Group's provision matrix.

	SCA Property Group & Retail Trust					
	30 June 2020			30 June 2019		
	< 120 days	**> 120 days**	**Total**	< 120 days	> 120 days	Total
Expected credit loss rate	**57%**	**88%**		2%	100%	
Estimated total gross carrying amount at default			**13.2**			-
Lifetime ECL			**1.2**			0.1
			14.4			0.1

	SCA Property Group & Retail Trust	
	30 June 2020 $m	30 June 2019 $m
Opening balance	**0.8**	0.8
Change in credit risk parameters	**13.2**	-
Closing balance	**14.0**	0.8

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in AASB 9.

	SCA Property Group & Retail Trust	
	30 June 2020 $m	30 June 2019 $m
Opening balance	**0.1**	-
Change in credit risk parameters	**1.2**	0.1
Closing balance	**1.3**	0.1

There is no interest charged on any receivables. All receivables are current other than the rental receivables included in ageing above. The historic loss rate is 5.9% on that part which is the rental receivable. Other receivables historical loss rate is $nil given it is made up of mostly rent received by property managers prior to being remitted to SCA Property Group and Retail Trust respectively. Refer to note 3 for COVID-19 impact on expected credit loss. The following table is the total of the provisional matrix and lifetime ECL.

	SCA Property Group & Retail Trust	
	30 June 2020 $m	30 June 2019 $m
Opening balance	**0.9**	0.8
Change in credit risk parameters	**14.4**	0.1
Closing balance	**15.3**	0.9

11. Investment in CQR

Investment in CQR relates to the Group and the Retail Trust's 1.2% interest in Charter Hall Retail Trust (ASX: CQR) (30 June 2019: 1.5%). This interest is made up of 6.78 million units (30 June 2019: 6.78 million units) which cost an average of $4.21 per unit. No units were sold during the year ended 30 June 2020 (30 June 2019: 13.1 million units were sold).

As at 30 June 2020 this interest was valued at $3.35 per unit (30 June 2019 $4.37). The value was based on the ASX closing price on the last trading day of the respective year.

The difference between the valuation of the units at 30 June 2020 and 30 June 2019 of $6.9 million loss (30 June 2019: $1.0 million revaluation gain) is recorded in other comprehensive income.

The Investment – fair value through other comprehensive income is classified as a level 1 fair value measurement financial asset being derived from inputs based on quoted prices that are observable. Refer also to the fair value hierarchy at note 17.

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

On 24 June 2020 the Responsible Entity of CQR declared an estimated distribution of 10.00 cents per unit to be paid in August 2020. As the Group and the Retail Trust hold 6.78 million units in CQR as at the record date for this distribution this is equivalent to $0.7 million and has been included in the Group's and Retail Trust's Consolidated Statements of Comprehensive Income as Distribution income (30 June 2019: 14.48 cents per unit and $2.2 million respectively). The Group also received a distribution on its investment of 14.52 cents per unit or $1.0 million declared in December 2019 (December 2018: 14.28 cents per unit and $2.2 million respectively). Therefore, the total distribution income for the Group and the Retail Trust on their investment in CQR is $1.7 million for the year 30 June 2020 (30 June 2019: $4.4 million).

12. Other assets

	SCA Property Group		Retail Trust	
	30 June 2020	30 June 2019	**30 June 2020**	30 June 2019
	$m	$m	**$m**	$m
Current other assets	**2.8**	2.3	**2.3**	1.9
Non-current other assets	**8.3**	9.1	**5.9**	5.9
	11.1	11.4	**8.2**	7.8

Current other assets are prepayments.

Non-current other assets includes right to use assets for the investment property at Lane Cove $5.9 million (30 June 2019: $5.9 million) and lease of office space $1.7 million (30 June 2019: $2.2 million) and other assets $0.7 million (30 June 2019: $1.0 million). The corresponding leasing liability of $8.1 million (30 June 2019: $8.4 million) is presented in non-current liabilities.

13. Investment properties

	SCA Property Group & Retail Trust	
	30 June 2020	30 June 2019
	$m	$m
Movement in total investment properties		
Opening balance	**3,147.0**	2,453.8
Acquisitions (including transaction costs)	**83.4**	714.8
Disposals	**(21.5)**	(2.4)
Development expenditure	**6.8**	13.4
Net capital expenditure and straight lining net of amortisation	**10.4**	7.9
Unrealised movement recognised in Total Comprehensive Income on property valuations	**(87.9)**	(40.5)
Closing balance	**3,138.2**	3,147.0

Investment properties

Property	State	Property Type	Book value cap rate[1] 30 June 2020	Book value discount rate 30 June 2020	Book value 30 June 2020 $m	Book value 30 June 2019 $m
Sub-Regional						
Lilydale	VIC	Sub-Regional	**6.25%**	**6.75%**	**110.0**	116.0
Pakenham	VIC	Sub-Regional	**6.50%**	**6.50%**	**83.7**	89.6
Central Highlands	QLD	Sub-Regional	**7.75%**	**8.00%**	**60.0**	63.4
Mt Gambier	SA	Sub-Regional	**6.50%**	**7.40%**	**71.3**	72.7
Murray Bridge	SA	Sub-Regional	**7.50%**	**7.75%**	**60.0**	64.9
Kwinana Marketplace	WA	Sub-Regional	**7.00%**	**7.50%**	**130.6**	140.0
Warnbro	WA	Sub-Regional	**7.00%**	**7.75%**	**90.9**	93.1
Lavington Square	NSW	Sub-Regional	**7.50%**	**7.50%**	**57.4**	52.3
Sturt Mall	NSW	Sub-Regional	**6.50%**	**7.25%**	**72.3**	73.1
West End Plaza	NSW	Sub-Regional	**6.50%**	**7.25%**	**67.7**	65.9
Total Sub-Regional					**803.9**	831.0
Neighbourhood						
Belmont	NSW	Neighbourhood	**7.03%**	**8.02%**	**29.0**	32.5
Berala	NSW	Neighbourhood	**5.50%**	**6.50%**	**28.6**	28.1
Cabarita	NSW	Neighbourhood	**6.25%**	**7.00%**	**22.0**	22.5
Cardiff	NSW	Neighbourhood	**6.25%**	**6.75%**	**25.3**	25.8
Clemton Park	NSW	Neighbourhood	**6.00%**	**6.50%**	**51.3**	51.2
Goonellabah	NSW	Neighbourhood	**6.75%**	**7.00%**	**20.0**	20.5
Greystanes	NSW	Neighbourhood	**5.75%**	**6.75%**	**59.6**	60.7
Griffin Plaza	NSW	Neighbourhood	**6.75%**	**7.25%**	**25.8**	26.6
Lane Cove[4]	NSW	Neighbourhood	**5.75%**	**6.50%**	**57.5**	59.5
Leura	NSW	Neighbourhood	**5.75%**	**6.50%**	**18.5**	19.0
Lismore	NSW	Neighbourhood	**7.50%**	**7.50%**	**28.1**	31.9
Macksville	NSW	Neighbourhood	**6.00%**	**7.00%**	**14.3**	14.2
Merimbula	NSW	Neighbourhood	**6.50%**	**6.75%**	**18.2**	19.7
Morisset	NSW	Neighbourhood	**6.75%**	**7.00%**	**18.5**	18.4
Muswellbrook	NSW	Neighbourhood	**6.50%**	**7.25%**	**31.9**	31.9
North Orange	NSW	Neighbourhood	**6.25%**	**7.25%**	**34.0**	33.3
Northgate	NSW	Neighbourhood	**6.50%**	**7.25%**	**17.5**	16.8
Ulladulla	NSW	Neighbourhood	**6.00%**	**7.00%**	**24.7**	25.0
West Dubbo	NSW	Neighbourhood	**6.25%**	**6.75%**	**19.0**	19.2
Shell Cove[3]	NSW	Neighbourhood	**6.00%**	**6.50%**	**34.0**	24.1
Albury	VIC	Neighbourhood	**6.50%**	**7.00%**	**23.5**	24.0
Ballarat	VIC	Neighbourhood	**7.00%**	**7.00%**	**17.2**	18.1
Cowes	VIC	Neighbourhood	**-**	**-**	**-**	19.6
Drouin	VIC	Neighbourhood	**5.75%**	**6.00%**	**16.2**	16.9
Epping North	VIC	Neighbourhood	**5.75%**	**6.25%**	**30.0**	31.1
Highett	VIC	Neighbourhood	**5.50%**	**6.25%**	**30.1**	31.5
Langwarrin	VIC	Neighbourhood	**5.75%**	**6.25%**	**23.9**	25.5
Ocean Grove	VIC	Neighbourhood	**6.25%**	**6.75%**	**37.1**	38.7
Warrnambool East	VIC	Neighbourhood	**6.25%**	**6.25%**	**15.7**	16.0
Wonthaggi	VIC	Neighbourhood	**7.25%**	**7.25%**	**40.0**	45.5
Wyndham Vale	VIC	Neighbourhood	**5.75%**	**6.00%**	**23.4**	23.6
Bentons Square	VIC	Neighbourhood	**6.25%**	**7.25%**	**82.6**	77.6
The Gateway	VIC	Neighbourhood	**6.75%**	**7.00%**	**51.7**	50.2
Annandale	QLD	Neighbourhood	**7.50%**	**7.50%**	**26.1**	29.1
Ayr	QLD	Neighbourhood	**7.00%**	**7.50%**	**19.0**	18.7
Brookwater Village	QLD	Neighbourhood	**6.25%**	**7.00%**	**35.1**	36.8
Carrara	QLD	Neighbourhood	**6.50%**	**6.75%**	**17.1**	18.0
Chancellor Park Marketplace	QLD	Neighbourhood	**6.00%**	**6.50%**	**45.9**	46.7
Collingwood Park	QLD	Neighbourhood	**6.50%**	**7.00%**	**11.8**	12.0
Coorparoo	QLD	Neighbourhood	**5.75%**	**6.50%**	**36.9**	38.0

