CARINDALE PROPERTY TRUST: Appendix 4E
(ASX Code: CDP) ARSN 093 261 744
Preliminary Final Report under ASX listing rule 4.3A
For the year ended 30 June 2020
(previous corresponding period being the year ended 30 June 2019)

Results for Announcement to the Market:

			30 Jun 20	30 Jun 19
Revenue ($'000)	down	3.3%	51,657	53,424
Expected credit charge relating to COVID-19 ($'000)			(5,090)	-
Unrealised movements in property valuation (non-cash) ($'000)			(124,394)	1,692
Profit/(loss) attributable to members of the Trust ($'000)	down	665.5%	(107,706)	19,047

			30 Jun 20	30 Jun 19
Funds from operations (FFO) attributable to members of the Trust ($'000)	down	20.1%	20,517	25,679
FFO per unit attributable to members of the Trust (cents per unit) [i]	down	20.1%	29.31	36.68

[i] In calculating the FFO per unit 70,000,000 (30 June 2019: 70,000,000) weighted average units was used.

Distributions for Carindale Property Trust

	Cents per unit
Distributions for the year ended 30 June 2020	18.10
Final distribution	Nil
Interim distribution paid on 28 February 2020 [ii]	18.10

[ii] The number of units entitled to distributions on the record date, 31 December 2019 was 70,000,000.

As announced to the Australian Securities Exchange (ASX) on 22 June 2020, the Trust has determined not to pay a distribution for the six-month period ended 30 June 2020.

Details of the full year components of distributions will be provided in the Annual Tax Statements which will be sent to members in September 2020.

Additional information

Commentary on the results is contained in the announcement released to the ASX. The additional information requiring disclosure to comply with listing rule 4.3A is contained in the attached Annual Financial Report which includes the audited financial report.

Carindale
Property Trust

2020 Annual Financial Report

Creating extraordinary places, connecting and enriching communities

30 June 2020

SCENTRE MANAGEMENT LIMITED ABN 41 001 670 579 AFS LICENCE 230329
AS RESPONSIBLE ENTITY OF CARINDALE PROPERTY TRUST ARSN 093 261 744

Financial Report

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SCENTRE MANAGEMENT LIMITED ABN 41 001 670 579
AFS LICENCE 230329 AS RESPONSIBLE ENTITY OF
CARINDALE PROPERTY TRUST ARSN 093 261 744

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2020

	Note	30 Jun 20 $'000	30 Jun 19 $'000
Revenue			
Property revenue	2	**51,657**	53,424
Expenses			
Property expenses and outgoings		**(14,268)**	(14,589)
Net property income		**37,389**	38,835
Other expenses			
Manager's service charge		**(4,463)**	(5,132)
Other costs		**(347)**	(329)
		(4,810)	(5,461)
Interest income		**29**	50
Financing costs	10	**(10,830)**	(16,069)
Expected credit charge relating to COVID-19	4	**(5,090)**	-
Property revaluation		**(124,394)**	1,692
Net profit/(loss) attributable to members of the Trust	11(b)	**(107,706)**	19,047
Total comprehensive income/(loss) attributable to members of the Trust		**(107,706)**	19,047

		cents	cents
Basic earnings/(loss) per unit	9	**(153.87)**	27.21
Diluted earnings/(loss) per unit	9	**(153.87)**	27.21

Balance Sheet

AS AT 30 JUNE 2020

	Note	30 Jun 20 $'000	30 Jun 19 $'000
Current assets			
Cash and cash equivalents	11(a)	**4,818**	1,889
Trade and other receivables	4	**3,721**	494
Prepayments and deferred costs	5	**421**	537
Total current assets		**8,960**	2,920
Non current assets			
Trade and other receivables	4	**155**	-
Investment properties	3	**735,312**	853,266
Prepayments and deferred costs	5	**699**	1,120
Total non current assets		**736,166**	854,386
Total assets		**745,126**	857,306
Current liabilities			
Trade and other payables	6	**11,484**	31,679
Derivative liabilities	13	**229**	105
Total current liabilities		**11,713**	31,784
Non current liabilities			
Interest bearing liabilities	12	**281,562**	256,066
Derivative liabilities	13	**8,829**	6,058
Total non current liabilities		**290,391**	262,124
Total liabilities		**302,104**	293,908
Net assets		**443,022**	563,398
Equity attributable to members of the Trust			
Contributed equity		**187,934**	187,934
Reserves		**8,283**	436
Retained profits	15	**246,805**	375,028
Total equity attributable to members of the Trust		**443,022**	563,398

Statement of Changes In Equity

FOR THE YEAR ENDED 30 JUNE 2020

	Contributed equity $'000	**Reserves $'000**	**Retained profits $'000**	**30 Jun 20 Total $'000**	Contributed equity $'000	Reserves $'000	Retained profits $'000	30 Jun 19 Total $'000
Changes in equity attributable to members of the Trust								
Balance at the beginning of the period	**187,934**	**436**	**375,028**	**563,398**	187,934	97	381,810	569,841
Impact of changes in accounting standards [i]	**-**	**-**	**-**	**-**	-	-	(150)	(150)
Adjusted balance at the beginning of the period	**187,934**	**436**	**375,028**	**563,398**	187,934	97	381,660	569,691
- Net profit /(loss) for the period	**-**	**-**	**(107,706)**	**(107,706)**	-	-	19,047	19,047
- Amount transferred to other reserves [ii]	**-**	**7,847**	**(7,847)**	**-**	-	339	(339)	-
Transactions with owners in their capacity as owners								
- Distributions paid or provided for	**-**	**-**	**(12,670)**	**(12,670)**	-	-	(25,340)	(25,340)
Closing balance of equity attributable to members of the Trust	**187,934**	**8,283**	**246,805**	**443,022**	187,934	436	375,028	563,398

[i] The adoption of AASB 9 Financial Instruments in the previous financial period resulted in a net charge of $150,000 to retained profits as at 1 July 2018. This comprised the recognition of an additional loss allowance of $798,000 for impairment of financial assets, offset by a cumulative gain of $648,000 that related to the refinancing of the borrowing facility during previous financial periods.

[ii] Amount transferred to other reserves, comprises funds from operations less distribution paid on 28 February 2020.

Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2020

	Note	30 Jun 20 $'000	30 Jun 19 $'000
Cash flows from operating activities			
Receipts in the course of operations (including Goods and Services Tax (GST))		**49,730**	60,291
Payments in the course of operations (including GST)		**(21,979)**	(23,473)
GST paid [(i)]		**(2,935)**	(2,918)
Payments of financing costs (excluding interest capitalised)		**(7,575)**	(8,364)
Interest received		**29**	50
Net cash inflow from operating activities [(i)]		**17,270**	25,586
Less: GST paid on outstanding trade debtors		**(790)**	(5)
Net cash inflow from operating activities	11(b)	**16,480**	25,581
Cash flows from investing activities			
Capital expenditure on property investments		**(12,911)**	(11,662)
Financing costs capitalised to qualifying development projects and construction in progress		**(800)**	(314)
Payments for the acquisition of sundry property		**-**	(14,239)
Net cash outflow from investing activities		**(13,711)**	(26,215)
Cash flows from financing activities			
Net proceeds from interest bearing liabilities	12(c)	**25,500**	31,000
Facility establishment costs		**-**	(1,500)
Termination of swaps associated with facility refinancing		**-**	(2,021)
Distribution paid to members		**(25,340)**	(26,740)
Net cash inflow from financing activities		**160**	739
Net increase in cash and cash equivalents held		**2,929**	105
Add opening cash and cash equivalents brought forward		**1,889**	1,784
Cash and cash equivalents at the end of the year	11(a)	**4,818**	1,889

[(i)] Excludes GST received/(paid) on outstanding trade debtors.

Index of Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

(a) Corporate information

This financial report of Carindale Property Trust (Trust) for the year ended 30 June 2020 was approved in accordance with a resolution of the Board of Directors of Scentre Management Limited, as responsible entity of the Trust (Responsible Entity).

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

(b) Significant events and transactions

On 11 March 2020, the World Health Organisation declared the outbreak of COVID-19 a pandemic. Both Australia and New Zealand experienced an outbreak of the virus, and the governments of both countries implemented a number of measures, including significant restrictions on movement and activity, to slow or stop its spread. The impact on the Trust's operations and financial results as a result of the COVID-19 pandemic is discussed in section 1 of the Directors' Report.

In quantifying this impact, the Responsible Entity has applied judgement to the estimates and assumptions that were used. Refer to Note 1 (f) on how management applies significant accounting judgements, estimates and assumptions.

(c) Going concern

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

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

(d) Statement of Compliance

This financial report complies with Australian Accounting Standards and International Financial Reporting Standards issued by the International Accounting Standards Board. The accounting policies adopted are consistent with those of the previous financial year except that the Trust has adopted the following new or amended standards which became applicable on 1 July 2019.

- AASB 16 Leases
- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle
- AASB Interpretation 23 Uncertainty over Income Tax Treatments, and relevant amending standards

For the financial period, the adoption of these amended standards and interpretation has no material impact on the financial statements of the Trust.

Certain Australian Accounting Standards and Interpretations have recently been issued or amended and are not required to be adopted by the Trust for the year ended 30 June 2020. The impact of these new standards (to the extent relevant to the Trust) and interpretations is as follows:

- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business (effective from 1 January 2020)

This amends AASB 3 – Business Combinations to clarify the definition of a business, assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. This amendment is not expected to have a significant impact on the financial statements on application.

- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material (effective from 1 January 2020)

This amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, to clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. This amendment is not expected to have a significant impact on the financial statements on application.

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

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

(e) Basis of Accounting

This financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. This financial report has also been prepared on a historical cost basis, except for investment properties and derivative financial instruments that have been measured at fair value.

Investment property is held jointly as tenants in common. The proportionate share of the income and expenditure, and of the assets and liabilities of property interests, are held as tenants in common and have been included in their respective classifications in this financial report.

This financial report is presented in Australian dollars.

(f) Significant accounting judgements, estimates and assumptions

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

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements, in particular, Note 3: Investment properties, Note 4: Trade and other receivables and Note 21: Fair value of financial assets and liabilities. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the Trust's financial results or the financial position in future periods.

(g) Rounding

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts shown in the financial report have been rounded to the nearest thousand dollars, unless otherwise indicated. Amounts shown as 0.0 represent amounts less than $500 that have been rounded down.

(h) Comparative information

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

	30 Jun 20 $'000	30 Jun 19 $'000

NOTE 2 SEGMENT REPORTING

The Trust operates in one business segment, being the ownership of a shopping centre in Australia.

	30 Jun 20 $'000	30 Jun 19 $'000
Property revenue		
Shopping centre base rent and other property income	**52,777**	54,509
Amortisation of tenant allowances	**(1,120)**	(1,085)
	51,657	53,424

Accounting Policies

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Trust and can be reliably measured.

Rental income from investment properties is accounted for on a straight line basis over the lease term. Contingent rental income is recognised as income in the period in which it is earned. If not received at balance date, revenue is reflected on the balance sheet as a receivable and carried at its recoverable amount. Recoveries of outgoings from lessees are recognised as services are provided.

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

All other revenues are recognised at an accrual basis.

NOTE 3 INVESTMENT PROPERTIES

	30 Jun 20 $'000	30 Jun 19 $'000
Shopping centre investment	**724,062**	840,066
Sundry property	**11,250**	13,200
	735,312	853,266
Movement in investment properties		
Balance at the beginning of the year	**853,266**	814,429
Acquisition of sundry property	**-**	14,239
Additions including redevelopment costs	**6,440**	22,906
Net revaluation decrement	**(124,394)**	1,692
Balance at the end of the year	**735,312**	853,266

The Trust's interest in Westfield Carindale has been independently valued as at 30 June 2020. The valuation of the Trust's 50% interest in Westfield Carindale is $724.1 million (2019: $840.1 million) with a capitalisation rate of 5.02% (2019: 4.75%) and a discount rate of 6.51% (2019: 6.50%). This valuation was conducted by Jones Lang LaSalle Advisory Services Pty Ltd in accordance with guidelines set by the International Valuation Standards Council.

