

Carindale Property Trust

**Annual Financial Report
30 June 2016**

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

Financial Report

Contents

1	Statement of Comprehensive Income
2	Balance Sheet
3	Statement of Changes in Equity
4	Cash Flow Statement
5	Notes to the Financial Statements
16	Directors' Declaration
17	Independent Audit Report
18	Directors' Report
23	Corporate Governance Statement
30	Investor Relations
31	Members' Information
32	Corporate Directory

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2016

	Note	30 Jun 16 \$'000	30 Jun 15 \$'000
Revenue			
Property revenue	3	56,030	55,486
Expenses			
Property expenses and outgoings		(14,085)	(14,246)
Net property income		41,945	41,240
Other expenses			
Manager's service charge		(4,773)	(4,590)
Other costs		(286)	(310)
		(5,059)	(4,900)
Interest income		53	91
Net fair value gain/(loss) on interest rate derivatives		(1,512)	1,408
Financing costs	4	(10,992)	(13,164)
Property revaluation		24,948	30,970
Net profit attributable to members of the Trust	14(ii)	49,383	55,645
Total comprehensive income attributable to members of the Trust		49,383	55,645
		cents	cents
Basic earnings per unit	7(i)	70.55	79.49
Diluted earnings per unit	7(i)	70.55	79.49

Balance Sheet

AS AT 30 JUNE 2016

	Note	30 Jun 16 \$'000	30 Jun 15 \$'000
Current assets			
Cash and cash equivalents	14(i)	2,107	3,063
Trade and other receivables	5	2,130	2,588
Prepayments and deferred costs	6	292	302
Total current assets		4,529	5,953
Non current assets			
Investment properties	8	792,572	765,071
Prepayments and deferred costs	6	814	609
Total non current assets		793,386	765,680
Total assets		797,915	771,633
Current liabilities			
Trade and other payables	9	22,786	22,551
Derivative liabilities	11	531	38
Total current liabilities		23,317	22,589
Non current liabilities			
Interest bearing liabilities	10	212,569	209,969
Derivative liabilities	11	7,200	6,182
Total non current liabilities		219,769	216,151
Total liabilities		243,086	238,740
Net assets		554,829	532,893
Equity attributable to members of the Trust			
Contributed equity		187,934	187,934
Reserves		50	50
Retained profits	13	366,845	344,909
Total equity attributable to members of the Trust		554,829	532,893

Statement of Changes In Equity

FOR THE YEAR ENDED 30 JUNE 2016

	30 Jun 16	30 Jun 15
	\$'000	\$'000
Changes in equity attributable to members of the Trust		
Opening balance of contributed equity	187,934	187,934
Closing balance of contributed equity	187,934	187,934
Opening balance of reserves	50	47
– Amount transferred from retained profits ⁽ⁱ⁾	–	3
Closing balance of reserves	50	50
Opening balance of retained profits	344,909	313,746
– Profit attributable to members of the Trust	49,383	55,645
– Distribution payable to members of the Trust	(27,447)	(24,479)
– Amount transferred to other reserves ⁽ⁱ⁾	–	(3)
Closing balance of retained profits	366,845	344,909
Closing balance of equity attributable to members of the Trust	554,829	532,893

(i) As of 31 December 2015, \$142,000 of the Trust's profit for the half year ended 31 December 2015 was transferred to other reserves. As of 30 June 2016, the same amount was transferred from other reserves to retained earnings.

Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2016

	Note	30 Jun 16 \$'000	30 Jun 15 \$'000
Cash flows from operating activities			
Receipts in the course of operations (including GST)		63,652	61,862
Payments in the course of operations (including GST)		(21,114)	(21,078)
Goods and services tax paid to government bodies		(3,719)	(3,251)
Financing costs		(12,246)	(11,838)
Interest received		53	91
Net cash flows from operating activities	14(ii)	26,626	25,786
Cash flows used in investing activities			
Capital expenditure on property investments		(3,876)	(6,837)
Net cash flows used in investing activities		(3,876)	(6,837)
Cash flows used in financing activities			
Net proceeds from interest bearing liabilities		2,600	3,700
Distribution paid to members		(26,306)	(23,023)
Net cash flows used in financing activities		(23,706)	(19,323)
Net decrease in cash and cash equivalents held		(956)	(374)
Opening cash and cash equivalents brought forward		3,063	3,437
Cash and cash equivalents at the end of the year	14(i)	2,107	3,063

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1 BASIS OF PREPARATION OF THE YEAR END FINANCIAL REPORT

(a) Corporate information

This financial report of Carindale Property Trust (Trust) for the year ended 30 June 2016 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) 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 2015.