Investment properties (continued)

Property	State	Property Type	Book value cap rate[1] 30 June 2020	Book value discount rate 30 June 2020	Book value 30 June 2020 $m	Book value 30 June 2019 $m
Neighbourhood						
Gladstone	QLD	Neighbourhood	**7.00%**	**7.25%**	**24.5**	25.1
Greenbank	QLD	Neighbourhood	**6.25%**	**6.75%**	**21.8**	22.9
Jimboomba	QLD	Neighbourhood	**6.50%**	**6.75%**	**27.8**	28.7
Lillybrook	QLD	Neighbourhood	**6.00%**	**7.25%**	**28.7**	30.2
Mackay	QLD	Neighbourhood	**6.75%**	**7.25%**	**25.5**	25.7
Marian Town Centre	QLD	Neighbourhood	**7.00%**	**7.50%**	**32.5**	32.3
Mission Beach	QLD	Neighbourhood	**6.50%**	**7.00%**	**11.6**	12.7
Mt Warren Park	QLD	Neighbourhood	**6.00%**	**6.50%**	**17.8**	17.6
Mudgeeraba	QLD	Neighbourhood	**6.25%**	**7.00%**	**33.7**	35.0
Sugarworld Shopping Centre	QLD	Neighbourhood	**6.75%**	**7.25%**	**25.4**	25.2
The Markets	QLD	Neighbourhood	**7.25%**	**7.25%**	**29.4**	29.9
Whitsunday	QLD	Neighbourhood	**7.50%**	**7.75%**	**33.8**	37.0
Worongary	QLD	Neighbourhood	**6.00%**	**6.75%**	**46.8**	47.9
Bushland Beach	QLD	Neighbourhood	**6.75%**	**7.00%**	**22.5**	23.6
Miami One	QLD	Neighbourhood	**6.50%**	**7.25%**	**30.7**	32.1
North Shore Village	QLD	Neighbourhood	**6.00%**	**7.25%**	**27.3**	27.5
Oxenford	QLD	Neighbourhood	**6.00%**	**7.00%**	**33.4**	33.1
Warner Marketplace[2]	QLD	Neighbourhood	**5.75%**	**6.75%**	**76.2**	-
Blakes Crossing	SA	Neighbourhood	**6.75%**	**7.50%**	**22.2**	21.7
Walkerville	SA	Neighbourhood	**6.00%**	**6.75%**	**26.0**	25.6
Busselton	WA	Neighbourhood	**6.00%**	**6.25%**	**26.7**	27.0
Treendale	WA	Neighbourhood	**6.50%**	**7.00%**	**30.5**	32.7
Currambine Central[4]	WA	Neighbourhood	**7.00%**	**7.50%**	**90.4**	91.1
Kalamunda Central	WA	Neighbourhood	**6.00%**	**7.00%**	**41.8**	41.6
Stirlings Central	WA	Neighbourhood	**7.00%**	**7.50%**	**40.6**	44.0
Burnie	TAS	Neighbourhood	**7.50%**	**7.50%**	**22.5**	22.5
Claremont Plaza	TAS	Neighbourhood	**6.50%**	**7.25%**	**38.5**	38.2
Glenorchy Central	TAS	Neighbourhood	**6.75%**	**7.25%**	**27.1**	27.5
Greenpoint	TAS	Neighbourhood	**7.00%**	**7.25%**	**17.5**	16.7
Kingston	TAS	Neighbourhood	**6.30%**	**7.03%**	**31.0**	30.3
Meadow Mews	TAS	Neighbourhood	**6.50%**	**7.00%**	**63.5**	62.7
New Town Plaza	TAS	Neighbourhood	**6.50%**	**7.25%**	**43.6**	42.9
Prospect Vale	TAS	Neighbourhood	**6.75%**	**7.25%**	**29.2**	29.0
Riverside	TAS	Neighbourhood	**10.00%**	**10.00%**	**5.2**	8.7
Shoreline	TAS	Neighbourhood	**6.25%**	**7.00%**	**37.6**	38.7
Sorell	TAS	Neighbourhood	**6.25%**	**7.50%**	**29.9**	30.1
Total Neighbourhood					**2,334.3**	2,316.0
Total investment properties					**3,138.2**	3,147.0

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

[2] Property acquired during the year ended 30 June 2020 being Warner Marketplace for $78.4 million (excluding transaction costs).

[3] Property developed during the year 30 June 2020 including Shell Cove Stage 3 for $4.8 million.

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

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

The internal valuations are reviewed by management who recommends each property's valuation to the Audit, Risk Management and Compliance Committee and the Board in accordance with the Group's internal valuation protocol. Due to market uncertainty brought on by COVID-19, the internal valuations have been reviewed by an independent external valuer. Refer to note 3 for additional information on the impact of COVID-19 on valuations.

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

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

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

Fair value measurement, valuation technique and inputs

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

30 June 2020

Category	Fair value hierarchy	Book value 30 June 2020 $m	Valuation technique	Key inputs used to measure fair value	Range of unobservable key inputs
Investment Properties	Level 3	3,138.2	Income capitalisation and DCF	Cap rate Discount rate	5.50% - 10.00% 6.00% - 10.00%

30 June 2019

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

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

Income capitalisation method – cap rate

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

DCF method – discount rate

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

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

All property investments are categorised as level 3 in the fair value hierarchy (refer note 17(c) for additional information in relation to the fair value hierarchy). There were no transfers between hierarchies.

Sensitivity information

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

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

Sensitivity analysis

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

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

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

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

Sensitivity analysis – cap rate and net operating income

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

The following sensitivity analysis from the investment properties shows the effect on profit/loss after tax and on equity of a 25 basis points (bps) increase/decrease in cap rates and a 5% increase/decrease in property net operating income respectively at balance sheet date with all other variables held constant. It is noted that changes in net operating income may be caused by a number of factors including changes in vacancy or rent paid or payable.

Sensitivity analysis – Valuation cap rate	Profit/(loss) after tax		Equity	
	25 bps increase	**25 bps decrease**	**25 bps increase**	**25 bps decrease**
	$m	**$m**	**$m**	**$m**
30 June 2020				
SCA Property Group & Retail Trust				
Investment properties	**(116.1)**	**125.3**	**(116.1)**	**125.3**
30 June 2019				
SCA Property Group & Retail Trust				
Investment properties	(116.9)	126.3	(116.9)	126.3

Sensitivity analysis – Valuation net operating income	Profit/(loss) after tax		Equity	
	5% increase	**5% decrease**	**5% increase**	**5% decrease**
	$m	**$m**	**$m**	**$m**
30 June 2020				
SCA Property Group & Retail Trust				
Investment properties	**156.9**	**(156.9)**	**156.9**	**(156.9)**
30 June 2019				
SCA Property Group & Retail Trust				
Investment properties	**157.4**	**(157.4)**	**157.4**	**(157.4)**

Refer to note 3 for additional COVID-19 disclosures regarding investment property valuations.

14. Investment in associates (SCA Unlisted Retail Fund (SURF))

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

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

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

As at 30 June 2020 the Group managed 5 properties valued at $102.6 million for its unlisted retail funds (30 June 2019: 11 properties valued at $184.3 million). During the year SURF 1 reached the end of its term and commenced the process of winding up including the sale of the properties, the repayment of the debt and with the majority of the remaining funds then returned as capital to the unitholders. The Group has received $9.0 million during the year as a return of capital on its investment in SURF 1. There may be an additional final return of capital once SURF 1 is finally wound up. This amount is not expected to be significant. In addition, the Group may be entitled to a performance fee in accordance with the investment management agreement for SURF 1. Consistent with prior periods no amount has been recognised for this performance fee for the year ended 30 June 2020.

	SCA Property Group & Retail Trust	
	30 June 2020	30 June 2019
	$m	$m
Movement in investment in associates		
Opening balance	**26.5**	18.0
Additions to equity accounted investment	**-**	9.2
Share of profits after income tax	**-**	1.2
Return of capital	**(9.0)**	-
Distributions received or receivable	**(1.6)**	(1.9)
Closing balance	**15.9**	26.5

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

15. Trade and other payables

	SCA Property Group		Retail Trust	
	30 June 2020	30 June 2019	**30 June 2020**	30 June 2019
	$m	$m	**$m**	$m
Current				
Trade payables and other creditors[1]	**57.7**	46.8	**58.3**	47.4
Income tax payable	**0.6**	0.6	**-**	-
Payables to related parties (note 27)	**-**	-	**10.2**	9.0
	58.3	47.4	**68.5**	56.4

[1] Trade payables other creditors are generally payable within 30 days. Other significant amounts included in trade payables and other creditors includes rent received in advance, provision for deferred income and trade payables including accrued expenses.