The Trust's interest in Millennium Boulevard Office and Retail Centre adjoining Westfield Carindale has been independently valued as at 30 June 2020. The valuation of the Trust's 50% interest is $11.3 million (2019: $13.2 million) with a capitalisation rate of 5.75% (2019: 5.50%) and a discount rate of 7.00% (2019: 7.00%). This valuation was conducted by Jones Lang LaSalle Advisory Services Pty Ltd in accordance with guidelines set by the International Valuation Standards Council.

As at 30 June 2020 there was significant valuation uncertainty relating to the investment property valuations. COVID-19 and the response has significantly impacted our operations as well as our tenants. This uncertainty affects our ability to reliably determine the key judgements and assumptions used in the property valuations. Two property valuation approaches are generally used: the Income Capitalisation approach and the Discounted Cash Flow approach to arrive at a range of valuation outcomes, from which a best estimate of fair value is derived at a point in time. The key assumptions and estimates used in these valuation approaches which have been impacted by COVID-19 include:

– forecast future income, based on the location, type and quality of the property, which are supported by the terms of any existing leases, other contracts or external evidence such as current market rents for similar properties adjusted to recognise the COVID-19 impact;

– lease assumptions based on current and expected future market conditions after expiry of any current lease;

– the capitalisation rate and discount rate derived from recent comparable market transactions adjusted for COVID-19 to reflect the uncertainty in the amount and timing of cash flows; and

– the impact of government support on tenants and rental schemes giving rise to rental deferrals, rent waivers, and eviction moratoriums.

Due to the valuation uncertainty the property values may change significantly and unexpectedly over a relatively short period of time. The property valuations have been prepared based on the information that is available at 30 June 2020.

Changes to key inputs would result in changes to the fair value of investment properties. An increase in capitalisation rates and discount rates would result in lower fair value, while a decrease in capitalisation rates and discount rates will result in higher fair value (with all other factors held constant). The discount rates adopted at 30 June 2020 have broadly remained flat to 30 June 2019. The capitalisation rate sensitivity analysis is detailed below.

NOTE 3 INVESTMENT PROPERTIES (CONTINUED)

	Capitalisation rate movement	30 Jun 20 $'000	30 Jun 19 $'000
The sensitivity of shopping centre valuations to changes in weighted average capitalisation rates is as follows:		Increase/(decrease) in fair value	
	–50 bps	**80,088**	98,824
	–25 bps	**37,945**	46,667
	+25 bps	**(34,345)**	(42,000)
	+50 bps	**(65,580)**	(80,000)
The sensitivity of sundry property valuations to changes in weighted average capitalisation rates is as follows:	Capitalisation rate movement	Increase/(decrease) in fair value	
	–50 bps	**1,071**	1,320
	–25 bps	**511**	629
	+25 bps	**(469)**	(574)
	+50 bps	**(900)**	(1,100)

Accounting Policies

Investment properties

The Trust's investment properties include shopping centre investments and development projects.

The Trust's shopping centre investment comprises of freehold and leasehold land, buildings and leasehold improvements.

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

Initially, the shopping centre investment is measured at cost including transaction costs. Subsequent to initial recognition, the Trust's shopping centre investment is stated at fair value, which reflect market conditions at the reporting date. Gains and losses arising from changes in the fair value of its shopping centre investment property are included in the statement of comprehensive income in the year in which they arise.

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

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

The Trust's development projects include costs incurred for the current and future redevelopment and expansion of its shopping centre investment. Development projects include capitalised construction and development costs and where applicable borrowing costs incurred on qualifying developments.

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

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

NOTE 4 TRADE AND OTHER RECEIVABLES

	30 Jun 20 $'000	30 Jun 19 $'000
Current		
Trade debtors	**3,698**	219
Other receivables	**23**	275
	3,721	494
Non current		
Trade debtors	**155**	-
Total trade and other receivables	**3,876**	494
(a) Trade and other receivables comprise:		
Trade and other receivables	**10,496**	1,810
Expected credit loss allowance	**(6,620)**	(1,316)
Total trade and other receivables	**3,876**	494

	30 Jun 20 $'000	30 Jun 19 $'000

NOTE 4 TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Movement in expected credit loss allowance		
Balance at the beginning of the year	**(1,316)**	(497)
Impact of changes in accounting standards	**-**	(798)
Expected credit charge relating to COVID-19	**(5,090)**	-
Other increases in expected credit losses	**(214)**	(21)
Balance at the end of the year	**(6,620)**	(1,316)

For the quarter ended 30 June 2020, many of our retailers have been adversely impacted as a result of the COVID-19 pandemic and the government restrictions on people movement and activity. The loss of revenue during this period has impacted many tenants' financial position. In response to the pandemic, the National Cabinet in Australia issued the Code of Conduct for small to medium sized retailers in April 2020, which mandated a framework for temporary lease arrangements to reduce cash rent in proportion to the retailers' revenue impact during the pandemic period. The Trust has adopted the code principles and has also worked with retail partners that are not subject to the code on a case-by-case basis to determine appropriate ways to assist with their cash flow issues.

The expected credit charge relating to COVID-19 recognised for the year ended 30 June 2020 is solely related to the COVID-19 pandemic and has been separately disclosed in the statement of comprehensive income to highlight its significant impact on the Trust's results. The charge includes an estimate of lease receivables that might not be recovered and additional credit risk associated with tenants. As the process of negotiations for tenant rent relief remains incomplete, the Responsible Entity has made significant assumptions and used its judgement to estimate the level of rent waivers for the period to 30 June 2020. For the remaining trade and other receivables outstanding at 30 June 2020, that is, amounts not expected to be waived, the Responsible Entity has assessed that there is an increased level of credit risk on the collection of these balances. Rather than primarily applying historical loss rates, the assumptions used in estimating lifetime expected credit loss include the following:

- the extent and duration of the pandemic;
- the effectiveness of government policies in response to the pandemic;
- the credit quality of tenants based on shared credit risk characteristics (eg size, industry, aging);
- future economic conditions; and
- consumer and business sentiment.

The Responsible Entity has also taken into account security deposits received from tenants generally in the form of bank guarantees, which can be called upon if the tenant is in default under the terms of the lease contract.

Uncertainties over the near-term and longer-term impact of the COVID-19 pandemic affect the Responsible Entity's ability to reliably determine key judgements, estimates and assumptions used in determining expected credit loss. The expected credit loss allowance has been determined based on available information of conditions that existed at 30 June 2020.

Accounting Policies

Receivables

Trade and other receivables are held to collect contractual cash flows and these contractual cash flows are solely payments of principal and interest. At initial recognition, these are measured at fair value.

Trade and other receivables are subsequently measured at amortised cost using the effective interest rate method, reduced by impairment losses. Interest income and impairment losses are recognised in the statement of comprehensive income. The receivable is written off when there is no reasonable expectation of recovering the contractual cash flows. Any gain or loss on derecognition is also recognised in the statement of comprehensive income.

In assessing for impairment, the Responsible Entity assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost. For trade and other receivables, the Responsible Entity applies the simplified approach permitted by the standard, which requires lifetime expected losses to be recognised from initial recognition of the receivables.

To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on outstanding balances, days past their due date and the corresponding historical credit losses experienced. Historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors (including GDP) affecting the ability of customers to settle their debts.

	30 Jun 20 $'000	30 Jun 19 $'000

NOTE 5 PREPAYMENTS AND DEFERRED COSTS

Current	**421**	537
Non current	**699**	1,120

	30 Jun 20 $'000	30 Jun 19 $'000
NOTE 6 TRADE AND OTHER PAYABLES		
Trade creditors	**1,183**	1,385
Other creditors and accruals	**10,301**	17,624
Distribution payable	**-**	12,670
	11,484	31,679

Accounting Policies

Payables

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

	30 Jun 20 $'000	30 Jun 19 $'000
NOTE 7 DISTRIBUTIONS		
(a) Current/prior period distribution payable/paid to members		
Distribution payable in respect of the 6 months to 30 June 2020		
– Ordinary units: nil	**-**	-
Distribution paid in respect of the 6 months to 30 June 2019		
– Ordinary units: 18.10 cents per unit	**-**	12,670
	-	12,670
(b) Distribution paid to members		
Distribution in respect of the 6 months to 31 December 2019		
– Ordinary units: 18.10 cents per unit	**12,670**	-
Distribution in respect of the 6 months to 31 December 2018		
– Ordinary units: 18.10 cents per unit	**-**	12,670
	12,670	12,670

	30 Jun 20 $	30 Jun 19 $
NOTE 8 NET TANGIBLE ASSET BACKING		
Net tangible asset backing per unit	**6.33**	8.05

Net tangible asset backing per unit is calculated by dividing total equity attributable to members of the Trust by the number of units on issue. The number of units used in the calculation of the consolidated net tangible asset backing is 70,000,000 (30 June 2019: 70,000,000).

	cents	cents
NOTE 9 EARNINGS PER UNIT		
Basic earnings/(loss) per unit	**(153.87)**	27.21
Diluted earnings/(loss) per unit	**(153.87)**	27.21

Basic and diluted earnings per unit are calculated by dividing the net loss attributable to members of the Trust of $107,706,000 (2019: profit of $19,047,000) by the weighted average number of ordinary units on issue during the financial year. The weighted average number of units used in the calculation of basic and diluted earnings per unit is 70,000,000 (2019: 70,000,000).

Accounting Policies

Earnings per unit

Basic earnings per unit is calculated as net profit attributable to members of the Trust divided by the weighted average number of ordinary units. Diluted earnings per unit is calculated as net profit attributable to members of the Trust divided by the weighted average number of ordinary units and dilutive potential ordinary units.

	30 Jun 20 $'000	30 Jun 19 $'000
NOTE 10 FINANCING COSTS		
Gross financing costs	**(8,732)**	(9,138)
Financing costs capitalised to qualifying development projects and construction in progress	**800**	314
Lease liabilities interest expense	**(4)**	(6)
Financing costs	**(7,936)**	(8,830)
Net fair value loss on interest rate derivatives	**(2,894)**	(6,446)
Financing costs - amortisation of modification gains on borrowing facility	**-**	(213)
Loss on extinguishment of borrowing facility [i]	**-**	(580)
	(10,830)	(16,069)

[i] Comprised $435,000 recognised as extinguishment of the debt modification gain in respect of the initial application of AASB 9 on 1 July 2018 and $145,000 as extinguishment of prepaid facility fees.

Accounting Policies

Financing Costs

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

	30 Jun 20 $'000	30 Jun 19 $'000
NOTE 11 CASH AND CASH EQUIVALENTS		
(a) Components of cash and cash equivalents		
Cash	**4,818**	1,889
Total cash and cash equivalents	**4,818**	1,889
(b) Reconciliation of profit for the period to net cash flows from operating activities		
Profit/(loss)for the period	**(107,706)**	19,047
Property revaluation	**124,394**	(1,692)
Net fair value loss on interest rate derivatives	**2,894**	6,446
Expected credit charge relating to COVID-19	**5,090**	-
Financing costs - amortisation of modification gains on borrowing facility	**-**	213
Loss on extinguishment of borrowing facility	**-**	580
(Increase)/decrease in other working capital attributable to operating activities	**(8,192)**	987
Net cash inflow from operating activities	**16,480**	25,581

Accounting Policies

Cash and cash equivalents

Cash and cash equivalents on the balance sheet comprise cash at bank and on hand and short term deposits with an original maturity of 90 days or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are measured at amortised cost using the effective interest rate method, reduced by impairment losses. Interest income and impairment losses (if any) are recognised in the statement of comprehensive income.