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

The adoption of these new and amended standards did not have a significant impact on the Trust's results in the current period.

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Trust for the annual reporting period ended 30 June 2016. The impact of these new standards (to the extent relevant to the Trust) and interpretations are as follows:

AASB 9 Financial Instruments (effective from 1 January 2018)

This standard includes requirements to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139 Financial Instruments: Recognition and Measurement.

IFRS 15 Revenue from Contracts with Customers (expected to be effective from 1 January 2018)

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

AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective from 1 January 2018)

This standard amends AASB 10 – Consolidated Financial Statements and AASB 128 – Investments in Associates and Joint Ventures to address an inconsistency between the requirements in AASB 10 and AASB 128 in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

IFRS 16 Leases (effective from 1 January 2019)

This standard contains requirements about lease classification and recognition, measurement and presentation and disclosures of leases for lessees and lessors.

The Responsible Entity is currently assessing the impact of these recently issued or amended standards.

(c) 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.

(d) Significant accounting judgements, estimates and assumptions

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

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements, in particular, Note 2: Summary of significant accounting policies, Note 8: Investment properties and Note 20: 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Investment properties

The Trust's investment properties include a shopping centre investment 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. 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 property 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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Directors' assessment of the 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.

(b) 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 in the balance sheet as receivables and carried at fair value. Recoveries from tenants are recognised as income in the year the applicable costs are accrued.

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

All other revenues are recognised on an accruals basis.

(c) Expenses

Expenses are brought to account on an accruals basis.

(d) Taxation

Under current Australian income tax legislation, the Trust is not liable for Australian income tax, including capital gains tax, provided that members are presently entitled to the income of the Trust as determined in accordance with the Trust's constitution.

(e) Goods and Services Tax (GST)

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

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

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

(f) 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.

(g) 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.

(h) Derivative and other financial 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 all counterparties.

The accounting policies adopted in relation to other material financial assets and liabilities are detailed as follows:

i) Financial assets

Cash and cash equivalents

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

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and at bank, short term money market deposits and bank accepted bills of exchange readily convertible to cash, net of bank overdrafts and short term loans. Bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.

Receivables

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

ii) Financial liabilities

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.

Interest bearing liabilities

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

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

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

The fair value of the Trust's loans from banks and finance leases (as disclosed in Note 20) is estimated by discounting future cash flows using rates that approximate the Trust's borrowing rate as at 30 June 2016 for debt with similar maturity, credit risk and terms.

(i) Recoverable amount of assets

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

(j) 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.

(k) 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.

	30 Jun 16	30 Jun 15
	\$'000	\$'000
NOTE 3 PROPERTY REVENUE		
Shopping centre base rent and other property income	57,530	56,701
Amortisation of tenant allowances	(1,500)	(1,215)
	56,030	55,486

NOTE 4 FINANCING COSTS

Gross financing costs (excluding net fair value gain or loss on interest rate hedges that do not qualify for hedge accounting)	(10,992)	(13,164)
	(10,992)	(13,164)

NOTE 5 TRADE AND OTHER RECEIVABLES

Trade receivables	747	652
Other debtors	1,383	1,936
	2,130	2,588

NOTE 6 PREPAYMENTS AND DEFERRED COSTS

Current	292	302
Non current	814	609
	30 Jun 16	30 Jun 15
	cents	cents

NOTE 7 EARNINGS PER UNIT AND NET TANGIBLE ASSET BACKING PER UNIT**(i) Earnings per share**

Basic earnings per unit	70.55	79.49
Diluted earnings per unit	70.55	79.49

Basic and diluted earnings per unit are calculated by dividing the earnings of \$49,383,000 (2015: \$55,645,000) 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 (2015: 70,000,000).