16. Interest bearing liabilities

	SCA Property Group & Retail Trust	
	30 June 2020	30 June 2019
	$m	$m
Interest bearing liabilities		
Current	**225.0**	-
Non-current	**858.6**	1,137.5
Total interest bearing liabilities	**1,083.6**	1,137.5

The detail of the interest bearing liabilities are below.

	SCA Property Group & Retail Trust	
	30 June 2020	30 June 2019
	$m	$m
Unsecured Bank revolving bilateral facilities		
- A$ denominated	**-**	62.0
Unsecured Bank and syndicated non revolving facilities		
- A$ denominated	**150.0**	150.0
Unsecured A$ Medium term note (A$ MTN)		
- A$ denominated	**450.0**	450.0
Unsecured US Notes		
- A$ denominated	**50.0**	50.0
- US$ denominated (converted to A$)	**435.3**	427.2
Total unsecured debt outstanding	**1,085.3**	1,139.2
- Less: unamortised establishment fees and unamortised MTN discount and premium	**(1.7)**	(1.7)
Interest bearing liabilities	**1,083.6**	1,137.5

Financing facilities and financing resources

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

Bank and syndicated facilities - unsecured

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

One of the bilateral facilities is used to support bank guarantees. As at 30 June 2020, in addition to the bilateral facilities drawn above, $11.0 million of a bilateral facility available was used to support bank guarantees (30 June 2019: $12.0 million). The bank guarantees assists with the Group's obligations under the Australian Financial Services Licences granted to the Group.

During the year the bank or bilateral debt facilities were increased in facility limit by $200.0 million and extended in maturity. As a result the total bilateral facilities are now $600.0 million (30 June 2019: $400.0 million). The bank and syndicated debt facilities of $600.0 million are made up of:

- $400.0 million of revolving bilateral debt facilities which are undrawn (30 June 2019: $250.0 million revolving bilateral facilities of which $62.0 million was drawn).
- $150.0 million of bank and syndicated non revolving facilities fully drawn which include financial costs if repaid more than two years prior to expiry. The earliest of these facilities expires in June 2024. These facilities were in place prior to 30 June 2019 and were fully drawn at 30 June 2019.
- $50.0 million facility which is currently undrawn but available to assist with the refinancing of the A$ MTN with a face value of $225.0 million which expires in April 2021. Once drawn this facility is non revolving. Refer below for details of the A$ MTN which expires in April 2021. This facility was also put in place during the year ended 30 June 2020.

The financing capacity available to the Group under the bank and syndicated facilities, including cash and cash equivalents, is in the following table.

	SCA Property Group & Retail Trust	
	30 June 2020	30 June 2019
	$m	$m
Financing facilities and financing resources		
Bilateral bank facilities		
Committed bank and syndicated financing facilities available	**600.0**	400.0
Less: amounts drawn down	**(150.0)**	(212.0)
Less: amounts utilised for bank guarantee	**(11.0)**	(12.0)
Net Bilateral facilities available	**439.0**	176.0
Add: cash and cash equivalents	**183.8**	4.2
Financing resources available	**622.8**	180.2

As at 30 June 2020 the Group had undrawn debt facilities and cash and cash equivalents of $622.8 million (30 June 2019: $180.2 million).

A$ medium term notes (A$ MTN) - unsecured

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

A$ MTN	Tranche	Issue date	Maturity	Tenor at issue	Coupon	Face value	Issue consideration	Discount / (premium) on issue
				(years)		$m	$m	$m
Series 1	Tranche 1	Apr-15	Apr-21	6.0	3.75%	175.0	174.8	0.2
	Tranche 2	Jul-16	Apr-21	4.8	3.75%	50.0	50.6	(0.6)
Series 2	Tranche 1	Jun-17	Jun-24	7.0	3.90%	175.0	174.5	0.5
	Tranche 2	Apr-19	Jun-24	5.2	3.90%	50.0	51.3	(1.3)
						450.0		(1.2)

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

The next debt expiry is the A$ MTN $225.0 million in April 2021. Under the terms of this A$ MTN it can be repaid (with appropriate notice) from October 2020 with no make whole obligation. The current intention is that the A$ MTN $225.0 million will be repaid from existing cash and cash equivalents and undrawn debt from October 2020.

US Notes – unsecured

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

US Notes

Issue date - US$ denominated notes	Maturity	US$ value	Economic hedged FX rate	AU$ economically hedged value	30 June 2020 FX rate	30 June 2020 Book value
August 2014	August 2027	100.0	0.9387	106.5	0.6891	**145.1**
September 2018	September 2028	30.0	0.7604	39.4	0.6891	**43.5**
August 2014	August 2029	50.0	0.9387	53.3	0.6891	**72.6**
September 2018	September 2031	70.0	0.7604	92.1	0.6891	**101.5**
September 2018	September 2033	50.0	0.7604	65.8	0.6891	**72.6**
		300.0		357.1		**435.3**
AUD notes				50.0		**50.0**
				407.1		**485.3**

Details of these notes and their economically swapped values at 30 June 2019 are below.

US Notes

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

Debt covenants

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

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

The Group was in compliance with all of the financial covenants and obligations for the period ended and as at 30 June 2020. The Group's gearing for the debt covenant using the common definition in the debt and facility agreements was 23.0%. The Group's gearing for management was 25.6% (refer also below). The main reason for the difference in the gearing for covenant and management purposes is that debt covenant definition of gearing uses the value of finance debt from the financial statements (which values the US Notes using the 30 June 2020 FX rate) less the value of the cross currency interest rate swaps. At 30 June 2020 the value of the cross currency interest rate swaps increased significantly due to the decline in US interest rates relative to the change in the FX rate.

Capital Management – management gearing

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

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

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

The Group's management gearing was 25.6% as at 30 June 2020 (30 June 2019: 32.8%). The Group's target gearing range is 30% to 40%, however the Group has a preference for gearing to remain below 35% at this point in the cycle. Following the equity raising in April 2020 and May 2020 the gearing of the Group is below that range. The Group's gearing calculation is below.

Gearing (management)	30 June 2020 $m	30 June 2019 $m
Bilateral, Syndicated and A$ MTN notes – unsecured		
Bank bilateral revolving facilities drawn	**-**	62.0
Bank and syndicated non revolving facilities drawn	**150.0**	150.0
Unsecured A$ MTN	**450.0**	450.0
	600.0	662.0
US Notes - unsecured		
US$ denominated notes - USD face value	**300.0**	300.0
Economically hedged exchange rate	**0.8402**	0.8402
US$ denominated notes - AUD equivalent	**357.1**	357.1
US A$ denominated notes	**50.0**	50.0
Total US notes	**407.1**	407.1
Total debt used and drawn AU$ equivalent	**1,007.1**	1,069.1
Less: cash and cash equivalents	**(183.8)**	(4.2)
Net finance debt for gearing	**823.3**	1,064.9
Total assets	**3,589.7**	3,372.2
Less: cash and cash equivalents	**(183.8)**	(4.2)
Less: derivative value included in total assets	**(183.8)**	(125.2)
Net total assets for gearing	**3,222.1**	3,242.8
Gearing (management)[1]	**25.6%**	32.8%

[1] As noted above, the Group also has $11.0 million (30 June 2019: $12.0 million) used to support bank guarantees. The bank guarantees assists with the Group's obligations under its Australian Financial Services Licences. The value of these guarantees has been excluded from management's net finance debt used for gearing which is consistent with the approach taken by the Group's credit rating agency to determine net debt.

17. Financial instruments

(a) Capital management

The Group's objective when managing capital is to safeguard the ability to continue as a going concern, whilst providing returns for security holders and benefits for other stakeholders and maintaining a capital structure that will support a competitive overall cost of capital for the Group. The capital structure of the Group consists of cash and cash equivalents, interest bearing liabilities (including bilateral debt facilities with several banks and notes issued in the debt capital markets) and equity of the Group (comprising contributed equity, reserves and accumulated profit/loss). The Group assesses the adequacy of its capital requirements, cost of capital and gearing (i.e. debt/equity mix) as part of its broader strategic plan. The Group continuously reviews its capital structure to ensure:

- Sufficient funds and financing facilities, on a cost effective basis, are available to assist the Group's property investment and management business

- Sufficient liquid buffer is maintained
- Distributions to security holders are in line with the stated distribution policy.

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

The Group's debt financial covenants are detailed in note 16.

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

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

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

The Group's gearing at 30 June 2020 was 25.6% (30 June 2019: 32.8%). Refer note 16 for additional information.

(b) Financial risk management

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

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

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

(b)(i) Financial risk management - credit

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

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

Exposure to customer credit risk is also monitored. A significant share of the Group's revenue for the current and prior year is from Woolworths Limited and Coles Limited (and its affiliates) which has a BBB or BBB+ Standard and Poor's credit rating respectively. The Group reviews the aggregate exposure of tenancies across its portfolio on a regular basis. Derivative counterparties and term deposits are currently limited to financial institutions with an appropriate credit rating.