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 12 INTEREST BEARING LIABILITIES

	30 Jun 20 $'000	30 Jun 19 $'000
Non current		
Secured bank loans	**281,500**	256,000
Lease liabilities – ground leases	**62**	66
	281,562	256,066
The maturity profile in respect of the interest bearing liabilities is set out below:		
Due within one year	**4**	4
Due between one and five years	**281,519**	256,016
Due after five years	**39**	46
	281,562	256,066

The Trust has a $300 million floating interest rate syndicated facility. Drawings under this facility are secured by a registered mortgage over the Trust's interest in Westfield Carindale and a fixed and floating charge over all assets and undertakings of the Trust. The facility is subject to negative pledge arrangements and matures in the first half of calendar year 2023.

During the 12 months to 30 June 2019, the Trust refinanced its existing facility with a new $300 million syndicated facility. The increase in the facility amount primarily covered the configuration project for the David Jones store and the acquisition of sundry property. The refinancing of the previous facility resulted in an accounting derecognition of the interest bearing liability.

	30 Jun 20 $'000	30 Jun 19 $'000
(a) Summary of financing facilities		
Committed financing facilities available to the Trust:		
Total financing facilities	**300,000**	300,000
Total interest bearing liabilities (excluding lease liabilities)	**(281,500)**	(256,000)
Available financing facilities	**18,500**	44,000
Cash	**4,818**	1,889
Financing resources available	**23,318**	45,889
(b) Maturity profile of financing facilities		
The maturity profile in respect of the above financing facilities:		
Due within one year	**-**	-
Due between one and five years	**300,000**	300,000
Due after five years	**-**	-
	300,000	300,000
(c) Movements in interest bearing liabilities arising from financing activities		
Balance at the beginning of the year	**256,000**	225,000
Net proceeds from interest bearing liabilities	**25,500**	31,000
Balance at the end of the year	**281,500**	256,000

Accounting Policies

Interest bearing liabilities

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

Interest bearing liabilities are classified as current liabilities where the liability has been drawn under a financing facility which expires within one year. Amounts drawn under financing facilities which expire after one year are classified as non current, where the Trust has an unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

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

The fair values of the interest bearing liabilities and lease liabilities as disclosed in Note 21 are estimated by discounting future cashflows using rates that approximate the borrowing rate at the balance date, for debt with similar maturity, credit risk and terms.

	30 Jun 20 $'000	30 Jun 19 $'000

NOTE 13 DERIVATIVE ASSETS AND LIABILITIES

	30 Jun 20 $'000	30 Jun 19 $'000
Derivative liabilities		
Current		
Payables on interest rate derivatives	**229**	105
	229	105
Non current		
Payables on interest rate derivatives	**8,829**	6,058
	8,829	6,058

The Trust's interest rate swaps do not meet the accounting requirements to qualify for hedge accounting treatment. Changes in fair value have been reflected in the statement of comprehensive income. As at 30 June 2020, the aggregate fair value is a net payable of $9,057,945 (2019: $6,163,757). The change in fair value for the year ended 30 June 2020 was a loss of $2,894,188 (2019: loss of $4,424,328). During the year ended 30 June 2019, a realised loss of $2,021,460 was also recognised in the statement of comprehensive income, as a result of the refinancing of the facility which required the termination of some swaps.

The Trust presents the fair value mark to market of its derivative assets and derivative liabilities on a gross basis. Certain derivative assets and liabilities are subject to legally enforceable master netting arrangements, however do not meet the criteria for offsetting in the balance sheet. As at 30 June 2020 and 30 June 2019, these netting arrangements have had no impact on the derivative liabilities disclosed above.

Accounting Policies

Derivative assets and liabilities

The Responsible Entity utilises interest rate swaps to manage the risks associated with interest rate fluctuations. Such derivative financial instruments are recognised at fair value.

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

The fair value of derivatives have been determined with reference to market observable inputs for contracts with similar maturity profiles. The valuation is a present value calculation which incorporates interest rate curves and the credit quality of counterparties.

NOTE 14 CONTRIBUTED EQUITY

	30 Jun 20 Units	30 Jun 19 Units
Number of fully paid up units on issue		
Balance at the beginning and end of the period	**70,000,000**	70,000,000

Accounting Policies

Contributed equity

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

NOTE 15 RETAINED PROFITS

	30 Jun 20 $'000	30 Jun 19 $'000
Balance at the beginning of the year	**375,028**	381,810
Impact of changes in accounting standards	**-**	(150)
Adjusted balance at the beginning of the year	**375,028**	381,660
Net profit/(loss) attributable to members of the Trust	**(107,706)**	19,047
Amount transferred to other reserves	**(7,847)**	(339)
Distribution paid or provided for	**(12,670)**	(25,340)
Balance at the end of the year	**246,805**	375,028

NOTE 16 CAPITAL RISK MANAGEMENT

The Responsible Entity seeks to manage the Trust's capital requirements to maximise value to members through the mix of debt and equity funding, while ensuring that the Trust:

– complies with capital and distribution requirements of the Trust's constitution;
– complies with capital requirements in relation to the Trust's borrowing covenants; and
– continues to operate as a going concern.

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

– sufficient funds and financing facilities, on a cost effective basis, are available to implement operating strategies;
– financing facilities for unforeseen contingencies are maintained; and
– distributions to members are made within the stated distribution policy.

NOTE 17 FINANCIAL RISK MANAGEMENT

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

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

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

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

The Responsible Entity uses different methods to measure and manage different types of risks to which the Trust is exposed. These include monitoring levels of exposure to interest rates, liquidity and credit risk. The Trust enters into interest rate swaps to manage the interest rate risks arising from the Trust's operations, cash flows and its interest bearing liabilities. The Responsible Entity seeks to deal only with creditworthy counterparties and these assessments are regularly reviewed. Liquidity risk is monitored through the use of rolling cash flow forecasts.

NOTE 18 INTEREST RATE RISK MANAGEMENT

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

(i) Summary of floating interest rate positions at balance date

The Trust's interest rate risk exposures at reporting date including the relevant financial instruments used to manage these exposures are as follows:

Interest payable exposure	Note	**30 Jun 20 $'000**	30 Jun 19 $'000
Principal amounts of all interest bearing liabilities:			
Secured bank loans	12	**281,500**	256,000
		281,500	256,000
Principal amounts of fixed interest rate liabilities:			
Fixed rate derivatives			
- A$		**220,000**	220,000
		220,000	220,000

At 30 June 2020, the Trust has hedged 78% of its interest payable exposure by way of interest rate derivatives of varying durations. The remaining 22% is exposed to floating rates on a principal payable of $61,500,000 at an interest rate based on an interbank benchmark rate and an applicable margin (30 June 2019: 86% hedged with floating exposure on principal payable of $36,000,000).

Interest rate sensitivity

The sensitivity of interest expense to changes in the floating exposure interest rate is proportional. Assuming the floating interest payable exposure remains unchanged, an increase or decrease in interest rates of 100 basis points would increase or decrease interest expense by $615,000 (30 June 2019: $360,000) respectively for the next 12 months.

The fair values of derivatives used by the Trust are also sensitive to changes in interest rates and are as follows:

Interest rate movement	**30 Jun 20 $'000**	30 Jun 19 $'000
	Increase/(decrease) in fair value	
-2.0%	**(15,381)**	(14,766)
-1.0%	**(7,512)**	(7,216)
-0.5%	**(3,713)**	(3,567)
0.5%	**3,628**	3,488
1.0%	**7,175**	6,900
2.0%	**14,028**	13,499

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

NOTE 19 CREDIT AND LIQUIDITY RISK MANAGEMENT

The Trust's credit risk arises from financial assets such as cash and cash equivalents, trade and other receivables and favourable derivative financial instruments. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Trust.

The Trust considers a financial asset to be in default when contractual payments are 90 days past due. However, in certain cases, the Trust may also consider a financial asset to be in default when internal or external information indicates that the Trust is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Trust.

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

For trade and other receivables, there are no significant concentrations of credit risk. The Trust also obtains security deposits from tenants generally in the form of bank guarantees which can be called upon if the tenant is in default under the terms of the lease contract. Refer to Note 4 for commentary on the impact of the COVID-19 pandemic on the credit risk of the Trust.

The maximum exposure to credit risk at balance date is the aggregate of the carrying amounts of financial assets as disclosed in Note 21.

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

Refer to Note 12 for details of interest bearing liabilities and financing facilities. The maturity profiles of the principal amounts of interest bearing liabilities including aggregate future estimated nominal interest and the estimated future nominal cashflows of derivative financial instruments are set out below:

	30 Jun 20 $'000	30 Jun 19 $'000
Interest bearing liabilities and interest		
Due within one year	**(3,493)**	(6,071)
Due between one and five years	**(287,318)**	(272,140)
Due after five years	**(39)**	(46)
	(290,850)	(278,257)
Derivatives inflows/(outflows)		
Due within one year	**(4,256)**	(2,272)
Due between one and five years	**(9,850)**	(4,883)
Due after five years	**(658)**	(351)
	(14,765)	(7,506)

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 20 FINANCIAL COVENANTS

The Trust is required to comply with certain financial covenants in respect of its borrowing facility. The major financial covenants are summarised as follows:

a) Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) to gross interest expense excluding gains or losses from mark to market;
   – not less than 1.75 times (2019: 1.75 times)

b) Loan to Value Ratio (LVR) (debt to latest property value);
   – not exceed 50% (2019: 50%).

At and during the years ended 30 June 2020 and 30 June 2019, the Trust was in compliance with the financial covenants above.

NOTE 21 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

	Fair value Hierarchy	**Fair value 30 Jun 20 $'000**	30 Jun 19 $'000	**Carrying amount 30 Jun 20 $'000**	30 Jun 19 $'000
Assets					
Cash and cash equivalents		**4,818**	1,889	**4,818**	1,889
Trade and other receivables (i) (iii)		**3,876**	494	**3,876**	494
Liabilities					
Trade and other payables (i)		**11,484**	31,679	**11,484**	31,679
Interest bearing liabilities (ii)					
– Floating rate debt	Level 2	**281,500**	256,000	**281,500**	256,000
– Lease liabilities	Level 2	**62**	66	**62**	66
Derivative liabilities (ii)	Level 2	**9,058**	6,163	**9,058**	6,163

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

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

Determination of fair value

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

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

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

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

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

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

Investment properties are considered Level 3.

NOTE 22 OTHER SIGNIFICANT ACCOUNTING POLICIES

(a) Expenses

Expenses are brought to account on an accruals basis.

(b) Taxation

The Trust has elected into the Attribution Managed Investment Trust Regime. Accordingly, the Trust is not liable for Australian income tax provided that the taxable income is attributed to members. The members of the Trust are taxable on the share of the taxable income of the Trust attributed to them. All taxable income of the Trust has been attributed to members of the Trust.

(c) Goods and Services Tax (GST)

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

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

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

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

	30 Jun 20 $'000	30 Jun 19 $'000
NOTE 23 LEASE COMMITMENTS		
Operating lease receivables		
The property owned by the Trust is leased to third party retailers under operating leases at 30 June 2020. Lease terms vary between retailers and some leases include percentage rental payments based on sales revenue.		
Future minimum rental revenues under non-cancellable operating retail property leases:		
Due within one year	**32,648**	31,337
Due between one and five years	**73,425**	75,663
Due greater than five years	**39,083**	37,284
	145,156	144,284

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

	30 Jun 20 $	30 Jun 19 $
NOTE 24 AUDITOR'S REMUNERATION		
Amount paid or due and payable to the auditors of the Trust:		
Auditing the financial report of the Trust	**101,794**	100,127
Accounting and other services including compliance plan audit	**3,676**	3,775
	105,470	103,902

NOTE 25 RELATED PARTY DISCLOSURES

Scentre Management Limited, the Responsible Entity of the Trust, is considered to be a related party of the Trust.