	\$	\$
(ii) Net asset backing per unit		
Net asset backing per unit	7.93	7.61
	30 Jun 16	30 Jun 15
	\$'000	\$'000

NOTE 8 INVESTMENT PROPERTIES

Shopping centre investment	792,572	765,071
	792,572	765,071

Movement in investment properties

Balance at the beginning of the year	765,071	728,214
Additions including redevelopment costs	2,553	5,887
Net revaluation increment	24,948	30,970
Balance at the end of the year	792,572	765,071

The Trust's interest in Westfield Carindale has been independently valued as at 30 June 2016. The valuation of the Trust's 50% interest in Westfield Carindale is \$792.6 million (2015: \$765.1 million) with a capitalisation rate of 5.25% (2015: 5.50%). This valuation was conducted by Knight Frank Australia Pty Ltd in accordance with guidelines set by the International Valuation Standards Committee.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016

	30 Jun 16 \$'000	30 Jun 15 \$'000
NOTE 9 TRADE AND OTHER PAYABLES		
Current		
Trade creditors	1,168	1,502
Other creditors and accruals	7,891	8,463
Distribution payable	13,727	12,586
	22,786	22,551

NOTE 10 INTEREST BEARING LIABILITIES

Non current

Finance lease	69	69
Loans payable – secured ⁽ⁱ⁾	212,500	209,900
	212,569	209,969

(i) The Trust has a \$230 million floating interest rate 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 second half of calendar year 2020.

The maturity profile in respect of the above liabilities:

Due within one year	3	2
Due between one and five years	212,511	209,912
Due after five years	55	55
	212,569	209,969

NOTE 11 DERIVATIVE LIABILITIES

Current – Payables on interest rate derivatives	531	38
Non current – Payables on interest rate derivatives	7,200	6,182

The Trust presents the fair value of its derivative assets and derivative liabilities on a gross basis. However, certain derivative assets and liabilities are subject to legally enforceable master netting arrangements within the secured financing facilities. As at 30 June 2016, these netting arrangements have had no impact on the derivative liabilities disclosed above (30 June 2015: nil).

	30 Jun 16 Units	30 Jun 15 Units
--	--------------------	--------------------

NOTE 12 TRUST UNITS

Number of fully paid up units on issue

Balance at the beginning and end of the period	70,000,000	70,000,000
--	------------	------------

	30 Jun 16 \$'000	30 Jun 15 \$'000
--	---------------------	---------------------

NOTE 13 RETAINED PROFITS

Balance at the beginning of the year	344,909	313,746
Net profit attributable to members of the Trust	49,383	55,645
Distribution paid/payable to members of the Trust	(27,447)	(24,479)
Other reserves	–	(3)
Balance at the end of the year	366,845	344,909

	30 Jun 16 \$'000	30 Jun 15 \$'000
NOTE 14 CASH AND CASH EQUIVALENTS		
(i) Components of cash and cash equivalents		
Cash	2,107	3,063
Total cash and cash equivalents	2,107	3,063
(ii) Reconciliation of cash flows from operating activities to net profit attributable to members of the Trust		
Net cash flows from operating activities	26,626	25,786
Property revaluation	24,948	30,970
Net fair value gain/(loss) on interest rate derivatives	(1,512)	1,408
Decrease in other net assets attributable to operating activities	(679)	(2,519)
Net profit attributable to members of the Trust	49,383	55,645
(iii) Financing facilities		
Committed financing facilities available to the Trust:		
Total financing facilities	230,000	230,000
Amounts utilised	(212,500)	(209,900)
Available financing facilities	17,500	20,100
Cash	2,107	3,063
Total available financing facilities and available cash	19,607	23,163
The maturity profile in respect of the above financing facilities:		
Due within one year	-	-
Due between one and five years	230,000	230,000
Due after five years	-	-
NOTE 15 DISTRIBUTIONS PAID AND PAYABLE TO MEMBERS		
(a) Current/prior period distribution payable/paid to members		
Distribution payable to members		
- Ordinary units: 19.61 cents per unit, 47% estimated tax deferred	13,727	-
Distribution paid to members		
- Ordinary units: 17.98 cents per unit, 47% tax deferred	-	12,586
	13,727	12,586
(b) Distribution paid to members		
Distribution in respect of the 6 months to 31 December 2015		
- Ordinary units: 19.60 cents per unit, 47% estimated tax deferred	13,720	-
Distribution in respect of the 6 months to 31 December 2014		
- Ordinary units: 16.99 cents per unit, 47% tax deferred	-	11,893
	13,720	11,893

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 16 SEGMENT INFORMATION

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

NOTE 17 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;
- adequate financing facilities for unforeseen contingencies are maintained; and
- distributions to members are made within the stated distribution policy.

NOTE 18 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 policy. The policy has been established to manage key financial risks such as interest rate, counterparty credit and liquidity.

The Trust's treasury risk management policies establish 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. Through Scentre Group's training and procedures, a disciplined and constructive control environment in which relevant treasury and finance personnel understand their roles and obligations in respect of the Trust's treasury management objectives has been established.