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

	SCA Property Group		Retail Trust	
	30 June 2020 $m	30 June 2019 $m	**30 June 2020 $m**	30 June 2019 $m
Cash and cash equivalents	**183.8**	4.2	**182.7**	3.1
Receivables	**34.2**	28.3	**34.2**	28.1
Derivative financial instruments	**183.8**	125.2	**183.8**	125.2
	401.8	157.7	**400.7**	156.4

The maximum exposure of the Group to credit risk as at 30 June 2020 is the carrying amount of the financial assets in the Consolidated Balance Sheets.

Term deposits are held with major Australian and international banks with a credit rating of Moody's A1 or Standard & Poor's A or stronger.

Receivables relate to tenant and managing agent receivables. Receivables are reviewed regularly throughout the year. The expected credit loss allowance is made where collection is deemed uncertain. Part of the Group's policy is to hold collateral as security for tenants via bank guarantees (or less frequently collateral such as deposits or cash and personal guarantees). Refer to note 3 and note 10 for further details on tenants that were past due at 30 June 2020.

(b)(ii) Financial risk management - liquidity

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

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

The debt facilities are made up of bank bilateral and syndicated facilities, A$ MTN and US notes. Details of these debt facilities, including finance facilities available, included in note 16.

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

Non-derivative financial instruments

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

	1 year or less $m	**2 - 3 years $m**	**4 - 5 years $m**	**More than 5 years $m**	**Total $m**
30 June 2020					
SCA Property Group					
Trade and other payables	**58.3**	-	-	-	**58.3**
Distribution payable	**53.6**	-	-	-	**53.6**
Interest bearing liabilities	**267.0**	**67.1**	**332.5**	**698.9**	**1,365.5**
	378.9	**67.1**	**332.5**	**698.9**	**1,477.4**
Retail Trust					
Trade and other payables	**68.5**	**-**	**-**	**-**	**68.5**
Distribution payable	**53.6**	**-**	**-**	**-**	**53.6**
Interest bearing liabilities	**267.0**	**67.1**	**332.5**	**698.9**	**1,365.5**
	389.1	**67.1**	**332.5**	**698.9**	**1,487.6**
30 June 2019					
SCA Property Group					
Trade and other payables	47.4	-	-	-	47.4
Distribution payable	69.0	-	-	-	69.0
Interest bearing liabilities	45.0	305.1	406.8	700.7	1,457.6
	161.4	305.1	406.8	700.7	1,574.0
Retail Trust					
Trade and other payables	56.4	-	-	-	56.4
Distribution payable	69.0	-	-	-	69.0
Interest bearing liabilities	45.0	305.1	406.8	700.7	1,457.6
	170.4	305.1	406.8	700.7	1,583.0

Derivative financial instruments

The following tables show the undiscounted cash flows required to discharge the Group's and Retail Trust's derivative financial instruments in place at 30 June 2020 at the rates as at the reporting date. Foreign currencies have been converted at exchange rates at the reporting date.

	1 year or less $m	2 - 3 years $m	4 - 5 years $m	More than 5 years $m	Total $m
30 June 2020					
SCA Property Group & Retail Trust					
Interest rate swaps - net	**(1.7)**	**(2.9)**	**(1.3)**	**5.7**	**(0.2)**
Cross currency interest rate swaps - net	**36.0**	**23.1**	**20.9**	**92.7**	**172.7**
	34.3	**20.2**	**19.6**	**98.4**	**172.5**
30 June 2019					
SCA Property Group & Retail Trust					
Interest rate swaps - net	0.5	0.5	2.2	8.6	11.8
Cross currency interest rate swaps - net	25.9	17.3	15.2	83.6	142.0
	26.4	17.8	17.4	92.2	153.8

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

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

Foreign exchange risk

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

Foreign exchange risk - United States Dollar

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

The principal and coupon obligations have been fully swapped back to Australian dollars (floating interest rates). Refer below and note 16.

Cross currency interest rate swap contracts

The Group has reduced its future exposure to the foreign exchange risk inherent in the carrying value of its US dollar borrowings (refer above and note 16) by using cross currency interest rate swaps.

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

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

	SCA Property Group & Retail Trust				
	1 year or less $m	2 - 3 years $m	4 - 5 years $m	More than 5 years $m	Total $m
30 June 2020					
Buy US dollar - interest					
Amount (AUD)	**15.8**	**31.6**	**31.6**	**76.1**	**155.1**
Exchange rate	**0.8354**	**0.8354**	**0.8354**	**0.8042**	**0.8201**
Amount (USD)	**13.2**	**26.4**	**26.4**	**61.2**	**127.2**
Buy US dollar - Principal					
Amount (AUD)	**-**	**-**	**-**	**357.1**	**357.1**
Exchange Rate	**-**	**-**	**-**	**0.8401**	**0.8401**
Amount (USD)	**-**	**-**	**-**	**300.0**	**300.0**
30 June 2019					
Buy US dollar - interest					
Amount (AUD)	15.8	31.6	31.6	91.8	170.8
Exchange rate	0.8354	0.8354	0.8354	0.8094	0.8214
Amount (USD)	13.2	26.4	26.4	74.3	140.3
Buy US dollar - Principal					
Amount (AUD)	-	-	-	357.1	357.1
Exchange Rate	-	-	-	0.8401	0.8401
Amount (USD)	-	-	-	300.0	300.0

Sensitivity analysis – foreign exchange risk

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

	Profit/(loss) after tax		Equity	
	Effect of 10% strengthening in A$ exchange rate $m	Effect of 10% depreciation in A$ exchange rate $m	Effect of 10% strengthening in A$ exchange rate $m	Effect of 10% depreciation in A$ exchange rate $m
30 June 2020				
SCA Property Group & Retail Trust				
A$ equivalent of foreign exchange balances denominated in USD	**(12.9)**	**17.8**	**(12.9)**	**17.8**
30 June 2019				
SCA Property Group & Retail Trust				
A$ equivalent of foreign exchange balances denominated in USD	(9.6)	11.7	(9.6)	11.7

Interest rate risk

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

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

Hedging activities are evaluated regularly.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. Exposure to cash and cash equivalents is $183.8 million (30 June 2019: $4.2 million).

Interest rate swap contracts

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

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

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

The requirements under Australian accounting standards in respect of documentation, designation and effectiveness for hedge accounting cannot be met in all circumstances. As a result the Group does not apply hedge accounting for any derivatives as at 30 June 2020 (30 June 2019: not applicable).

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

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

	SCA Property Group					
			Fixed interest rate			
	Interest rate	Floating interest rate	Less than 1 year	1 - 5 years	More than 5 years	Total
	(%p.a.)	$m	$m	$m	$m	$m
30 June 2020						
Financial assets						
Cash at bank	**0.0%**	**3.8**	**-**	**-**	**-**	**3.8**
Term deposits	**0.7%**	**-**	**180.0**	**-**	**-**	**180.0**
Total financial assets		**3.8**	**180.0**	**-**	**-**	**183.8**
Financial liabilities						
Interest bearing liabilities						
Denominated in AUD - floating	**1.8%**	**(150.0)**	**-**	**-**	**-**	**(150.0)**
Denominated in AUD - fixed (MTN)	**3.8%**	**-**	**(225.0)**	**(225.0)**	**-**	**(450.0)**
Denominated in AUD - fixed (USPP)	**6.0%**	**-**	**-**	**-**	**(50.0)**	**(50.0)**
Denominated in USD - fixed (USPP)	**4.4%**	**-**	**-**	**-**	**(435.3)**	**(435.3)**
Total financial liabilities		**(150.0)**	**(225.0)**	**(225.0)**	**(485.3)**	**(1,085.3)**
Total net financial liabilities		**(146.2)**	**(45.0)**	**(225.0)**	**(485.3)**	**(901.5)**

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

	Retail Trust					
			Fixed interest rate			
	Interest rate	Floating interest rate	Less than 1 year	1 - 5 years	More than 5 years	Total
	(%p.a.)	$m	$m	$m	$m	$m
30 June 2020						
Financial assets						
Cash at bank	**0.0%**	**2.7**	**-**	**-**	**-**	**2.7**
Term deposits	**0.7%**	**-**	**180.0**	**-**	**-**	**180.0**
Total financial assets		**2.7**	**180.0**	**-**	**-**	**182.7**
Financial liabilities						
Interest bearing liabilities						
Denominated in AUD - floating	**1.8%**	**(150.0)**	**-**	**-**	**-**	**(150.0)**
Denominated in AUD - fixed	**3.8%**	**-**	**(225.0)**	**(225.0)**	**-**	**(450.0)**
Denominated in AUD - fixed (USPP)	**6.0%**	**-**	**-**	**-**	**(50.0)**	**(50.0)**
Denominated in USD - fixed (USPP)	**4.4%**	**-**	**-**	**-**	**(435.3)**	**(435.3)**
Total financial liabilities		**(150.0)**	**(225.0)**	**(225.0)**	**(485.3)**	**(1,085.3)**
Total net financial liabilities		**(147.3)**	**(45.0)**	**(225.0)**	**(485.3)**	**(902.6)**

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

	June 2020 $m	June 2021 $m	June 2022 $m	June 2023 $m	June 2024 $m	June 2025 $m
Denominated in AU$						
Interest rate swaps (fixed)	**300.0**	**300.0**	**300.0**	**300.0**	**300.0**	**300.0**
Average fixed rate	**1.46%**	**1.46%**	**1.46%**	**1.46%**	**1.46%**	**1.46%**
Interest rate swaps (floating)	**50.0**	**50.0**	**50.0**	**50.0**	**50.0**	**50.0**

The Group's exposure to interest rate risk and the effective interest rates on financial assets and liabilities at 30 June 2019 are in the following table.