The constitution of the Trust allows for an annual manager's service fee payable to the Responsible Entity up to a maximum of 2% of the total tangible assets of the Trust, which amounts to $14,880,120 for the year to 30 June 2020 (2019: $17,112,980), or such lesser amount as the Responsible Entity may determine. The manager's service fee paid or payable to the Responsible Entity for the year ended 30 June 2020 was $4,462,842 (2019: $5,131,286) representing 0.6% (2019: 0.6%) of the total tangible assets of the Trust as of 30 June 2020.

During the year, amounts paid or payable (excluding GST) to associates of the Responsible Entity for capital costs amounted to $16,300,452 (2019: $20,511,216). As at 30 June 2020, remaining capital costs of $5,777,313 (2019: $10,950,551) were payable to associates of the Responsible Entity.

Real estate management fees expensed for the year ended 30 June 2020 due to associates of the Responsible Entity are based on normal commercial terms and were $2,401,758 (2019: $2,671,118). As at 30 June 2020, real estate management fees of $319,809 (2019: $211,329) were payable to associates of the Responsible Entity.

Reimbursement of expenses for the year ended 30 June 2020 paid and payable to associates of the Responsible Entity are based on normal commercial terms and were $2,511,972 (2019: $2,432,193).

As at 30 June 2020, Scentre Management Limited, as Responsible Entity of Scentre Group Trust 1, held 43,808,977 units in the Trust (2019: 41,718,977 units).

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 26 DETAILS OF KEY MANAGEMENT PERSONNEL

Key Management Personnel are those individuals having the authority and responsibility for planning, directing and controlling the activities of the Trust, either directly or indirectly.

(i) Directors

The Directors of Scentre Management Limited, the Responsible Entity of the Trust, are considered to be Key Management Personnel. As at the date of this report, the Board comprised the following Directors.

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

Aliza Knox retired from the Board on 8 April 2020 and Mike Wilkins was appointed as a Director on that date. Guy Russo has been appointed to the Board as an independent non-executive Director, effective 1 September 2020.

The Board of the Responsible Entity is identical to the Board of Scentre Group Limited, the parent company of Scentre Group. If a Director ceases to be a Director of Scentre Group Limited for any reason, they must also resign as a Director of the Responsible Entity.

(ii) Other Key Management Personnel

The Responsible Entity does not have any employees. However in addition to the Directors noted above, the following executives were Key Management Personnel for the financial year with the authority for the strategic direction and management of Carindale Property Trust.

Elliott Rusanow - Chief Financial Officer, Scentre Group
Greg Miles - Chief Operating Officer, Scentre Group (until 16 October 2019)
Cynthia Whelan - Chief Strategy and Business Development Officer, Scentre Group (until 14 October 2019)

Compensation of Key Management Personnel

The non-executive Directors of the Responsible Entity receive remuneration in their capacity as Directors of Scentre Group. They do not receive separate remuneration as Directors of the Responsible Entity. These fees are paid directly by Scentre Group Limited. Scentre Group Limited is the parent entity of Scentre Group, of which the Responsible Entity, Scentre Management Limited is part. Executive Directors and other executive Key Management Personnel are paid by Scentre Limited, a wholly owned subsidiary of Scentre Group Limited. Management fees payable by the Trust to the Responsible Entity are calculated as a percentage of the Trust's total tangible assets and are not determined by reference to specific costs incurred by the Responsible Entity. Consequently, no compensation as defined in AASB 124 Related Parties, in respect of such management fees is paid directly by the Trust, or indirectly by a related party of the Trust, to those Key Management Personnel in respect of their services to the Trust.

Directors' Declaration

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

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

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

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

   (ii) giving a true and fair view of the financial position as at 30 June 2020 and the performance for the year ended on that date in accordance with section 297 of the Corporations Act 2001;

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

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

Made on 25 August 2020 in accordance with a resolution of the Board of Directors.

Brian Schwartz AM	**Michael Ihlein**
Chairman	Director

Independent Auditor's Report

TO MEMBERS OF CARINDALE PROPERTY TRUST

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

OPINION

We have audited the financial report of Carindale Property Trust (the Trust), which comprises the balance sheet as at 30 June 2020, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, notes to financial statements, including a summary of significant accounting policies and other explanatory information and the Directors' Declaration.

In our opinion, the accompanying financial report of the Trust is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Trust's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; 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 the 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 APES110 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

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

1. Shopping Centre Investment Property Portfolio – Carrying values and revaluations

Why significant	*How our audit addressed the key audit matter*

Carindale Property Trust has $735.3 million of investment property carried at fair value at 30 June 2020, representing 99% of total assets.
 	
Fair value was determined by the Trust at the end of the reporting period with reference to external independent property valuations and are based on market conditions existing at the reporting date. Changes in fair value are recognised in the statement of comprehensive income.
 	
We considered this to be a key audit matter as property valuations are inherently subjective and based on a number of assumptions which are judgmental in nature. Minor changes in certain assumptions can lead to significant changes in the valuation.
 	
COVID-19 – material valuation uncertainty
 	
Given the market conditions at balance date, the independent valuers have reported on the basis of the existence of 'material valuation uncertainty', noting that less certainty, and a higher degree of caution, should be attached to the valuations than would normally be the case.
 	
We draw attention to Note 3 of the financial report which describes the material valuation uncertainty and the impact of the COVID-19 pandemic on the determination of fair value of investment properties. Due to the heightened degree of valuation uncertainty, property values may change significantly and unexpectedly over a relatively short period of time.
 	
Note 3 of the financial report discloses the sensitivity of these valuations to changes in key assumptions and describes the accounting policy treatment for this asset.
	Our audit procedures included the following:
	– We held discussion with management to understand the impact that COVID-19 has had on the Trust's investment properties.
	– We involved our real estate valuation specialists to assist with:
	  – the assessment of the independent valuation reports and to conduct discussions directly with the valuer, where appropriate, to gain an understanding of the assumptions and estimates used and the valuation methodology applied. This included the impact that COVID-19 has had on key assumptions and the valuation methodology adopted,
	  – the assessment of the impact that COVID-19 has had on key assumptions such as the capitalisation, discount and growth rates, future forecast rentals, vacancy levels and letting up allowances,
	  – the assessment of the impact of government restrictions and support arrangements, including mandated and other expected rental support arrangements and how reflected in the valuations,
	  – Consideration of the 'material valuation uncertainty' disclosure included in the valuation reports and any other restrictions imposed on the valuation process (if any) and the market conditions at balance date.
	– We tested the effectiveness of relevant controls over the leasing process and associated tenancy reports which are used as source data in the property valuations.
	– We assessed the qualifications, competence and objectivity of the external valuers used by the Trust.
	– We evaluated the suitability of the valuation methodology and tested the valuation report for mathematical accuracy.
	– We have considered whether there have been any indicators of material changes in property valuations from 30 June 2020 up to the date of our opinion.
	– We have considered whether the financial report disclosures, in particular those relating to the valuation uncertainty, are appropriate.

2. Trade and other receivables – Expected credit loss allowance

Why significant	*How our audit addressed the key audit matter*
At 30 June 2020, the Trust had $10.5m trade and other receivables and an associated allowance for expected credit losses of $6.6m. The balance primarily comprises amounts due from tenants of the Trust's investment properties under lease agreements, less the associated allowance for expected credit losses. The Trust applies Australian Accounting Standard AASB 9 Financial Instruments in calculating the allowance for expected credit losses, applying a forward-looking expected loss impairment model. This involves significant judgement as the expected credit losses must reflect information about past events, current conditions and forecasts of future conditions. The recoverability of trade receivables is considered a key audit matter due to the value of uncollected rental income at 30 June 2020 and the significant judgement required in determining the allowance for expected credit losses. We draw attention to Note 4 of the financial report which describes the impact of the COVID-19 pandemic on the trade and other receivables balance and the related allowance for expected credit losses. The impact of COVID-19 is uncertain and it may result in changes to the allowance for expected credit losses in future periods.	Our audit procedures included the following: – We assessed the effectiveness of the Trust's controls over rental revenue by testing a sample of the relevant controls. – Our controls-based approach over rental revenue focused on the lease term extraction process and accuracy of billings, including authorisation of changes in tenancy arrangements and any updates to the existing processes as a result of the COVID-19 pandemic. – We assessed management's risk assessment of tenants across the portfolio and their expectation around future collections, supported by an assessment of cash collections after year end. – We assessed whether the expected credit loss model was calculated in accordance with AASB 9. – We tested the mathematical accuracy of the calculations. – We assessed whether forward-looking information as well as tenant related risk profiles were considered in the expected credit loss model. – We assessed the adequacy of the Trust's disclosures in relation to the valuation uncertainty of trade and other receivables and the expected credit loss allowance included in the financial report.

3. Interest bearing liabilities and financing costs

Why significant	*How our audit addressed the key audit matter*
The Trust's finance facility has outstanding interest bearing liabilities of $281.5 million at 30 June 2020. During the year the Trust incurred and recognised $10.8 million of financing and interest costs. We consider this a key audit matter due to the size of the debt balance and the significance of the financing and interest costs in relation to the statement of comprehensive income. The Trust's funding costs are influenced by its gearing and compliance with the covenant obligations of the facility is key to the continued solvency of the Trust. The impact that COVID-19 may have on liquidity and covenant compliance is important in assessing the Trust's ability to pay its debts as and when they fall due. Note 12 and 13 of the financial report discloses the Trust's interest bearing liabilities and derivatives respectively and contain descriptions of the accounting policy treatment. Note 10 of the financial report discloses the Trust's financing costs and contains a description of the accounting policies. Notes 16 to 20 of the financial reports discloses the Trust's risk management policies.	Our audit procedures included the following: – We assessed the effectiveness of the Trust's processes over recording and reporting the terms and conditions of interest bearing liabilities, including their classification as either current or non-current and associated costs. – We confirmed the outstanding balance and facility limits of interest bearing liabilities with all applicable counterparties. – We re-calculated interest recognised as an expense and assessed whether it was recognised in accordance with Australian Accounting Standards. – We considered the Trust's assessment of its compliance with financial covenants. – We assessed management's liquidity and funding risk management strategy, specifically assessing the impacts of COVID-19 and the current cashflows and available liquidity position of the Trust. Our assessment also included understanding the sensitivity of covenants to potential COVID-19 impacts and considered the likelihood of covenant breaches during the next financial period. – We assessed the AASB 7 and AASB 9 disclosures related to the financial liabilities and derivative financial instruments, including the appropriateness of the Trust's risk management disclosures.

INFORMATION OTHER THAN THE FINANCIAL REPORT AND AUDITOR'S REPORT

The directors of Scentre Management Limited, the Responsible Entity of the Trust, are responsible for the other information. The other information comprises the information included in the Trust's Annual Report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL REPORT

The directors of Scentre Management Limited, the Responsible Entity of the Trust, 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 of Scentre Management Limited, the Responsible Entity of the Trust, are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL REPORT

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

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

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

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

Ernst & Young

Ernst & Young

SE Wilken

St Elmo Wilken
Partner

Sydney
25 August 2020

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Directors' Report

The Directors of Scentre Management Limited, as responsible entity of the Trust (Responsible Entity or Company), submit the following report for the year ended 30 June 2020 (Financial Year).

1. Review of Operations and Results of Operations

1.1 Operating environment

The Trust is a single centre property trust which owns a 50% interest in Westfield Carindale, located in the suburb of Carindale, Brisbane Queensland. The centre, a premier retail destination, is approximately 12 kilometres south east of the Brisbane CBD.

The Trust's performance for the Financial Year has been impacted in the second half by measures implemented in response to the COVID-19 pandemic.

In March 2020, the Trust suspended guidance on the forecast distribution for the Financial Year and subsequently, given the continued uncertainty regarding the economic impact of the pandemic and the timing of operating cash flows for the Trust, announced that a final distribution would not be paid for the six-month period ended 30 June 2020.

While Westfield Carindale remained open and trading during the pandemic, fulfilling an important role as social infrastructure and providing essential services to the local community, lockdown measures, restrictions on mobility, and requirements for some businesses to cease operations resulted in a reduction in foot traffic and rent collections.