The Trust has an established Board approved risk management framework including policies, procedures, limits, and permitted types of derivative financial instruments. The Board reviews and oversees the Trust's compliance with these policies, procedures and limits. The Board is assisted in the oversight role by the Treasury Finance Committee, an internal executive committee, as well as the internal audit function.

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 Responsible Entity enters into interest rate swaps to manage the interest rate risk arising from the Trust's operations. The Responsible Entity seeks to deal only with creditworthy counterparties and these assessments are regularly reviewed. Liquidity risk is monitored through the use of future rolling cash flow forecasts.

NOTE 19 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 approved by the Board. These activities are evaluated regularly to ensure that the Trust is not exposed to interest rate movements that could adversely impact its ability to meet its financial obligations and to ensure compliance with borrowing covenants.

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

The Trust has interest rate risk on borrowings which are typically floating rate debt. The exposures at reporting date together with the interest rate risk management transactions are as follows:

Interest payable	Note	30 Jun 16 \$'000	30 Jun 15 \$'000
Principal amounts of all interest bearing liabilities:			
Non current – Loans payable – secured	10	212,500	209,900
		212,500	209,900
Principal amounts of fixed interest rate instruments:			
Fixed rate derivatives			
– AS	19(ii)	169,000	149,000
		169,000	149,000

At 30 June 2016, the Trust has hedged 80% (2015: 71%) of its interest payable exposure by way of interest rate swaps of varying durations with floating exposure of \$43,500,000 payable (2015: \$60,900,000) at an average rate of 3.00%, including margin (2015: 3.54%). Changes to the fair value of the derivatives due to interest rate movements are set out in Note 19(ii).

Interest rate sensitivity		30 Jun 16 \$'000	30 Jun 15 \$'000
The sensitivity of interest expense to changes in floating interest rates is as follows:	Interest rate movement	(Increase)/decrease in interest expense	
	-2.0%	870	1,218
	-1.0%	435	609
	-0.5%	218	305
	0.5%	(218)	(305)
	1.0%	(435)	(609)
	2.0%	(870)	(1,218)

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 19 INTEREST RATE RISK MANAGEMENT (CONTINUED)

(ii) Summary of fixed interest rate positions at balance date

Notional principal amounts and contracted rates of the Trust's interest rate swaps:

Swaps contracted as at the reporting date and outstanding at	30 Jun 16 Notional principal amount \$'000	30 Jun 16 Average rate	30 Jun 15 Notional principal amount \$'000	30 Jun 15 Average rate
A\$ payable				
30 June 2015	–	–	A\$(149,000)	4.65%
30 June 2016	A\$(169,000)	4.08%	A\$(149,000)	4.28%
30 June 2017	A\$(157,000)	3.59%	A\$(117,000)	3.91%
30 June 2018	A\$(130,000)	2.74%	A\$(90,000)	2.78%
30 June 2019	A\$(110,000)	2.74%	A\$(70,000)	2.80%
30 June 2020	A\$(80,000)	2.69%	A\$(40,000)	2.73%
30 June 2021	A\$(40,000)	2.65%	–	–
30 June 2022	A\$(20,000)	2.63%	–	–

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. At 30 June 2016, the aggregate fair value is a payable of \$7,731,625 (2015: \$6,219,511). The change in fair value for the year ended 30 June 2016 was \$1,512,114 (2015: \$1,408,503).

Fair value sensitivity		30 Jun 16 \$'000	30 Jun 15 \$'000
The sensitivity of fair value of interest rate swaps to changes in interest rates is as follows:	Interest rate movement	(Increase)/decrease in interest expense	
	-2.0%	(10,192)	(9,305)
	-1.0%	(5,080)	(4,628)
	-0.5%	(2,533)	(2,308)
	0.5%	2,546	2,304
	1.0%	5,080	4,600
	2.0%	10,163	9,158

NOTE 20 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

	Fair value Hierarchy	Fair value		Carrying amount	
		30 Jun 16 \$'000	30 Jun 15 \$'000	30 Jun 16 \$'000	30 Jun 15 \$'000
Assets					
Cash		2,107	3,063	2,107	3,063
Trade and other receivables ⁽ⁱ⁾		2,130	2,588	2,130	2,588
Liabilities					
Trade and other payables ⁽ⁱ⁾		22,786	22,554	22,786	22,554
Interest bearing liabilities ⁽ⁱⁱ⁾					
– Finance lease	Level 2	69	69	69	69
– Floating rate debt	Level 2	212,500	209,900	212,500	209,900
Derivative liabilities ⁽ⁱⁱ⁾	Level 2	7,731	6,220	7,731	6,220

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

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

Determination of fair value

The Responsible Entity 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.