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

The Retail Trust's exposure to interest rate risk and the effective interest rates on financial assets and liabilities at 30 June 2019 are in the table below.

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

The maturity profile and the weighted average interest rate of the fixed and floating derivatives (notional principal) held at 30 June 2019 by both the Group and the Retail Trust can be summarised below.

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

Sensitivity analysis – interest rate risk

The following sensitivity analysis shows the effect on profit/(loss) after tax and equity if market interest rates at balance sheet date had been 50 basis points (bps) higher/lower with all other variables held constant.

	Profit/loss after tax[1]		Equity	
	50bps higher	50bps lower	50bps higher	50bps lower
	$m	$m	$m	$m
30 June 2020				
SCA Property Group & Retail Trust				
Effect of market interest rate movement	**(16.1)**	**16.2**	**(16.1)**	**16.2**
30 June 2019				
SCA Property Group & Retail Trust				
Effect of market interest rate movement	(14.8)	14.9	(14.8)	14.9

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

(c) Accounting classifications and fair values

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

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

The amortised cost of the US notes, converted to AUD at the prevailing foreign exchange rate at 30 June 2020 (which was AUD 1.00 = USD 0.6891 (30 June 2019: 0.7022), is $485.3 million (30 June 2019: $477.2 million).

The amortised cost of the A$ MTN, is $450.0 million (30 June 2019: $450.0 million) (refer note 16).

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

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

On this basis the estimated fair value of the US notes is $528.9 million and the A$ MTN $466.6 million (30 June 2019: $515.7 million and $467.6 million respectively).

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

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

There were no transfers between levels during the year.

	SCA Property Group & Retail Trust			
	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
30 June 2020				
Financial assets carried at fair value				
Investment in CQR	**22.7**	**-**	**-**	**22.7**
Interest rate swaps	**-**	**9.7**	**-**	**9.7**
Cross currency interest rate swaps	**-**	**174.1**	**-**	**174.1**
	22.7	**183.8**	**-**	**206.5**
Financial liabilities carried at fair value			**-**	
Interest rate swaps	**-**	**10.2**	**-**	**10.2**
30 June 2019				
Financial assets carried at fair value				
Investment in CQR	29.6	-	-	29.6
Interest rate swaps	-	13.1	-	13.1
Cross currency interest rate swaps	-	112.1	-	112.1
	29.6	125.2	-	154.8
Financial liabilities carried at fair value				
Interest rate swaps	-	3.0	-	3.0

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

Interest rate derivatives are financial instruments that use valuation techniques with only observable market inputs and are included in Level 2 above.

18. Contributed equity

	SCA Property Group		Retail Trust	
	30 June 2020 $m	30 June 2019 $m	**30 June 2020 $m**	30 June 2019 $m
Equity	**2,013.5**	1,693.3	**2,003.2**	1,684.2
Issue costs	**(40.7)**	(34.6)	**(40.6)**	(34.5)
	1,972.8	1,658.7	**1,962.6**	1,649.7

	Management Trust		Retail Trust	
Opening balance	**9.0**	7.5	**1,649.7**	1,248.0
Equity raised through Distribution Reinvestment Plan - August 2018	**-**	-	**-**	9.2
Equity raised through Institutional Placement - October 2018	**-**	1.0	**-**	261.4
Equity raised through Unit Purchase Plan - November 2018	**-**	0.4	**-**	110.7
Equity raised through Distribution Reinvestment Plan - January 2019	**-**	0.1	**-**	26.6
Equity raised through Distribution Reinvestment Plan – August 2019	**-**	-	**13.0**	-
Equity raised through Distribution Reinvestment Plan - January 2020	**0.1**	-	**27.8**	-
Equity raised through Institutional Placement – April 2020	**1.0**	-	**249.0**	-
Equity raised through Unit Purchase Plan – May 2020	**0.1**	-	**29.2**	-
Equity raising costs	**-**	-	**(6.1)**	(6.2)
Closing balance	**10.2**	9.0	**1,962.6**	1,649.7
Balance at the end of the period is attributable to unit holders of:				
Shopping Centres Australasia Property Management Trust	**10.2**	9.0		
Shopping Centres Australasia Property Retail Trust	**1,962.6**	1,649.7		
	1,972.8	1,658.7		

Securities on Issue

	SCA Property Group & Retail Trust	
	30 June 2020 No. of securities	30 June 2019 No. of securities
Opening balance	**925,582,982**	749,154,435
Equity issued for executive security-based compensation arrangements - 9 August 2018	**-**	1,116,553
Equity raised through Distribution Reinvestment Plan - 30 August 2018	**-**	3,723,512
Equity raised through Institutional Placement - 10 October 2018	**-**	113,086,444
Equity raised through Unit Purchase Plan - 23 November 2018	**-**	47,907,805
Equity issued for staff security-based compensation arrangements - 20 December 2018	**-**	10,444
Equity raised through Distribution Reinvestment Plan - 29 January 2019	**-**	10,583,789
Equity issued for executive security-based compensation arrangements - 8 August 2019	**946,504**	-
Equity raised through Distribution Reinvestment Plan - 30 August 2019	**5,253,037**	-
Equity issued for staff security-based compensation arrangements - 23 December 2019	**13,356**	-
Equity raised through Distribution Reinvestment Plan - 29 January 2020	**10,309,664**	-
Equity raised through Institutional Placement - 16 April 2020	**115,740,741**	-
Equity raised through Unit Purchase Plan - 15 May 2020	**13,570,066**	-
Closing balance	**1,071,416,350**	925,582,982

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

946,504 securities were issued during the year ended 30 June 2020 in respect of executive compensation plans and 13,356 securities were issued in respect of staff compensation and incentive plans for nil consideration.

Shopping Centres Australasia Property Group
Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

Equity Raising

The Group completed an institutional placement on 16 April 2020 and a unit purchase plan on 15 May 2020. The institutional placement raised $250.0 million by issuing 115.7 million securities at $2.16 per security. The unit purchase plan raised $29.3 million by issuing 13.6 million securities at $2.16 per security. The purpose of these equity raisings was to strengthen the Group's balance sheet and to provide funding flexibility to continue to deliver on the Group's strategy of investing in convenience-based supermarket-anchored centres as opportunities arise. As at 30 June 2020 the proceeds had been used to pay down revolving bilateral debt facilities and to invest in term deposits.

Issue of securities from distribution reinvestment plan (DRP)

The DRP was in place for the distribution declared in June 2019 (paid in August 2019), for the distribution declared in December 2019 (and paid in January 2020), and for the distribution declared in June 2020 (expected to be paid on or about 31 August 2020).

Under the DRP Plan Rules the DRP issue price was set by the Board at a discount of 1.0% to the arithmetic average of the daily volume weighted average market price of security traded on the ASX during the 10 business days commencing on the business day after the record date. The equity raised through the DRP on 30 August 2019 was $13.0 million by the issue of 5.3 million securities at a price of $2.48. The distribution declared in December 2019 resulted in $27.9 million being raised by the DRP through the issue of 10.3 million securities at $2.71 in January 2020.

19. Reserves (net of income tax)

	Retail Trust	
	30 June 2020 $m	30 June 2019 $m
Share based payment reserve	**6.3**	5.4
Investment fair value through other comprehensive income (FVTOCI)	**(3.3)**	3.6
	3.0	9.0
Movements in reserves		
Share based payment reserve		
Balance at the beginning of the year	**5.4**	3.9
Employee share based payments	**0.9**	1.5
Closing balance	**6.3**	5.4
FVTOCI reserve		
Opening balance	**3.6**	(0.4)
Revaluation of investment FVTOCI	**(6.9)**	4.0
Closing balance	**(3.3)**	3.6

Share based payment reserve: Refer note 26.

FVTOCI: Refer note 11.

20. Accumulated profit and loss

	SCA Property Group		Retail Trust	
	30 June 2020 $m	30 June 2019 $m	**30 June 2020 $m**	30 June 2019 $m
Opening balance	**436.2**	462.0	**436.6**	462.9
Net profit for the year	**85.5**	109.6	**84.8**	109.1
Distributions paid and payable (note 5)	**(123.5)**	(135.4)	**(123.5)**	(135.4)
Closing balance	**398.2**	436.2	**397.9**	436.6
Balance at the end of the year is attributable to security holders of:				
Shopping Centres Australasia Property Management Trust	**0.3**	(0.4)		
Shopping Centres Australasia Property Retail Trust	**397.9**	436.6		
	398.2	436.2		

21. Cash flow information

(a) Notes to statements of cash flows

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

	SCA Property Group		Retail Trust	
	30 June 2020 $m	30 June 2019 $m	**30 June 2020 $m**	30 June 2019 $m
Net profit after tax	**85.5**	109.6	**84.8**	109.1
Net unrealised (gain) / loss on change in fair value of investment properties	**87.9**	40.5	**87.9**	40.5
Net unrealised (gain) / loss on change in fair value of derivatives	**(51.4)**	(66.3)	**(51.4)**	(66.3)
Net unrealised (gain) / loss on change in foreign exchange	**8.1**	27.3	**8.1**	27.3
Straight-lining of rental income and amortisation of incentives	**8.1**	8.6	**8.1**	8.6
(Decrease) / increase in payables	**13.9**	4.2	**15.5**	4.8
Non-cash financing expenses	**0.5**	0.8	**0.5**	0.8
Other non-cash items and movements in other assets	**0.6**	0.3	**(0.1)**	0.3
(Increase) / decrease in receivables	**(5.9)**	(4.7)	**(6.1)**	(4.7)
Net cash flow from operating activities	**147.3**	120.3	**147.3**	120.4