As restrictions lifted in Queensland, customer visitation to Westfield Carindale has progressively improved. 91% of stores are now open and trading and customer visitation has recovered to more than 90% of normal volumes in July. As at 30 June 2020, the centre was 97% leased.

Notwithstanding the pandemic, work on the new Kmart store at Westfield Carindale continues with Kmart scheduled to open on 10 September 2020. In addition, the new format David Jones store opened in November 2019. This is the first of David Jones' stores to feature a new generation store design and beauty concept.

1.2 Financial results

The Trust's funds from operations (FFO) for the Financial Year was $20.5 million.

The statutory financial result for the Financial Year was a loss of $107.7 million (including an expected credit charge relating to COVID-19 of $5.1 million and an unrealised non-cash movement in property revaluation of $124.4 million decrement). The change in property valuation is principally due to the estimated impact of the COVID-19 pandemic. The property was valued as of 30 June 2020 at $1,470.6 million (Trust share $735.3 million).

The Trust collected $49.7 million of cash, achieving a net operating cash surplus of $17.3 million (excluding the timing of GST on outstanding trade debtors of $0.8 million) for the 12 month period.

Gross rental collections for the second half of the year were 71% of gross rental billings and for the month of July, the Trust collected 78% of gross rental billings.

The net tangible asset backing as at 30 June 2020 was $6.33 per unit.

The Trust has a secured syndicated facility. As at 30 June 2020, borrowings were $281.5 million with gearing of 38.3%.

The total amount distributed to members for the Financial Year is $12.7 million, representing a full year distribution of 18.10 cents per unit which was the distribution paid on 28 February 2020. Details of distributions paid during the Financial Year are set out in section 3 of this report.

Profit after tax, FFO and distribution for the year [i]	Note	**30 Jun 20 $'000**	30 Jun 19 $'000
Net property income		**37,389**	38,835
Manager's service charge		**(4,463)**	(5,132)
Overheads		**(347)**	(329)
Net financing costs		**(10,801)**	(16,019)
Expected credit charge relating to COVID-19		**(5,090)**	-
Property revaluation		**(124,394)**	1,692
Profit/(loss) attributable to members of the Trust		**(107,706)**	19,047
Adjustments:			
– Property revaluation		**124,394**	(1,692)
– Tenant allowances amortised	2	**1,120**	1,085
– Straightlining of rent		**(185)**	0
– Net fair value loss on interest rate derivatives	10	**2,894**	6,446
– Financing costs - amortisation of modification gains on borrowing facility [ii]	10	**-**	213
– Loss on extinguishment of borrowing facility [ii] [iii]	10	**-**	580
FFO		**20,517**	25,679
Amount transferred to other reserves		**(7,847)**	(339)
Distributable Amount		**12,670**	25,340
FFO per unit		**29.31**	36.68
Distributable Amount per unit		**18.10**	36.20

[i] The Trust's measure of FFO is based upon the National Association of Real Estate Investment Trusts' (NAREIT, a US industry body) definition, adjusted to reflect the Trust's profit/(loss) reported in accordance with the Australian Accounting Standards and International Financial Reporting Standards. FFO is a non-statutory reporting measure and has not been audited.

[ii] The Trust has a floating rate borrowing facility that has been refinanced during previous financial periods. Under AASB 9, the accounting for the modification of a financial liability that has not resulted in derecognition, requires an adjustment to the amortised cost of the liability, with any gain or loss being recognised immediately in the statement of comprehensive income. The Trust assessed that the cumulative gain on initial application was $648,000, which was credited to opening retained profits at 1 July 2018. During the twelve months to 30 June 2019, this amount has been recognised as a charge to the statement of comprehensive income, with $213,000 being amortised within financing costs and $435,000 charged following the extinguishment of this facility pursuant to the refinancing during the period.

[iii] Prepaid facility fees of $145,000 were extinguished and charged to the statement of comprehensive income as a result of the facility refinancing.

1.3 Principal activity

The principal activity of the Trust during the Financial Year was the long term ownership of a 50% interest in Westfield Carindale shopping centre. Westfield Carindale is located in the suburb of Carindale, approximately 12 kilometres south east of the Brisbane CBD.

There were no significant changes to the nature of the principal activity of the Trust. Other than what has been discussed in section 1 of this report, there were no significant changes to the state of affairs of the Trust during the Financial Year.

1.4 Strategy and outlook

Due to the continued uncertainty regarding the economic impact of the pandemic, the Trust is not in a position to provide earnings or distribution guidance for the year ending 30 June 2021.

1.5 Risks

The Trust's sole investment is a 50% interest in Westfield Carindale, and as such is exposed to the risks inherent in the ownership of a single asset. The performance of the Trust may be affected by the local economic and retail conditions in south east Queensland specifically and Australia more generally.

As noted, the performance of the Trust for the Financial Year has been impacted by the COVID-19 pandemic.

1.6 Subsequent events

Other than what has been discussed in section 1 of this report, no event has occurred since the end of the year which would significantly affect the operations of the Trust.

2. Sustainability

Environmental laws and regulations in force in the jurisdictions in which Scentre Group operates are applicable to areas of the Group's operations, including the Trust and in particular to its development, construction and shopping centre management activities.

The Group has in place processes and procedures to identify and comply with such requirements, including where applicable, obtaining and complying with the conditions of relevant authority consents and approvals and the obtaining of any necessary licences. These compliance processes and procedures are regularly reviewed and audited and their application closely monitored.

Scentre Group's 2019 Responsible Business Report can be found at www.scentregroup.com.

3. Distributions

The total amount distributed to members for the Financial Year is $12.7 million representing a full year distribution of 18.10 cents per unit, which was the distribution paid on 28 February 2020.

The following distributions were paid to members of the Trust during the Financial Year:

	$'000
18.10 cents per unit for the 6 months ended 30 June 2019, paid 31 August 2019	$12,670
18.10 cents per unit for the 6 months ended 31 December 2019, paid 28 February 2020	$12,670

As announced to the ASX on 22 June 2020, the Trust determined not to pay a distribution for the six-month period ended 30 June 2020.

4. Directors and Secretaries

4.1 Board membership and qualifications

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

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

Aliza Knox retired from the Board on 8 April 2020 and Mike Wilkins was appointed as a Director on that date. Guy Russo has been appointed to the Board as an independent non-executive Director, effective 1 September 2020.

Scentre Group was established on 30 June 2014. Prior to that date, Scentre Management Limited formed part of the prior Westfield Group and the appointment dates of Brian Schwartz (6 May 2009) and Peter Allen (25 May 2011) pre-date the establishment of the Group. Andrew Harmos and Michael Ihlein were both appointed on the establishment of the Group on 30 June 2014. Carolyn Kay and Margaret Seale were appointed on 24 February 2016, Steven Leigh on 4 April 2019 and Mike Wilkins on 8 April 2020.

The Board of the Responsible Entity, Scentre Management Limited, is identical to the Board of Scentre Group Limited, the parent company of Scentre Group. If a Director ceases to be a Director of Scentre Group Limited for any reason, they must also retire as a Director of Scentre Management Limited.

Directors' Report (continued)

Details of the qualifications, experience and specific responsibilities of each of the Directors as at the date of this report are set out below. Details of the attendance of Board and Committee meetings are set out in the Corporate Governance Statement.

Brian Schwartz AM

Independent Non-Executive Chairman

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

Peter Allen

Executive Director/Chief Executive Officer

Peter Allen is an executive Director and Chief Executive Officer of Scentre Group. Prior to the establishment of Scentre Group in 2014, Peter was an executive Director and Chief Financial Officer of Westfield Group. Peter joined Westfield in 1996 and between 1998 and 2004 was Westfield's CEO of the United Kingdom / Europe and responsible for establishing Westfield's presence in the United Kingdom. Peter is Chairman of the Shopping Centre Council of Australia and a Director of the Victor Chang Cardiac Research Institute and Essendon Football Club. He is a member of the President's Council of the Art Gallery of NSW and is a member of the Property Council of Australia including his role as a Property Male Champion of Change.

Andrew Harmos

Independent Non-Executive Director

Andrew Harmos is a non-executive Director and was appointed as a Director of the Company on the establishment of Scentre Group in June 2014. He is also the Chairman of the Group's Human Resources Committee and a member of the Nomination Committee. Andrew is one of the founding directors of Harmos Horton Lusk Limited, an Auckland based specialist corporate legal advisory firm, where he specialises in takeover advice and structuring, securities offerings, company acquisitions and disposals and strategic Board and transaction advice. Andrew holds a Bachelor of Commerce and a Bachelor of Laws (Honours) from The University of Auckland. Andrew was formerly a non-executive Director of AMP Limited, AMP Bank Limited, AMP Life Limited and The National Mutual Life Association of Australasia Limited, a non-executive Director of Westfield Retail Trust and Chairman of the New Zealand Stock Exchange.

Michael Ihlein

Independent Non-Executive Director

Michael Ihlein is a non-executive Director of Scentre Group. He is also Chairman of the Group's Audit and Risk Committee and a member of the Nomination Committee. Mike is a highly experienced corporate and finance executive with a long career with Coca-Cola Amatil Limited (and related companies) where he was Managing Director, Poland (1995 – 1997) and Chief Financial Officer and Executive Director (1997 – 2004). Mike joined Brambles as Chief Financial Officer and Executive Director in March 2004 and held the position of Chief Executive Officer from July 2007 until his retirement in November 2009. Mike holds a Bachelor of Business Studies (Accounting) from the University of Technology, Sydney. He is currently a non-executive Director and Chair of the Risk & Audit Committee of CSR Limited, a non-executive Director and Chair of the Finance & Audit Committee of Inghams Group Limited, and a non-executive Director and Chair of the Audit Committee of Ampol Limited and is also a Fellow of the Australian Institute of Company Directors, CPA Australia and the Financial Services Institute of Australasia. Mike was formerly a Director of Murray Goulburn Co-operative Co. Limited, from 2012 to 2017, and of Snowy Hydro Limited, from 2012 to 2019.

Carolyn Kay

Independent Non-Executive Director

Carolyn Kay is a non-executive Director of Scentre Group. She is also a member of Scentre Group's Audit and Risk Committee. Carolyn has had more than 30 years of experience in the finance sector as an executive and non-executive director. In addition, Carolyn has been and remains a non-executive director of enterprises across a broad range of industries. She is currently a Guardian of the Future Fund and a non-executive director of Myer Family Investments. In the not for profit sector, Carolyn is also a non-executive director of the General Sir John Monash Foundation and a Trustee of Sydney Grammar School. As an executive Carolyn worked as a banker and lawyer at Morgan Stanley, JP Morgan and Linklaters & Paines in London, New York and Australia. Carolyn holds Bachelor Degrees in Law and Arts (University of Melbourne), a Graduate Diploma in Management (AGSM) and is a Fellow of the Australian Institute of Company Directors. She was awarded a Centenary Medal for services to Australian society in business leadership.

Steven Leigh

Independent Non-Executive Director

Steven Leigh's career in the real estate investment management and development industry spans more than three decades. He has in depth knowledge of real estate economics and experience in retail assets. During a 25 year career at QIC, Steven held a number of senior positions including most recently Managing Director – Global Real Estate with QIC. Steven's prior roles also include Managing Director of Trinity Limited and subsequently the Chief Executive Officer of the wholesale unlisted funds management business. Following LaSalle Investment Management's acquisition of Trinity Funds Management, Steven held the position of Head of Australia for LaSalle Investment Management. He is a non-executive Director of the ASX listed stapled entity, National Storage REIT. Steven is also one of the founding members of Male Champions of Change established by the Property Council of Australia. He is a registered valuer, having started his career as a valuer with National Mutual Life. Steven is a graduate of Gatton College (now part of the University of Queensland) and the Queensland University of Technology in the disciplines of real estate valuation and project management.