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

All other financial assets and liabilities have a fair value which approximates carrying amount.

Investment properties are considered Level 3, refer to Note 8: Investment properties for relevant fair value disclosures.

NOTE 21 CREDIT AND LIQUIDITY RISK MANAGEMENT

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Trust. Credit limits have been established to ensure that the Responsible Entity's 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.

At 30 June 2016, the aggregate credit risk in respect of cash and cash equivalents is \$2,106,680 (2015: \$3,063,262).

At 30 June 2016, the aggregate credit risk in respect of derivative financial instruments is nil (2015: nil).

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.

Interest bearing liabilities, funding facilities and their maturity profiles are set out in Notes 10 and 14(iii).

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 22 FINANCIAL COVENANTS

The Trust is required to comply with certain financial covenants in respect of its borrowings facilities. 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 1.3 times
- b) Loan to Value Ratio (LVR) (debt to latest property value);
 - not exceed 50%

At and during the years ended 30 June 2016 and 30 June 2015, the Trust was in compliance with all the above financial covenants.

	30 Jun 16	30 Jun 15
	\$'000	\$'000

NOTE 23 INTEREST BEARING LIABILITIES, INTEREST AND DERIVATIVE CASH FLOW MATURITY PROFILE

Interest bearing liabilities and interest

Maturity profile of the principal amounts of current and non current interest bearing liabilities (refer to Note 10) together with the aggregate future estimated nominal interest thereon is set out below:

Due within one year	5,924	7,267
Due between one and five years	231,314	229,026
Due after five years	55	55
	237,293	236,348

Derivatives

Maturity profile of the estimated future nominal cashflows in respect of interest rate swaps is set out below:

Due within one year	3,445	3,452
Due between one and five years	4,450	2,938
Due after five years	110	–
	8,005	6,390

NOTE 24 LEASE RECEIVABLES

Operating lease receivables

The property owned by the Trust is leased to third party retailers under operating leases at 30 June 2016.

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	39,602	41,677
Due between one and five years	77,651	93,325
Due greater than five years	48,960	45,314
	166,213	180,316

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.

NOTE 25 AUDITOR'S REMUNERATION

Amount paid or due and payable to the auditors of the Trust:

Auditing the financial report of the Trust and compliance plan audit	85	90
Accounting and other services	3	3
	88	93

NOTE 26 RELATED PARTY TRANSACTIONS

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 \$15,958,300 for the year to 30 June 2016 (2015: \$15,432,700), 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 2016 was \$4,773,341 (2015: \$4,589,955) representing 0.6% (2015: 0.6%) of the total tangible assets of the Trust as of 30 June 2016.

During the year, amounts paid or payable (excluding GST) to associates of the Responsible Entity for capital costs amounted to \$2,030,153 (2015: \$4,991,894). As at 30 June 2016, remaining capital costs of \$nil (2015: \$67,729) were payable to associates of the Responsible Entity.

Real estate management fees expensed for the year ended 30 June 2016 due to associates of the Responsible Entity are based on normal commercial terms and were \$2,848,230 (2015: \$2,818,337). As at 30 June 2016, real estate management fees of \$227,753 (2015: \$228,135) were payable to associates of the Responsible Entity.

Reimbursement of expenses for the year ended 30 June 2016 paid and payable to associates of the Responsible Entity are based on normal commercial terms and were \$2,070,464 (2015: \$2,145,836).

As at 30 June 2016, Scentre Management Limited, as Responsible Entity of Scentre Group Trust 1, held 35,465,568 units in the Trust (2015: 35.0 million units).

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.

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

Mr Frank Lowy AC and Mr Richard Egerton-Warburton AO LVO retired from the Scentre Group Board at the conclusion of Scentre Group Limited's Annual General Meeting on 5 May 2016. Mr Brian Schwartz succeeded Mr Lowy as Chairman. 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 retire 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.

Mark Bloom – Chief Financial Officer, Scentre Group

Greg Miles – Chief Operating Officer, Scentre Group (from November 2015)

Compensation of Key Management Personnel

The Directors of the Responsible Entity receive remuneration in their capacity as Directors of the Responsible Entity. These amounts 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 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* 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.