(b) Net debt reconciliation

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

	SCA Property Group			
	Cash at bank $m	**Due within 1 year $m**	**Due after 1 year $m**	**Total $m**
Net debt as at 30 June 2019	**4.2**	**-**	**(1,139.2)**	**(1,135.0)**
Net proceeds from borrowings	**-**	**-**	**(178.0)**	**(178.0)**
Repayment of borrowings	**(0.4)**	**-**	**240.0**	**239.6**
Foreign exchange adjustments	**-**	**-**	**(8.1)**	**(8.1)**
Net debt as at 30 June 2020	**3.8**	**-**	**1,085.3**	**(1,081.5)**

	Retail Trust			
	Cash at bank $m	**Due within 1 year $m**	**Due after 1 year $m**	**Total $m**
Net debt as at 30 June 2019	**3.1**	**-**	**(1,139.2)**	**(1,136.1)**
Net proceeds from borrowings	**-**	**-**	**(178.0)**	**(178.0)**
Repayment of borrowings	**(0.4)**	**-**	**240.0**	**239.6**
Foreign exchange adjustments	**-**	**-**	**(8.1)**	**(8.1)**
Net debt as at 30 June 2020	**2.7**	**-**	**1,085.3**	**(1,082.6)**

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

Shopping Centres Australasia Property Group
Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

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

22. Operating leases

All the investment properties (refer note 13) are subject to operating leases.

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

For supermarkets and discount department stores, lease terms for new leases are commonly from 10 to 20 years and are typically followed by a number of optional lease extensions exercisable by the tenant. The lease for these tenants also generally includes provision for additional rent in the form of sales turnover rent. Where sales turnover rent applies, it is payable annually in arrears where the sum of the initial rent and the turnover rent percentage amount for a year exceeds the amount of the base rent. Additionally the base rent for some of these tenants is subject to fixed periodic increases of up to 5% at the rent review date. The rent review date is typically every 5 years from the lease start or renewal.

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

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

	SCA Property Group & Retail Trust	
	30 June 2020 $m	30 June 2019 $m
Within one year	**241.8**	239.1
Between one and five years	**720.4**	716.4
After five years	**762.1**	839.0
	1,724.3	1,794.5

There was $3.3 million of percentage or turnover rent recognised as income in the current year (30 June 2019: $2.3 million).

23. Capital and lease commitments

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

	SCA Property Group & Retail Trust	
	30 June 2020 $m	30 June 2019 $m
Capital commitments	**10.0**	10.0

The 30 June 2020 balance relates to:

- **Greenbank (QLD) ($10.0 million):** During the year ended 30 June 2016 the Group entered into a conditional agreement to acquire Greenbank neighbourhood shopping centre for $23.0 million (excluding transaction costs). This transaction settled in January 2016. This acquisition includes a call option for the Group to acquire ten hectares of adjacent development land for $10.0 million exercisable at any time within 5 years from the date of acquisition. This exercise amount has been treated as an estimated capital expenditure within one year as the vendor has a put option which is exercisable in December 2020 (if the call option for the Group is not exercised by that time) (30 June 2019: $10.0 million).

Additionally, the Group leases its office space for $0.7 million per annum. This lease expires in August 2023.

24. Segment reporting

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

For the purposes of segment reporting $90.9 million in rental income (30 June 2019: $86.4 million) was from Woolworths Limited and its affiliates. Further, $32.1 million in rental income (30 June 2019: $28.8 million) was from Coles Limited and its affiliates. Due to the 2018 Coles Limited demerger, 30 June 2019 have been restated in line with the comparable group.

25. Key management personnel compensation

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

	30 June 2020	30 June 2019
	$	$
Short term benefits	**3,847,532**	3,413,573
Post-employment benefits	**169,400**	158,619
Share-based payment	**773,441**	1,229,800
Long term benefits	**52,611**	47,991
	4,842,984	4,849,983

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

26. Share based payments

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

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

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

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

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

In addition, certain non-key management personnel have also been granted 312,972 rights during the year (30 June 2019: 268,664).

The table below summarises the rights issued to key management personnel. These rights have a nil exercise price and awards are subject to meeting performance criteria. Where the performance criteria are met, details of the stapled securities that may be issued are below. Under the Group Executive Incentive Plan during the year ended 30 June 2020 stapled securities were issued and vested to Mr Mellowes 541,501 (number of securities) (30 June 2019: 692,535), Mr Fleming 247,544 (number of securities) (30 June 2019: 255,061) and Mr Lamb 67,643 (number of securities) (30 June 2019: 72,516).

Type and eligibility	Vesting conditions[1]	Security price at grant date	Grant date	Testing date	Vesting date	Maximum number of stapled securities or maximum value of securities to be issued	Fair value at grant date
STIP (FY20) (Mr Mellowes)	Non-market	$2.61	Aug-19	Jul-20	Jul-22	$482,500	$0.96 per $1.00
STIP (FY20) (Mr Fleming)	Non-market	$2.61	Aug-19	Jul-20	Jul-22	$231,875	$0.96 per $1.00
LTIP (FY20 - FY22) (tranche 1) (Messrs Mellowes, Fleming, Lamb)	Relative TSR[2]	$2.61	Aug-19	Sep-22	Jul-23	213,818	$1.28 per security
LTIP (FY20 - FY22) (tranche 2) (Messrs Mellowes, Fleming, Lamb)	Non-market	$2.61	Aug-19	Jun-22	Jul-23	213,818	$2.59 per security
LTIP (FY20 - FY22) (tranche 3) (Messrs Mellowes, Fleming, Lamb)	Non-market	$2.61	Aug-19	Jun-22	Jul-23	213,818	$2.59 per security
STIP (FY19) (Mr Mellowes)	Non-market	$2.40	Aug-18	Jul-19	Jul-21	$386,750	$0.97 per $1.00
STIP (FY19) (Mr Fleming)	Non-market	$2.40	Aug-18	Jul-19	Jul-21	$187,500	$0.97 per $1.00
LTIP (FY19 - FY21) (tranche 1) (Messrs Mellowes, Fleming, Lamb)	Relative TSR[2]	$2.40	Aug-18	Sep-21	Jul-22	182,455	$1.22 per security
LTIP (FY19 - FY21) (tranche 2) (Messrs Mellowes, Fleming, Lamb)	Non-market	$2.40	Aug-18	Jun-21	Jul-22	182,455	$2.40 per security
LTIP (FY19 - FY21) (tranche 3) (Messrs Mellowes, Fleming, Lamb)	Non-market	$2.40	Aug-18	Jun-21	Jul-22	182,455	$2.40 per security
STIP (FY18) (Mr Mellowes)	Non-market	$2.23	Aug-17	Jul-18	Jul-20	$341,250	$0.98 per $1.00
STIP (FY18) (Mr Fleming)	Non-market	$2.23	Aug-17	Jul-18	Jul-20	$156,250	$0.98 per $1.00
LTIP (FY18 - FY20) (tranche 1) (Messrs Mellowes, Fleming, Lamb)	Relative TSR[2]	$2.23	Aug-17	Sep-20	Jul-21	168,973	$1.10 per security
LTIP (FY18 - FY20) (tranche 2) (Messrs Mellowes, Fleming, Lamb)	Non-market	$2.23	Aug-17	Jun-20	Jul-21	168,973	$2.23 per security
LTIP (FY18 - FY20) (tranche 3) (Messrs Mellowes, Fleming, Lamb)	Non-market	$2.23	Aug-17	Jun-20	Jul-21	168,973	$2.23 per security
STIP (FY17)(Mr Mellowes)	Non-market	$2.31	Aug-16	Jul-17	Jul-19	$334,688	$0.99 per $1.00
STIP (FY17)(Mr Fleming)	Non-market	$2.31	Aug-16	Jun-17	Jul-19	$153,000	$0.99 per $1.00
LTIP (FY17 - FY19) (tranche 1) (Messrs Mellowes, Fleming, Lamb)	Relative TSR[2]	$2.31	Aug-16	Sep-19	Jul-20	159,351	$1.18 per security
LTIP (FY17 - FY19) (tranche 2) (Messrs Mellowes, Fleming, Lamb)	Non-market	$2.31	Aug-16	Jun-19	Jul-20	159,351	$2.31 per security
LTIP (FY17 - FY19) (tranche 3) (Messrs Mellowes, Fleming, Lamb)	Non-market	$2.31	Aug-16	Jun-19	Jul-20	159,351	$2.31 per security
STIP (FY16)(Mr Mellowes)	Non-market	$2.00	Oct-15	Jul-16	Jul-18	$328,125	$1.00 per $1.00
STIP (FY16)(Mr Fleming)	Non-market	$2.00	Oct-15	Jul-16	Jul-18	$150,000	$1.00 per $1.00
LTIP (FY16 - FY18) (tranche 1) (Messrs Mellowes, Fleming, Lamb)	Relative TSR[2]	$2.00	Oct-15	Sep-18	Jul-19	181,307	$1.00 per security
LTIP (FY16 - FY18) (tranche 2) (Messrs Mellowes, Fleming, Lamb)	Non-market	$2.00	Oct-15	Jun-18	Jul-19	181,307	$2.00 per security
LTIP (FY16 - FY18) (tranche 3) (Messrs Mellowes, Fleming, Lamb)	Non-market	$2.00	Oct-15	Jun-18	Jul-19	181,307	$2.00 per security
LTIP (FY15 - FY17) (tranche 1) (Messrs Mellowes, Fleming)	Relative TSR[2]	$1.70	Sep-14	Sep-17	Jul-18	201,042	$0.75 per security
LTIP (FY15 - FY17) (tranche 1) (Mr Lamb)	Relative TSR[2]	$1.83	Sep-14	Sep-17	Jul-18	19,245	$0.80 per security
LTIP (FY15 - FY17) (tranche 2) (Messrs Mellowes, Fleming, Lamb)	Non-market	$1.70	Sep-14	Jul-17	Jul-18	201,042	$1.44 per security
LTIP (FY15 - FY17) (tranche 2) (Mr Lamb)	Non-market	$1.83	Sep-14	Jul-17	Jul-18	19,245	$1.54 per security
LTIP (FY15 - FY17) (tranche 3) (Messrs Mellowes, Fleming, Lamb)	Non-market	$1.70	Sep-14	Jul-17	Jul-18	201,042	$1.44 per security
LTIP (FY15 - FY17) (tranche 3) (Mr Lamb)	Non-market	$1.83	Sep-14	Jul-17	Jul-18	19,245	$1.54 per security