Margaret Seale

Independent Non-Executive Director

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

Michael Wilkins AO

Independent Non-Executive Director

Mike Wilkins is an experienced non-executive director with more than 30 years' executive experience in financial services in Australia and Asia, including insurance and investment management. He is currently the non-executive Chairman of QBE Insurance Limited and a non-executive Director of Medibank Private Limited (appointed Chairman effective 1 October 2020). Mike has more than 20 years' experience as CEO for ASX 100 companies. He is the former Managing Director and CEO of Insurance Australia Group Limited (IAG), former Managing Director and CEO of Promina Group and former Managing Director of Tyndall Australia Limited. Mike has also served as a director of Maple-Brown Abbott Limited, The Geneva Association, the Australian Business and Community Network and Alinta Limited. Most recently, Mike was a Director of AMP Limited (2016-2020) including acting as Interim Executive Chairman and Acting CEO for a period in 2018. He was a member of the Australian Government's Financial Sector Advisory Council for five years and a member of the Business Council of Australia for eight years. Mike is a Fellow of Chartered Accountants Australia and New Zealand. He was made an Officer of the Order of Australia in 2017 for distinguished service to the insurance industry, particularly to improved corporate social responsibility standards, to the building of natural disaster resilience and safer communities, and to workplace diversity.

4.2 Secretaries

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

Maureen McGrath

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

Paul Giugni

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

5. Directors' Relevant Interests

As at the date of this report, Steven Leigh has a relevant interest in 14,806 units in the Trust. No other Director holds a relevant interest in units in the Trust.

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

6. Options

No options were granted over unissued interests in the Trust during or since the end of the Financial Year to any of the Directors or officers of the Company as responsible entity of the Trust.

There are no unissued interests in the Trust under option.

No interests in the Trust were issued during or since the end of the Financial Year as a result of the exercise of an option over unissued interests in the Trust.

No Director holds debentures in the Trust.

7. Indemnities and Insurance Premiums

No insurance premiums were paid during or since the end of the Financial Year out of the assets of the Trust in regards to insurance cover provided to either officers of the Responsible Entity or the auditors of the Trust. As long as the Company, as responsible entity of the Trust, acts in accordance with the constitution of the Trust and the Corporations Act 2001, it remains fully indemnified out of the assets of the Trust against any losses incurred while acting as the responsible entity of the Trust.

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

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

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

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

8. Information for Registered Schemes

$6,864,600 in fees and $16,300,452 in construction progress billings were paid or payable to the Company, as responsible entity of the Trust and its associates out of the assets of the Trust during the Financial Year. Details of the fees are set out in Note 25 to the financial statements.

Scentre Management Limited as responsible entity of Scentre Group Trust 1 held 43,808,977 units in the Trust as at the end of the Financial Year.

No interests were issued in the Trust during the Financial Year. No withdrawals were made from the Trust during the Financial Year.

Details of the value of the Trust's assets as at the end of the Financial Year are set out in Note 3 and Note 21 to the financial statements. The basis of valuation of the centre is set out in Note 3.

As at 30 June 2020, there were 70,000,000 units on issue in the Trust.

9. Audit

9.1 Audit and Risk Committee

At the date of this report, the Trust has an Audit and Risk Committee.

9.2 Audit Fees and non-audit services

The amounts paid to the auditors are set out in Note 24 to the financial statements. No non-audit services were undertaken by the auditor during the Financial Year.

Directors' Report (continued)

9.3 Auditor's Independence Declaration

EY
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Auditor's Independence Declaration to the Directors of Scentre Management Limited, the Responsible Entity of Carindale Property Trust

As lead auditor for the audit of the financial report of Carindale Property Trust for the financial year ended 30 June 2020, I declare to the best of my knowledge and belief, there have been:

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

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

Ernst & Young

St Elmo Wilken
Partner

Sydney, 25 August 2020

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10. ASIC Disclosures

10.1 Rounding

Pursuant to ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts shown in the financial statements have been rounded to the nearest thousand dollars, unless otherwise indicated. Amounts shown as 0.0 represent amounts less than $500 that have been rounded down.

10.2 Synchronisation of Financial Year

The Trust is a consolidated entity of each of Scentre Group Trust 1 and Scentre Group Limited. By orders dated 21 November 2001 and 27 June 2005 respectively made by the Australian Securities and Investment Commission, the directors of the Company, as responsible entity of Scentre Group Trust 1 and Scentre Group Limited have been relieved of compliance with the requirement to ensure that the financial year of the Trust coincides with the financial year of Scentre Group Trust 1 and Scentre Group Limited.

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

Brian Schwartz AM
Chairman
25 August 2020

Michael Ihlein
Director

Corporate Governance Statement

The Responsible Entity, through its Board and the executives of its parent company, Scentre Group Limited, is committed to ensuring that its policies and practices reflect a high level of corporate governance.

This statement outlines the Responsible Entity's main corporate governance practices during the financial year and the extent of compliance with those practices as at the end of the financial year by reference to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition, published in 2014) (Principles and Recommendations).

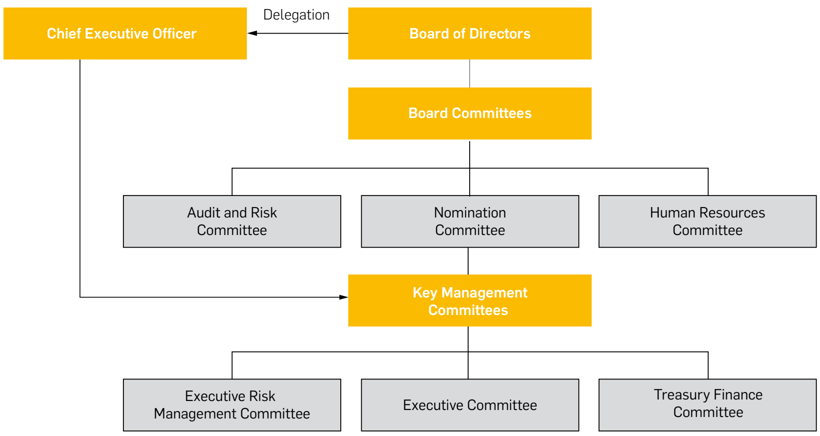
The corporate governance practices of the Responsible Entity should be reviewed having regard to the following:

– The Trust is a single centre property trust which owns a 50% interest in Westfield Carindale, located in suburban Brisbane, Queensland.

– The Trust is an externally managed entity. Accordingly, a number of the Principles and Recommendations do not apply to the Trust. However, as the Responsible Entity is a member of Scentre Group, it has adopted, and is bound by, the terms of the various charters and policies implemented by Scentre Group.

– Neither the Trust nor the Responsible Entity has any employees. As an externally managed entity, the operations of the Trust are carried out by Scentre Group executives and employees (see Principle 8 below). The management of Westfield Carindale is also conducted by subsidiaries of Scentre Group Limited.

Scentre Group's governance framework is outlined in the diagram below. The Group's corporate governance documentation, including charters and relevant corporate policies and codes, can be found in the corporate governance section on the Trust's website – http://www.carindalepropertytrust.com.au/.



1. The Board of the Responsible Entity

Scentre Group is a stapled entity comprising a company and three managed investment schemes. The Boards of Scentre Group Limited, Scentre Management Limited (responsible entity of Scentre Group Trust 1 and Carindale Property Trust), RE1 Limited (responsible entity of Scentre Group Trust 2) and RE2 Limited (responsible entity of Scentre Group Trust 3) have common membership. Each Board has adopted a common Board Charter which sets out the objectives and responsibilities of the Scentre Group Board.

The Board of Scentre Management Limited is responsible for overseeing the effective management, governance and operation of the Trust. The Board seeks to ensure that the business objectives of the Trust are aligned with the expectations of members, and that the operations of the Trust are being effectively managed in a manner that is focussed on those business objectives, as well as conforming to regulatory and governance requirements.

As noted, the Board of the Responsible Entity, Scentre Management Limited, is identical to the Boards of Scentre Group Limited, RE1 Limited and RE2 Limited. Directors (other than the Chief Executive Officer, as Managing Director) are subject to election or re–election by securityholders of Scentre Group at the Annual General Meeting (AGM) of Scentre Group Limited. If a Director ceases to be a Director of Scentre Group Limited for any reason, they must also resign as a Director of the Scentre Management Limited, RE1 Limited and RE2 Limited.

Notwithstanding that recommendations 1.1 to 1.7, 2.1, 2.2, 2.4 to 2.6 and 8.1 to 8.3 are not applicable to the Trust as an externally managed entity, the following describes the corporate governance practices of the Responsible Entity as part of Scentre Group including in relation to alternative recommendation 1.1 of the ASX Corporate Governance Council's Principles and Recommendations (4th edition, published in February 2019), as to how the Responsible Entity manages the affairs of the Trust and the role and responsibilities of the Board. Details of the fees payable to the Responsible Entity are set out in Note 25 to the financial statements.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Membership and attendance at Board and Scentre Group Committee meetings are set out below.

	Board		Audit and Risk Committee		Human Resources Committee		Nomination Committee	
	Number attended	Number of meetings	Number attended	Number of meetings	Number attended	Number of meetings	Number attended	Number of meetings
Brian Schwartz	6	6					4	4
Peter Allen	6	6						
Andrew Harmos	6	6			6	6	4	4
Michael Ihlein	6	6	5	5			4	4
Carolyn Kay	6	6	5	5				
Aliza Knox*	5	6			5	6		
Steven Leigh**	6	6			3	6		
Margaret Seale	6	6	5	5	6	6		
Michael Wilkins*	1	6						

1. Directors also attend meetings of the Committees of which they are not a member. The Chairman of the Board (who is also Chair of the Nomination Committee) typically attends meetings of the Audit and Risk Committee and the Human Resources Committee.
2. At the date of this statement, the Committees are comprised of the following non-executive Directors: Audit and Risk Committee: Michael Ihlein (Chair), Carolyn Kay and Margie Seale; Human Resources Committee: Andrew Harmos (Chair), Steven Leigh and Margie Seale; Nomination Committee: Brian Schwartz (Chair), Andrew Harmos and Michael Ihlein.

* Mike Wilkins was appointed to the Board of Scentre Management Limited on 8 April 2020. He attended all meetings held since his appointment. Aliza Knox retired from the Board of Scentre Management Limited on 8 April 2020. She attended all Board and Committee meetings held during the year while she was a Director.

** Steven Leigh became a member of the Human Resources Committee on 1 January 2020 and was eligible to attend 3 of the 6 meetings held.

1.1 Responsibilities of Board and management

The role of the Board is to demonstrate leadership and provide strategic oversight and guidance for the Group in addition to overseeing the effective management of the Group, including the Trust, and delivery of the Group's purpose.

Board Charter

The Board Charter sets out the primary objectives of the Board and the practices and processes the Board has adopted to discharge its responsibilities including the matters reserved for the Board and the delegation of authority to the CEO.

This framework ensures accountability and a balance of authority by clearly defining the respective roles and responsibilities of the Board and management. In turn, this enables the Board to maintain its focus on strategic guidance while exercising effective oversight of the Group, including that of the Trust. As noted below, the Board has established three standing Committees, to assist it in discharging its responsibilities.