NOTE 27 SUBSEQUENT EVENTS

There are no subsequent events to report.

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 sections 296 and 297, the International Financial Reporting Standards issued by the International Accounting Standards Board; and
- (c) they have been provided with the declarations required by section 295A of the Corporations Act 2001 (Cwlth).

Made on 23 August 2016 in accordance with a resolution of the Board of Directors.



Brian Schwartz AM
Chairman



Michael Ihlein
Director

Independent Audit Report

TO MEMBERS OF CARINDALE PROPERTY TRUST



Report on the financial report

We have audited the accompanying financial report of Carindale Property Trust (the Trust), which comprises the balance sheet as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and the cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the trust and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility 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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial report that gives a true and fair view 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the responsible entity a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

- a. the financial report of Carindale Property 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 2016 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in the notes.

Ernst & Young

Graham Ezzy

Partner

Sydney
23 August 2016

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

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 2016 (Financial Year).

1. Review of Operations and Results of Operations

1.1 Operating environment

Westfield Carindale is the premier retail destination in Brisbane's south and Queensland's best performing shopping centre with stable sales over the past 12 months.

The centre benefits from a large and affluent trade area. It is one of Australia's top 10 shopping centres based on retail sales featuring 2 department stores, 2 discount department stores, 3 supermarkets, an 8-screen cinema complex and more than 400 specialty retailers. As at 30 June 2016, the centre was in excess of 99.5% leased with retail sales of \$908.9 million.

During the Financial Year a number of detailed plans were developed which are ready for implementation in the current financial year, reflecting the centre's maturity in a development cycle that was completed four years ago.

As at 30 June 2016, the centre was independently valued at \$1,585.2 million (the Trust's share \$792.6 million), representing a revaluation gain of \$24.9 million since 30 June 2015.

1.2 Financial results

The Trust's net property income for the Financial Year was \$41.9 million, representing a 1.7% increase on the previous year.

Funds from operations (FFO) for the Financial Year (which excludes unrealised fair value adjustments of \$21.9 million) was \$27.4 million compared to \$24.5 million in the previous financial year, representing a 12.1% increase.

The Trust's net profit for the Financial Year was \$49.4 million.

As at 30 June 2016, total assets of the Trust increased 3.4% to \$797.9 million and total unit holder funds attributable to members were \$554.8 million.

The net tangible asset backing as at 30 June 2016 was \$7.93 per unit, representing a 4.1% increase on last year primarily as a result of the property revaluation.

The Trust has a secured loan facility. As at 30 June 2016, borrowings were \$212.5 million with a gearing of 26.8% of the latest property value.

The total amount to be distributed to members for the Financial Year is \$27.4 million, representing a full year distribution of 39.21 cents per unit. Details of interim distributions are set out in section 3 of this report.

Profit after tax, FFO and distribution for the year	30 Jun 16 \$'000	30 Jun 15 \$'000
Net property income	41,945	41,240
Manager's service charge	(4,773)	(4,590)
Overheads	(286)	(310)
Net fair value gain/(loss) on interest rate derivatives	(1,512)	1,408
Net financing costs	(10,939)	(13,073)
Property revaluation	24,948	30,970
Profit attributable to members of the Trust	49,383	55,645
Adjustments:		
– Property revaluation	(24,948)	(30,970)
– Tenant allowances amortised	1,500	1,215
– Net fair value gain/(loss) on interest rate derivatives	1,512	(1,408)
FFO	27,447	24,482
Amount transferred to other reserves	–	(3)
Distributable Amount	27,447	24,479
FFO per unit	39.21	34.97
Distributable Amount per unit	39.21	34.97

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, which is located in the suburb of Carindale, east of Brisbane.

There were no significant changes to the nature of the principal activity of the Trust or the state of affairs of the Trust during the Financial Year.

1.4 Strategy and outlook

Statements as to future prospects must be assessed in light of the Trust's principal activity, which is the ownership interest in a single shopping centre asset, Westfield Carindale in Brisbane. The Directors are pleased with the performance of Westfield Carindale, as shown by the 12.1% increase in FFO. The forecast FFO and distribution for the year ending 30 June 2017 are expected to increase by approximately 2.5% to 3.0% to 40.2 to 40.4 cents per security.

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.

1.6 Subsequent events

No matter or circumstance has arisen since the end of the Financial Year that has significantly affected, or may significantly affect, the Trust's operations, the results of those operations, or the Trust's state of affairs, in future financial years.