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

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

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

The total expense recognised during the year in relation to those eligible for equity settled share-based payments was $1.0 million (30 June 2019: $1.0 million). Key inputs to the pricing models include:

	30 June 2020	30 June 2019	30 June 2018	30 June 2017	30 June 2016
Volatility	**16%**	17%	16%	18%	20%
Dividend yield	**5.8%**	6.1%	6.2%	5.4%	6.0%
Risk-free interest rate	**0.7%**	1.99%	1.97% - 2.12%	1.45% – 1.50%	1.79% - 1.94%

27. Other related party disclosures

The Retail Trust has a current payable of $10.2 million to the Management Trust (30 June 2019: $9.0 million). This is non-interest bearing and repayable at call. Additionally, Shopping Centres Australasia Property Group RE Limited (the Company), the Responsible Entity of the Retail Trust and a wholly owned subsidiary of Management Trust, makes payments on behalf of the Retail Trust from time to time. These payments are incurred by the Company in properly performing or exercising its powers or duties in relation to the Retail Trust. The Company has a right of indemnity from the Retail Trust, for any liability incurred by the Company in properly performing or exercising any of its powers or duties in relation to the Retail Trust. The amount reimbursed or reimbursable during the year under this agreement was $13.3 million (30 June 2019: $12.4 million).

The Group received $1.7 million (30 June 2019: $1.8 million) of funds management revenue from SURF 1, SURF 2 and SURF 3 (Retail Trust: $nil).

The Group and Retail Trust has an investment in SURF1, SURF 2 and SURF 3. Refer note 14.

28. Parent entity

	Management Trust[1]		**Retail Trust[1, 2]**	
	30 June 2020 $m	30 June 2019 $m	**30 June 2020 $m**	30 June 2019 $m
Current assets	**-**	-	**248.0**	65.9
Non-current assets	**-**	-	**3,337.7**	3,301.4
Total assets	**-**	-	**3,585.7**	3,367.3
Current liabilities	**-**	-	**349.6**	126.5
Non-current liabilities	**-**	-	**872.6**	1,145.5
Total liabilities	**-**	-	**1,222.2**	1,272.0
Contributed equity	**10.2**	9.0	**1,962.6**	1,649.7
Reserves	**-**	-	**3.0**	9.0
Accumulated profit	**-**	-	**397.9**	436.6
Total equity	**10.2**	9.0	**2,363.5**	2,095.3
Net profit after tax	**-**	-	**84.8**	109.1
Other comprehensive (loss) / income	**-**	-	**(6.9)**	4.0
Total comprehensive income	**-**	-	**77.9**	113.1
Commitments for the acquisition of property by the parent	**-**	-	**10.0**	10.0

1 Head Trusts only.

2 The Retail Trust financial statements have been prepared on a going concern basis. In preparing the Retail Trust financial statements the Directors note that the Retail Trust has a net current asset deficiency position as it is the policy of the Group and Retail Trust to use surplus cash to repay revolving debt. At 30 June 2020 the Group and Retail Trust have the ability to drawdown funds to pay the distribution on or about 31 August 2020, having sufficient excess cash and cash equivalents and undrawn financing facilities (refer note 16).

29. Subsidiaries

Name of subsidiaries	**Place of incorporation and operation**	**Ownership interest 30 June 2020**	30 June 2019
Subsidiaries of Shopping Centres Australasia Property Management Trust			
Shopping Centres Australasia Property Operations Pty Ltd	Australia	**100.0%**	100.0%
Shopping Centres Australasia Property Holdings Pty Ltd	Australia	**100.0%**	100.0%
Shopping Centres Australasia Property Group RE Ltd	Australia	**100.0%**	100.0%
SCA Unlisted Retail Fund RE Ltd	Australia	**100.0%**	100.0%

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

30. Auditors' remuneration

	SCA Property Group & Retail Trust	
	30 June 2020 $'000	30 June 2019 $'000
Audit of the financial statements	**292.5**	315.4
Statutory assurance services required by legislation to be provided by the auditor	**50.3**	44.6
Non audit services	**-**	22.0
	342.8	382.0

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

31. Subsequent events

At the date these Financial Statements are authorised for issue, no further adjustments in respect of the impact of COVID-19 have been made. However, the COVID-19 situation continues to evolve. Recently the Victorian Government announced Stage 4 restrictions for the Melbourne metropolitan area and Stage 3 restrictions for regional Victoria. Stage 4 restrictions result in the closure of most retail stores with limited exceptions including supermarkets, food stores, liquor stores and pharmacies. The Group owns 14 shopping centres in Victoria (including 8 in metropolitan Melbourne) representing approximately 18% of the Group's gross property income. The full consequences on the Group's future financial performance and the value of the Group's investment properties continues to be uncertain.

In July 2020 the Group exchanged conditional contracts to purchase a retail neighbourhood shopping centre, Bakewell, in the Northern Territory for $33.0 million (excluding transaction costs). This property is expected to settle by September 2020.

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

* * *

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

(a) The Financial Statements and Notes, of Shopping Centres Australasia Property Management Trust and its controlled entities, including Shopping Centres Australasia Property Retail Trust and its controlled entities, (the "Group"), set out on pages 76 to 117 are in accordance with the Corporations Act 2001, including:
  (i) giving a true and fair view of the Group's and the Retail Trust's financial position as at 30 June 2020 and of their performance, for the year ended 30 June 2020; and
  (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001;

(b) there are reasonable grounds to believe that both the Group and the Retail Trust will be able to pay their debts as and when they become due and payable.

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

The Directors have been given the declaration required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the year ended 30 June 2020.

Signed in accordance with a resolution of the Directors.

Chair
Sydney
10 August 2020

Deloitte.

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

Opinion

We have audited the financial report of:

- Shopping Centres Australasia Property Management Trust ("SCA Property Management Trust") and its controlled entities ("SCA Property Group" or "the Group") which comprises the consolidated balance sheet as at 30 June 2020, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration; and

- Shopping Centres Australasia Property Retail Trust and its controlled entities ("SCA Property Retail Trust") comprising the consolidated balance sheet as at 30 June 2020, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity for the year then ended and notes to the financial statements including a summary of significant accounting policies and the directors' declaration.

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

(i) giving a true and fair view of SCA Property Group's and SCA Property Retail Trust's financial positions as at 30 June 2020 and of their financial performance for the year then ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of SCA Property Group and SCA Property Retail Trust in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Deloitte.

Key Audit Matters

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

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Investment property valuation As at 30 June 2020, SCA Property Group recognised investment properties valued at $3,138.2m as disclosed in Note 13. The fair value of investment property is calculated in accordance with the valuation policy set out in Note 2 (j) and Note 13 which outline the two valuation methodologies used by SCA Property Group. Note 3 and Note 13 disclose the significant judgements and estimates made by SCA Property Group in estimating the fair values. These include the following assumptions: • forecast cash flows: including market rental income, market growth rates, rent relief provided and letting up assumptions. There is increase in judgement being applied as a result of the uncertainty of future rental income and leasing activity as a result of COVID-19 • capitalisation rates: since the start of COVID-19 there has been limited relevant transaction evidence • discount rates: are subjectivity due to the specific nature and characteristics of individual investment properties. In addition, Note 3 highlights the uncertainty created by COVID-19 and as a result the valuers have included a material valuation uncertainty statement in their valuation reports as at 30 June 2020. This clause indicates that less certainty, and consequently a higher degree of caution should be attached to the valuations as a result of COVID-19. The sensitivity to changes associated with the greater levels of estimation uncertainty being applied in respect of these assumptions are disclosed in Note 13.	Our procedures included, but were not limited to: • Assessing management's process over property valuations and the oversight applied by the directors are consistent with accounting standards and SCA Property Group's valuation policy • Assessing the independence, competence and objectivity of the internal and external valuers • Performing an analytical review and risk assessment of the portfolio, analysing the key inputs and assumptions • Benchmarking the capitalisation rates and discount rates with reference to external market trends and transactions and challenging those assumptions where appropriate • Performing procedures over the specific assumptions and judgements made around the impact of COVID-19 on the valuation models including market rental income, market growth rates, rent relief provided and letting up assumptions • Holding discussions with management and the external valuers to obtain an understanding of portfolio movements and their assessment of the impact of COVID-19 on the valuations, including the material uncertainty statement included in their reports • Testing on a sample basis of externally and internally valued properties, the following: ○ the integrity of the information in the valuation models by agreeing key inputs such as net operating income to underlying records and source evidence ○ the forecasts used in the valuation models with reference to current financial results such as revenues and expenses, capital expenditure requirements, vacancy rates and lease renewals ○ the mathematical accuracy of the valuation models. • We also assessed the appropriateness of the disclosures included in Note 3 and 13 to the financial statements.