Under the Board Charter, the key responsibilities of the Board include:

Strategy, purpose and culture

– demonstrating leadership, defining the Group's purpose and setting the strategic direction and objectives of the Group
– overseeing management in its implementation of the strategic direction and objectives of the Group, its instilling of the Group's values and performance generally
– approving the Group's purpose, statement of values and code of conduct, and monitoring and guiding the Group's culture, values, reputation and codes of conduct

Financial controls, risk management and compliance

– monitoring the financial results and performance of the Group and the Trust and overseeing, monitoring and reviewing management's processes aimed at ensuring the integrity of financial and other corporate reporting (including the external audit)
– setting the risk appetite for the Group and approving the risk appetite statement
– monitoring significant business risks (financial and non-financial) and monitoring the adequacy, effectiveness and operation of risk management and compliance policies, controls and frameworks
– satisfying itself that an appropriate framework exists for relevant information to be reported to the Board
– approving and monitoring key budgets, business plans, financial statements, corporate and financial policies and reporting
– approving and monitoring delegations of authority to the CEO

Capital management, funding and liquidity

– reviewing and approving capital management initiatives
– approving major business initiatives, capital expenditure, acquisitions and divestments
– determining the distribution policy for the Group and the Trust and approving the amount, nature and timing of distributions to be paid

People and remuneration

– approving the Group's remuneration framework and policies and ensuring that they are aligned to the Group's purpose, values, strategic objectives and risk appetite
– appointing and removing, and approving the terms of appointment of, the CEO and other executive Key Management Personnel (executive KMP), and reviewing their performance
– considering succession planning for the CEO and other executive KMP

Board

– determining the size, composition, structure of, and skills required by, the Board and approving appointments to the Board
– determining the process of evaluation and performance of the Board, its Committees and individual directors

Governance

- monitoring the implementation and effectiveness of the Group's corporate governance practices including significant policies that affect the Group as a whole
- overseeing the Group's processes for making timely and balanced disclosure of material information regarding the Group and the Trust

Board Committees

The Board delegates certain responsibilities to standing Committees which operate in accordance with charters approved by the Board.

There are three standing Board Committees:

- the Audit and Risk Committee
- the Human Resources Committee
- the Nomination Committee.

All Directors have a standing invitation to attend meetings of the Board Committees.

The roles and responsibilities of the Committees are outlined in this statement.

The Chair of each Committee reports to the Board at the Board's next meeting on any matters arising from the Committee's duties and responsibilities. The Board also receives copies of the minutes of all Committee meetings. This ensures that all Directors have oversight of, as well as the opportunity to discuss, matters being considered by, the Committees.

Delegation to management

Day to day management of the Group's business and operations (including that of the Trust) is delegated by the Board to management through the CEO and is subject to the agreed authority limits applicable to the CEO and the senior executive team.

The CEO is assisted by the Chief Financial Officer (CFO) and other members of the Executive Committee.

The CEO together with the Executive Committee is responsible to the Board for the development and implementation of strategy and the overall management and performance of the Group and the Trust.

Regular reports are provided to the Board on the progress being made by the Trust in all aspects of its business including shopping centre operations, developments and capital markets. The CEO is responsible for ensuring that senior management provide the Board with accurate, timely and clear information on the Trust's operations to enable the Board to perform its responsibilities.

The CFO also provides comprehensive reports on the Trust's financial performance and other relevant matters such as the Trust's gearing and liquidity.

1.2 New appointments/Re-election of Directors

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

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

1.3 Written agreements with Directors

New Directors receive a letter of appointment which sets out the key terms and conditions of their appointment.

The letter of appointment clearly defines the role of Directors, including expectations in terms of independence, participation, time commitment and continuous development. Directors are required to disclose, on an on-going basis, circumstances that may affect, or be perceived to affect their ability to exercise independent judgement so that the Board can determine independence on a regular basis. The letter provides that if a Director ceases to be a Director of Scentre Group Limited for any reason, they must also resign as a Director of the Responsible Entity, RE1 Limited and RE2 Limited.

Procedures are also set out by which Directors can take independent professional advice at the Group's expense.

1.4 Role of the Company Secretary

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

1.5 Diversity and Inclusion

Neither the Trust nor the Responsible Entity have any employees or had any employees during the financial year. During the financial year, the operations of the Trust were undertaken by subsidiaries of Scentre Group Limited and Scentre Group executives and employees. While, as an externally managed entity, the Trust is not required to report on diversity, Scentre Group's approach to diversity is outlined in Scentre Group's 2019 Corporate Governance Statement. The Group's Diversity and Inclusion Policy is also available at www.scentregroup.com/about-us/corporate-governance.

1.6 Board self–assessment and performance

The Board undertakes an annual assessment and review of its performance. The 2019 review was conducted by the Chairman, Brian Schwartz, who presented the results of the review to the Board.

Matters considered in the Board survey included an assessment of the performance of the Board, its Committees and Directors individually, the composition and skills set of the Board, Board and CEO succession planning, the Board's relationship with management and the type and quality of the information provided to the Board.

1.7 Process for evaluating the performance of senior executives

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

KPIs are established each year under a performance and development system. KPIs are designed to measure both financial and non-financial performance and a balance of measures are used that underpin the growth and sustainability of the Group's business. The Group's remuneration philosophy and link to business strategy is outlined in the Group's Remuneration Report.

During the year, each member of the senior executive team, including the CEO, was subject to a performance review as described above. Details of the performance criteria against which the CEO was assessed in 2019 are set out in the Scentre Group's Remuneration Report published in its 2019 Annual Financial Report.

Written agreements are in place for the Group's executive key management personnel details of which are set out in the Group's Remuneration Report.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

2.1 Structure of the Board and role of the Nomination Committee

As the Responsible Entity is a wholly owned subsidiary of Scentre Group Limited, recommendations relating to the composition of the Board of the Responsible Entity are made by the Nomination Committee of Scentre Group Limited. The Responsible Entity does not have its own Nomination Committee.

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

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

Nomination Committee

The role of the Nomination Committee includes supporting and making recommendations to the Board on the selection and appointment of Directors who can meet the needs of the Group presently and in the future. The Committee also facilitates the ongoing evaluation and review of the performance and effectiveness of the Board, its Committees and individual Directors.

The responsibilities of the Nomination Committee include:

– regularly reviewing, assessing and making recommendations to the Board regarding the size and composition and the balance of existing and desired skills, knowledge, independence, diversity and experience of the Board and its Committees;

– regularly reviewing and assessing the independence of each non-executive Director;

– developing, implementing and reviewing succession plans for the Board, the Board Chair and Chairs of the Board committees (including in conjunction with the Human Resources Committee, the CEO);

– establishing procedures to identify, select and make recommendations to the Board in relation to new Board appointments including the terms of appointment;

– overseeing induction programs for new Directors and reviewing periodically the need for ongoing training and education of Directors to maintain the skills and knowledge required to perform their role effectively;

– implementing a process for annual review of the performance of the Board, its committees and individual Directors, and addressing issues that might arise from the review.

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

The Board, on the recommendation of the Nomination Committee, determines if it will endorse a Director retiring under Scentre Group Limited's constitution or ASX Listing Rules, for re-election. The notice of meeting for the AGM of Scentre Group Limited provides information that is material to a decision of Scentre Group securityholders as to whether or not to support the re-election of a Director.

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

– the assessment made on the skill set required to discharge the responsibilities of the Board compared with the skills currently represented on the Board;

– the strategic direction of the Group and the consequent need to consider skills which may be required in the future.

Recommendations made by the Nomination Committee are considered by the Board, which retains an unfettered discretion as to whether or not to endorse the appointment of a Director to fill a casual vacancy or act as an additional Director, prior to the formal election of that Director by the securityholders of Scentre Group Limited at its AGM.

The Nomination Committee may retain the services of external recruitment specialists to help identify potential candidates for appointment to the Board.

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

2.2 Board Skills Matrix

The Responsible Entity notes that ASX Corporate Governance Council's recommendation 2.2 that listed entities should disclose a board skills matrix does not apply to externally managed entities.

The Board currently comprises eight directors, seven of whom are independent non-executive Directors. Details of the Directors' biographies, including their qualifications, are set out in the Directors' Report.

The Board, with the Nomination Committee, actively work together in assessing the ongoing succession planning and renewal program for the Board. In terms of defining the Board's requirements for new directors, consideration is given to the skills, experience and background of existing board members, the Group's strategy and any identified new or additional skills required to supplement the Board's capabilities. Having regard to the strategic direction of the Group, the Nomination Committee also works with external advisors in assessing potential new directors and skills.

A Board skills matrix, as at February 2020, is published in Scentre Group's 2019 Corporate Governance Statement.

The Nomination Committee continues to actively review the ongoing skills of the Board. During the year, Mike Wilkins was appointed to the Board. Mike is a highly experienced non-executive director recognised for his strategic, risk management and operational skills. On 10 August 2020, the Group announced the appointment of Guy Russo to the Board, effective 1 September 2020. Guy will add significant skills and experience to the Board as a business leader who understands the customer, retail and retail property.

2.3 Directors' Independence

The Board has adopted guidelines based on the Principles and Recommendations to assist it in determining the independence of Directors.

In making this determination the Board assesses if Directors are:

– independent of management; and

– free of any interest, position or association that might influence or reasonably be perceived to influence, in a material respect, their capacity to bring an independent judgement to bear on issues before the Board.

In assessing independence, the Board will have regard to the interests, positions and relationships potentially affecting the independent status of a Director as described in Box 2.3 of the Principles and Recommendations. In general, a non-executive Director will not be regarded as an independent director if that Director:

– is, or within the last three years had been, employed in an executive capacity by any member of Scentre Group;

– is, or within the last three years had been, a partner or a senior management executive with audit responsibilities of a firm which has acted in the capacity of statutory auditor of any member of the Group;

– is, or within the last three years had been, a partner, director or senior employee of a material professional adviser to any member of the Group;

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

2.4 Independent Directors

All non-executive Directors are considered to be independent.

Details of the length of service of each Director is set out in the Directors' Report.

2.5 Chairperson and Independence

The Chairman, Brian Schwartz, is an independent non-executive Director.

2.6 Induction and ongoing education

New Directors participate in an induction program. This includes briefings with the CEO, CFO and other members of the senior executive team to provide new Directors with a deeper understanding of the main issues, strategic direction and material risks of each key business unit within the Group. As part of the program, Directors are invited to meet with the external and internal auditors. Directors are also provided with all relevant corporate governance materials and policies.

We recognise that developing industry and corporate knowledge is an ongoing process. Regular briefing sessions to the Board and Board Committees are conducted on a number of topics including:

- the Group's core operations including trends in international and domestic retail;
- legal and regulatory developments including health and safety laws, competition laws, corporate governance principles, tax and accounting changes; and
- new and emerging risks, business models and technologies.

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

3.1 Codes of Conduct

DNA

Scentre Group's values are described as the Group's "DNA" which underpins the way the Group builds relationships within its teams, with its business partners, its communities and other stakeholders.

Ethical business practices and high standards of personal behaviours are fundamental to the way the Group works as a responsible, sustainable business.

The Group considers its policies, practices and behaviours on an ongoing basis in light of the expectations of its business partners, its communities and other stakeholders, as well as social and regulatory developments. During the year, the Group updated the following code and policies: Code of Conduct: Anti-Fraud, Bribery and Corruption Policy; Whistleblower Protection Policy; Continuous Disclosure and Communications Policy and, Security Trading Policy.

The Group DNA is expressed as:

- We put the customer first
- We act with integrity
- We strive for excellence
- We succeed together
- We are constantly curious
- We create a positive legacy

During the year, the Group updated its Code of Conduct, its Anti-Fraud and Corruption Policy and its Whistleblower Protection Policy.

The Group also launched a Supplier Code of Conduct through which the Group seeks to encourage and, where appropriate, mandate requirements to help it and its suppliers in conducting business in a safe, accountable and equitable manner. During the year, the Group also introduced a Human Rights Policy outlining its commitment to human rights and supported by a range of corporate policies.

Code of Conduct

The code sets the standards required for everyone who works for the Group, including Directors.

The code covers a range of areas including: Our Purpose and DNA; What is expected of our people; How we treat one another; Conflicts of interest; Business practices; Dealing with others; Communicating externally and Asking for guidance and speaking up. Employees are required to affirm the Code of Conduct on an annual basis.

Material breaches of the Code of Conduct are reported to the Board.

Anti-Fraud, Bribery and Corruption Policy

The Anti-Fraud, Bribery and Corruption Policy is part of the Group's risk management framework. It is a tool which assists in identifying key principles that must be adhered to in relation to fraud, bribery, corruption, facilitation payments, gifts and entertainment and political donations.

Material matters reported under this policy are reported to the Board through the Audit and Risk Committee.