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 2015 Sustainability Report can be found on www.scentre.com.

3. Distributions

The total amount to be distributed to members for the Financial Year is \$27.4 million representing a full year distribution of 39.21 cents per unit, which includes the distribution paid on 29 February 2016 and the distribution to be paid on 31 August 2016.

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

	\$'000
17.98 cents per unit for the 6 months ended 30 June 2015, paid 31 August 2015	\$12,586
19.60 cents per unit for the 6 months ended 31 December 2015, paid 29 February 2016	\$13,720

The following distribution was recommended or declared for payment to members, but not paid, during the Financial Year:

	\$'000
19.61 cents per unit for the 6 months ended 30 June 2016, payable on 31 August 2016	\$13,727

4. Directors and Secretaries

4.1 Board Membership and qualifications

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

Name	Position Held	Independent (Y/N)	Date appointed to Responsible Entity*
Brian Schwartz	Chairman / Non-Executive Director	Y	6 May 2009
Peter Allen	Chief Executive Officer / Executive Director	N	25 May 2011
Andrew Harnos	Non-Executive Director	Y	30 June 2014
Michael Ihlein	Non-Executive Director	Y	30 June 2014
Carolyn Kay	Non-Executive Director	Y	24 February 2016
Aliza Knox	Non-Executive Director	Y	7 May 2015
Steven Lowy	Non-Executive Director	N	28 June 1989
Margaret Seale	Non-Executive Director	Y	24 February 2016

* Scentre Management Limited became the Responsible Entity of the Trust in 2000.

During the Financial Year, Mr Frank Lowy AC and Mr Richard Egerton-Warburton AO LVO retired from the Board of the Responsible Entity at the conclusion of Scentre Group Limited's Annual General Meeting on 5 May 2016. Mr Brian Schwartz succeeded Mr Lowy as Chairman.

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.

Mr Brian M Schwartz, AM

Independent Chairman

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

He is a fellow of the Australian Institute of Company Directors and the Institute of Chartered Accountants. Brian was previously Chairman of Insurance Australia Group Limited and Deputy Chairman of Football Federation Australia Limited.

Mr Peter K Allen

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. Prior to joining Westfield, Peter worked for Citibank in Melbourne, New York and London. Peter is Chairman of the Shopping Centre Council of Australia and a Director of the Victor Chang Cardiac Research Institute.

Mr Andrew W Harnos

Independent Director

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

Mr Michael F Ihlein

Independent Director

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

Ms Carolyn Kay

Independent 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 member of The Future Fund Board of Guardians, a non-executive director of Brambles and John Swire & Sons and an External Board Member of Allens Linklaters. In the not for profit sector, Carolyn is also a non-executive director of Chief Executive Women and The General Sir John Monash Foundation. As an executive Carolyn worked as a banker and lawyer at Morgan Stanley, JP Morgan and Linklaters & Paines in London, New York and Australia. She was formerly a non-executive director of a number of organizations including Commonwealth Bank of Australia and Infrastructure NSW. Carolyn holds Bachelor Degrees in Law and Arts (University of Melbourne), a Graduate Diploma in Management (AGSM) and is a Fellow of the Australian Institute of Company Directors. She was awarded a Centenary Medal for services to Australian society in business leadership.

Ms Aliza Knox

Independent Director

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

Mr Steven M Lowy AM

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

Ms Margaret Seale

Independent Director

Margaret 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. Margaret 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, Margaret was Managing Director of Random House Australia and New Zealand and President, Asia Development for Random House globally. She is currently a non-executive director of Telstra Corporation Limited, Bank of Queensland Limited and Ramsay Health Care Limited. Margaret is also non-executive Chair of Penguin Random House Australia Pty Ltd. She has previously served on the boards of the Australian Publishers' Association, Chief Executive Women (chairing its Scholarship Committee), the Powerhouse Museum and the Sydney Writers' Festival.

4.2 Secretaries

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

Ms Maureen McGrath

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

Mr Paul Giugni

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

5. Directors' Relevant Interests

None of the Directors hold 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.

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 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

\$7,621,571 in fees and \$2,030,153 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.

Scentre Management Limited as responsible entity of Scentre Group Trust 1 held 35,465,568 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 and the basis for valuation are set out in Note 8 to the financial statements.

Details of the number of interests in the Trust as at the end of the Financial Year are set out in Note 12 to the financial statements.

Directors' Report (continued)

9. Audit

9.1 Audit and Risk Committee

At the date of this report, the Responsible Entity had an Audit and Risk Committee.