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Expected credit loss recorded as a result of COVID-19 As disclosed in Note 3, COVID-19 has had a significant adverse impact on the collection of rental income during the financial year and consequently the expected credit loss ("ECL") on the operating lease receivable at 30 June 2020. The key estimates and significant judgements applied in determining the expected credit loss of $15.3m at 30 June 2020 after taking into account waivers are described in Note 3 with a reconciliation provided in Note 10.	Our procedures included, but were not limited to • Understanding the Group's processes and controls over the assessment of the impact of COVID-19 on the ECL at 30 June 2020 • Performing an analytical review and risk assessment of the operating lease receivable, analysing the key judgements and assumptions including: ○ the impact of COVID-19 on the sales performance across a range of tenant categories ○ the probability of collection of amounts owed at 30 June 2020 ○ the ability and intention of the Group to draw on the bank guarantees provided by the tenants • Testing on a sample basis, the integrity of the information used in the calculations of the ECL by agreeing key inputs such as lease income, lease terms and bank guarantees on a sample basis to underlying records and source evidence • Assessing the collection of rental amounts owed in the period after 30 June 2020 • We also assessed the appropriateness of the disclosures included in Note 3 and 10 to the financial statements.

Other Information

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

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

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

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

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Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

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

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

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

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

A. COLEMAN.

Andrew J Coleman
Partner
Chartered Accountants
Sydney, 10 August 2020

SECURITY ANALYSIS

DISTRIBUTION OF EQUITY SECURITIES AS AT 24 SEPTEMBER 2020

Number of securities held by securityholders	No. of holders	Ordinary securities held	% of issued securities
1 to 1,000	38,191	15,497,122	1.44%
1,001 to 5,000	9,569	24,546,468	2.28%
5,001 to 10,000	5,738	41,864,972	3.89%
10,001 to 100,000	5,516	120,465,403	11.19%
100,001 and Over	131	874,198,049	81.20%
Total	**59,145**	**1,076,572,014**	**100.00%**

SCP only has ordinary stapled securities on issue and as at 24 September 2020 there were a total of 59,145 holders.

The total number of securityholders with less than a marketable parcel of (using the closing price for SCP securities on 23 September 2020) securities is 4,831 holders and they hold 433,650 securities.

TOP 20 REGISTERED EQUITY SECURITYHOLDERS AS AT 24 SEPTEMBER 2020

Name	Units	% of units
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	383,827,819	35.65
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	177,861,905	16.52
CITICORP NOMINEES PTY LIMITED	119,744,325	11.12
NATIONAL NOMINEES LIMITED	61,313,750	5.70
BNP PARIBAS NOMINEES PTY LTD	39,321,273	3.65
BNP PARIBAS NOMS PTY LTD	25,442,386	2.36
CITICORP NOMINEES PTY LIMITED	13,376,797	1.24
BNP PARIBAS NOMINEES PTY LTD	5,412,800	0.50
NETWEALTH INVESTMENTS LIMITED	4,185,164	0.39
AMP LIFE LIMITED	2,520,307	0.23
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,317,579	0.22
NULIS NOMINEES (AUSTRALIA) LIMITED	2,224,065	0.21
AVANTEOS INVESTMENTS LIMITED	2,072,106	0.19
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,951,036	0.18
BNP PARIBAS NOMS(NZ) LTD	1,635,464	0.15
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD	1,586,502	0.15
NAVIGATOR AUSTRALIA LTD	1,527,891	0.14
MR ANTHONY MICHAEL GRAINGER MELLOWES	1,351,177	0.13
WOODROSS NOMINEES PTY LTD	1,282,126	0.12
AVANTEOS INVESTMENTS LIMITED	1,148,146	0.11
Total	**850,102,618**	**78.96**
Balance of register	**226,469,396**	**21.04**
Grand total	**1,076,572,014**	**100.00**

SUBSTANTIAL SECURITYHOLDER NOTICES AS AT 24 SEPTEMBER 2020

Ordinary securities	Date of change	Securities held	%
The Vanguard Group, Inc	9/12/2019	93,195,570	10.002%
Franklin Resources, Inc	31/7/2020	66,491,038	7.01%
Blackrock Group	31/1/2018	45,232,852	6.06%
Mondrian Investment Partners Limited	13/3/2020	50,421,633	5.35%

VOTING RIGHTS AS AT 24 SEPTEMBER 2020

The voting rights attaching to ordinary stapled securities (being the only class of equity securities SCP has on issue) are:

- On a show of hands, each member of a registered scheme has one vote; and
- On a poll, each member of the scheme has one vote for each dollar of the value of the total interests they have in the scheme.

ON MARKET BUY-BACK

There is no current on-market buy-back.

Notes:

Notes:

Notes:

DIRECTORY

Shopping Centres Australasia Property Management Trust
ARSN 160 612 626

Shopping Centres Australasia Property Retail Trust
ARSN 160 612 788

RESPONSIBLE ENTITY

Shopping Centres Australasia Property Group RE Limited
ABN 47 158 809 851
AFSL 426603

REGISTERED OFFICE/PRINCIPAL OFFICE

SCA Property Group
Level 5, 50 Pitt Street
Sydney NSW 2000
Australia
Phone + 61 2 8243 4900

SECURITIES EXCHANGE LISTING

SCA Property Group (SCP or the Group) was listed on the ASX on 26 November 2012 and commenced trading on 19 December 2012 on a normal settlement basis.
ASX code: SCP

DIRECTORS

Philip Marcus Clark AO (Chairman)
Steven Crane (Deputy Chair)
Dr Kirstin Ferguson
Beth Laughton
Philip Redmond*
Belinda Robson
Anthony Mellowes
Mark Fleming

* Philip Redmond retired as a Director of SCP on 30 September 2020

COMPANY SECRETARIES

Mark Lamb
Erica Rees

AUDITOR

Deloitte Touche Tohmatsu
Level 9, Grosvenor Place
225 George Street
Sydney NSW 2000
Australia

CORPORATE GOVERNANCE

SCP's 2020 Corporate Governance Statement outlines the governance systems in effect in the Reporting Period by reference to the 3rd Edition of the ASX Corporate Governance Principles and Recommendations and it can be found on SCP's website at: www.scaproperty.com.au/about/governance.

COMPANY WEBSITE

All Unitholders can access important information on the Group's website at www.scaproperty.com.au. It includes all presentations, webcasts, market updates and ASX announcements and links to the online registry, as well as this annual report.

SCP only sends printed copies of the annual report to Unitholders that have elected to receive a hard copy. In the interests of sustainability and reducing paper consumption, we strongly encourage Unitholders to download the electronic version of this report.

ANNUAL TAXATION STATEMENT

SCP sends an annual taxation statement to Unitholders in August each year. This statement provides a breakdown of the tax components of the Group's distribution of the preceding financial year. It also contains important information for completing Unitholder taxation returns, and Unitholders should retain this as part of their taxation records.

CONTACT THE REGISTRY

Unitholders seeking information about their holding or distribution payments can contact the registry.

1300 318 976 (toll free within Australia)
+ 61 1300 318 976 (outside of Australia)

The Registrar
Link Market Services
Locked Bag A14
Sydney South NSW 1235
Australia

COMPLAINTS

In accordance with SCP's complaints handling procedure, if you wish to make a complaint, please forward your correspondence to:

Compliance Officer
SCA Property Group
Level 5, 50 Pitt Street
Sydney NSW 2000
Australia

Or by email at: admin@scaproperty.com.au

UNITHOLDER REGISTER DETAILS

You can visit the register at https://investorcentre.linkmarketservices.com.au/Login/Login to view your holdings, access information and make changes. Log on using your SRN or HIN and the postcode of your registered address.

SCP encourages Unitholders to update their personal details on the register, including providing a tax file number (TFN) or Australian business number (ABN), and an email address to receive electronic communication. We will make all future distribution payments by direct credit, so we also ask that Unitholders provide their banking details.

On the online register, you can:

- Check your current balance
- Choose your preferred annual report options
- Update your address details
- Provide your email address
- Provide or update your banking instructions
- Register your TFN or ABN
- Check transaction and distribution history
- Download a variety of instruction forms
- Subscribe to email announcements

SCA Property Group

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