Whistleblower Protection Policy

The Whistleblower Protection Policy encourages the reporting of instances of unethical, unlawful or improper conduct and provides a mechanism by which such instances can be reported. It is a tool which assists in identifying behaviour which is inconsistent with the Group's values, culture or policies.

The Board is also committed to the process by which any concerns raised under the Whistleblower Protection Policy are reviewed in an impartial, fair and objective manner. Anyone who makes a report may do so without fear of reprisal, intimidation or disadvantage.

The Group believes that encouraging reporting under this policy, and protecting and supporting whistleblowers, supports and advances the long-term interests of the Group and its stakeholders including its people, its investors and the broader community.

Material matters reported under this policy are reported to the Board through the Audit and Risk Committee.

3.2 Directors

The Board Conflicts of Interest Policy sets out the obligations of Directors in dealing with conflicts of interest. Under the policy Directors are required to disclose, among other matters, any material personal interest in a matter that relates to the affairs of the Group or the Trust; any conflict or potential conflict of interest; any interest and any business or other relationship including other directorships or which could or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Group or which otherwise could be relevant to the Director being held out by the Group as an independent director.

The policy sets out the mechanisms by which conflicts are managed. As a general rule, the protocol is for the Director not to receive any papers at any time concerning a matter in which they have a material personal interest, any actual or perceived conflict of interest or which may alter their status as independent directors, nor be present during any discussion of the matter.

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

PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

4.1 Audit and Risk Committee

The primary role of the Audit and Risk Committee is to oversee and monitor the integrity of the financial reporting of the listed entities within the Group including the Trust, and systems of risk management, internal controls and legal compliance.

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

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

(a) monitoring and reviewing:

– the accuracy, integrity and reliability of financial reports and statements of listed entities of the Group;

– the effectiveness of the Group's internal control environment including the systems of internal controls, risk management and legal compliance;

– the objectivity and effectiveness of the internal audit function; and

– the independence, objectivity and effectiveness of the external audit function;

(b) overseeing the processes for:

– identifying and managing significant risks faced by the Group;

– the Group's compliance with applicable laws and regulations; and

– implementing appropriate and adequate control, monitoring and reporting systems; and

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

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

Assessment of material economic, environmental and social sustainability risks forms part of the Group's Enterprise Risk Management Framework.

The Committee, on an annual basis, reviews the appropriateness of the Enterprise Risk Management Policy and the Enterprise Risk Management Framework and the Group's control systems. The Committee undertook such a review during the year.

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

The external auditor is EY. The lead audit partner is required to rotate after 5 years. The Committee has unrestricted access to the external auditor. The Committee formally meets with the external auditor at least twice a year without management being present to discuss any matters that the auditor may wish to raise directly with the committee.

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

Charter of Non-Audit Services

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

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

Executive Risk Management Committee

The purpose of the Executive Risk Management Committee is to assist and support the Board and the Audit and Risk Committee in its oversight of the Group's systems of risk management and internal control.

Membership of the Committee comprises the CEO, CFO, the Director, Risk and Internal Audit, the General Counsel and the Director of Security.

4.2 CEO and CFO declarations

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

– the financial statements present a true and fair view;

– that this assertion is founded on a sound system of financial risk management and internal compliance and control which implements the policies adopted by the Board; and

– that the Group's financial risk management and internal compliance and control systems are operating efficiently and effectively in all material respects in relation to financial reporting risks.

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

4.3 External auditor attendance at AGM

As a managed investment scheme, the Trust is not required by the Corporations Act to hold an AGM.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

5.1 Continuous Disclosure and Communications Policy

The Responsible Entity is committed to providing members with comprehensive, timely and equal access to information about its activities to enable them to make informed investment decisions.

Scentre Group's Continuous Disclosure and Communications Policy underlines the commitment to ensuring that members of the Trust and the market are provided with high quality, relevant and accurate information regarding its activities in a timely manner and that investors are able to trade in units in the Trust in a market which is efficient, competitive and informed as well as ensuring that market participants have an equal opportunity to review and assess information disclosed by the Trust.

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

The Group also has a Security Trading Policy the purpose of which is to impose "black-out" periods during the year, set out restrictions on dealing in Scentre Group securities and Trust units by Directors and all employees, set out clearance requirements and procedures to reduce the risk of insider trading.

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITYHOLDERS

6.1 Corporate website

The Trust monitors and continues to utilise a range of communication approaches including direct communications with members and publication of all relevant Trust information in the Investor Services section of the Trust's website.

The Trust's website is part of its communication platform to members and the broader investment community. Current and past media releases and interim and full year financial reports are available on the website. These announcements, presentations and reports continue to be posted on the Trust's website immediately after they have been released to the market.

6.2 Investor relations program

The Trust has an investor engagement program for engaging with members and the broader investment community.

6.3 Meetings of members

The Responsible Entity notes that recommendation 6.3 does not apply to the Trust as an externally managed entity.

6.4 Electronic communications

Members may elect to receive all or some of the Trust's communications, including the annual report, electronically.

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

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Scentre Group adopts a rigorous approach to understanding and managing its business risks, including in relation to the Trust. There is a discussion on the Group's approach to risk under Principle 4.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Neither the Trust nor the Responsible Entity has any employees. During the financial year, the operations of the Trust were performed by Scentre Group executives and staff. Reference should be made to the Scentre Group remuneration report in the 2019 Annual Financial Report for details of the Group's remuneration philosophy and framework available at scentregroup.com/investors/annual-reports.

As the Board of the Responsible Entity and Scentre Group Limited are identical, no additional fees were paid to the non-executive Directors by the Responsible Entity or the Trust.

Details of the fees payable to the Responsible Entity are set out in Note 25 to the financial statements.

This statement was approved by the Board of Scentre Management Limited as responsible entity of Carindale Property Trust and is current as at 25 August 2020.

Investor Relations

Carindale Property Trust Distribution Details

An interim distribution of 18.10 cents per unit was paid on 28 February 2020. No final distribution will be paid to members.

Carindale Property Trust Website

The following information can be obtained from the Trust's website.

- Unit price and graph
- News and announcements
- Unitholding details
- Annual reports
- Current and historical tax information
- Downloadable unitholder forms
- Calendar
- Corporate Governance charters and policies

Electronic Information

By becoming an electronic investor and registering your email address, you can receive, via email, distribution statements, taxation statements and Annual Reports.

Secure Access to Your Unitholding Details 24 Hours a Day

Online – You can go to www.carindalepropertytrust.com.au to access your unitholding information including distribution and taxation statements, as well as forms in relation to change of address, direct credit and tax file number. To view your unitholding, you will need your SRN/HIN and you will be asked to verify your postcode (inside Australia) or your country of residence (outside Australia).

Phone – You can confirm your holding balance, request forms and access dividend and trading information by phoning 1300 730 458, then by pressing 2. You may be asked to enter your SRN/HIN.

Distribution

To ensure timely receipt of your distribution, please consider the following:

Direct Credit

You can receive your distribution payment efficiently and safely by having it direct credited to your bank account. If you wish to register for direct credit, please complete the form and return it to the registry. A form can be downloaded from www.carindalepropertytrust.com.au or by phoning our registry on 1300 730 458 (please have your SRN/HIN available for you to quote).

Tax File Number (TFN)

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

However, if you do not provide your TFN, ABN or Exemption, withholding tax at the highest marginal rate, currently 49% for Australian resident members may be deducted from distributions paid to you.

If you have not supplied this information and wish to do so, please advise the registry or your sponsoring broker.

Annual Tax Statement and Tax Guide

The Annual Tax Statement is dispatched to members every year in late August and the Tax Guide is available online at www.carindalepropertytrust.com.au.

Share Registry

All changes of name, tax file number, address, payment instructions and document requests should be passed to the Registry or submitted online.

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All other queries can be directed to Investor Relations.

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Sydney NSW 2000 Australia

Telephone: +61 2 9358 7877
Facsimile: +61 2 9358 7881
E–mail: investor@scentregroup.com
Website: www.carindalepropertytrust.com.au

Listing

ASX Code: CDP

Members' Information

FOR THE YEAR ENDED 30 JUNE 2020

Twenty largest ordinary members as at 12 August 2020

	Number of Ordinary Units	% of Issued Ordinary Units
Scentre Management Limited	43,808,977	62.58
J P Morgan Nominees Australia Pty Limited	3,620,431	5.17
National Nominees Limited	3,304,960	4.72
HSBC Custody Nominees (Australia) Limited	2,555,336	3.65
BNP Paribas Noms Pty Ltd <DRP>	1,024,222	1.46
CS Fourth Nominees Pty Limited <HSBC Cust Nom AU Ltd 11 A/C>	817,928	1.17
Sonice Pty Limited <The Springfield A/C>	761,127	1.09
BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd <DRP A/C>	519,554	0.74
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	401,693	0.57
HSBC Custody Nominees (Australia) Limited-GSI EDA	288,348	0.41
Maleela Holdings Pty Ltd	254,825	0.36
Citicorp Nominees Pty Limited	248,830	0.36
Going Hiking Pty Ltd <Somerset S/F A/C>	236,705	0.34
Mutual Trust Pty Ltd	152,975	0.22
Barland Investments Pty Ltd	150,000	0.21
Mr Peter Campbell-Innes + Mrs Beryl Campbell-Innes <Campbell-Innes Family A/C>	120,924	0.17
Grahame Mapp Foundation Pty Ltd <Grahame Mapp Foundation A/C>	120,000	0.17
Mr Gregory Michael Josephson + Mrs Mary Margaret Josephson <Josephson Super Fund A/C>	120,000	0.17
Mr Peter Oakley + Mrs Clara Oakley <Oakley Family S/Fund A/C>	105,000	0.15
Mr Robert Elliot Beresford Grant	100,000	0.14
	58,711,835	**83.85**

Distribution schedule

Category	Number of Members	Number of Ordinary Units
1 – 1,000	503	203,413
1,001 – 5,000	829	2,297,595
5,001 – 10,000	298	2,379,579
10,001 – 100,000	265	6,507,578
100,001 and over	19	58,611,835
Total	**1,914**	**70,000,000**

Voting rights for each class

At a meeting of members, on a show of hands, every member who is present in person or by proxy (and who is not otherwise disentitled from voting) has one vote. On a poll, every such member has one vote for each dollar of the value of their total holding in the trust.

Unmarketable parcel

As at 12 August 2020, there were 183 members with less than a marketable parcel of quoted securities.

Substantial Holders

The names of the Trust's substantial holders and the number of ordinary units in which each has a relevant interest, as disclosed in the substantial holders notices given to the Trust, are as follows:

Name of Substantial Holder	Number of Ordinary Units
Scentre Management Limited as responsible entity of Scentre Group Trust 1	43,808,977

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Corporate Directory

CARINDALE PROPERTY TRUST

ABN 29 192 934 520
ARSN 093 261 744

RESPONSIBLE ENTITY

Scentre Management Limited
ABN 41 001 670 579
AFS Licence 230329

REGISTERED OFFICE

Level 30
85 Castlereagh Street
Sydney NSW 2000

SECRETARIES

Maureen T McGrath
Paul F Giugni

AUDITORS

Ernst & Young
200 George Street
Sydney NSW 2000

INVESTOR INFORMATION

Carindale Property Trust
Level 30
85 Castlereagh Street
Sydney NSW 2000

Telephone	+61 2 9358 7877
Free Call	1800 116 661 (Australia only)
Facsimile	+ 61 2 9358 7881
E-mail	investor@scentregroup.com
Website	www.carindalepropertytrust.com.au

UNIT REGISTRY

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000
GPO Box 2975
Melbourne VIC 3001

Telephone	+61 3 9946 4471
Free Call	1300 730 458 (Australia only)
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E-mail	www.investorcentre.com/contact
Website	www.computershare.com

LISTINGS

ASX – CDP

The papers used in the production of this year's Reports are produced using environmentally responsible papers.

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