9.2 Audit Fees

The amounts paid to the auditors are set out in Note 25 to the financial statements. No non-audit services were undertaken by the auditor during the Financial Year.

9.3 Auditor's Independence Declaration



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 Carindale Property Trust for the year ended 30 June 2016, I declare to the best of my knowledge and belief, there have been:

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

Ernst & Young

Graham Ezzy
Partner

Sydney, 23 August 2016

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

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 an on behalf of the Directors.

Brian Schwartz AM
Chairman

23 August 2016

Michael Ihlein
Director

Corporate Governance Statement

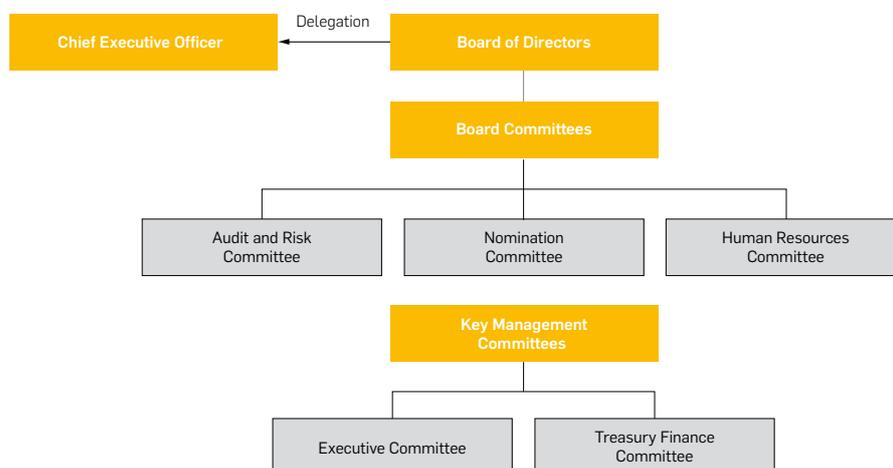
The Responsible Entity, through its Board and the executives of its parent company, Scentre Group Limited, is committed to ensuring that its policies and practices reflect a high level of corporate governance.

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).

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 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 8.1 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/>.



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 represents members of the Trust, and 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 retire 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.

Corporate Governance Statement (continued)

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

Name	Position Held	Independent (Y/N)	Date appointed to Responsible Entity*
Brian Schwartz	Chairman / Non-Executive Director	Y	6 May 2009
Peter Allen	Chief Executive Officer / Executive Director	N	25 May 2011
Andrew Harmos	Non-Executive Director	Y	30 June 2014
Michael Ihlein	Non-Executive Director	Y	30 June 2014
Carolyn Kay	Non-Executive Director	Y	24 February 2016
Aliza Knox	Non-Executive Director	Y	7 May 2015
Steven Lowy	Non-Executive Director	N	28 June 1989
Margaret Seale	Non-Executive Director	Y	24 February 2016

* Scentre Management Limited became the Responsible Entity of the Trust in 2000.

The Board met 6 times during the Financial Year, with the full Board in attendance at all meetings. Details of the qualifications, experience and responsibilities of the Directors are set out in the Directors' Report.

During the Financial Year, Mr Frank Lowy AC and Mr Richard Egerton-Warburton AO LVO retired from the Scentre Group Board at the conclusion of the Group's AGM on 5 May 2016. As part of the ongoing renewal of the Board, Ms Carolyn Kay and Ms Margaret Seale (who were appointed as additional directors by the Board in February 2016) were appointed to the Scentre Group Board at that AGM. As a consequence, Mr Lowy and Mr Warburton also retired from, and Ms Kay and Ms Seale were appointed to, the Board of the Responsible Entity.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

1.1 Responsibilities of Board and management

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 to the Board and the delegation of authority to the Chief Executive Officer (CEO) and other executive key management personnel (executive KMP), including the limits on the execution of that authority by those officers.

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

Key responsibilities of the Board are to:

- oversee the effective management and control of Scentre Group (including the Trust) including the composition, performance and remuneration of the senior executive team;
- set and review the strategic direction of Scentre Group, including the Trust;
- approve and monitor key budgets, business plans, financial statements, financial policies and reporting;
- establish, promote and maintain proper processes and controls to maintain the integrity of financial accounting, financial records and reporting;
- develop and implement key corporate policies, procedures and controls as necessary to ensure appropriate standards of accountability, risk management and corporate governance and responsibility;

- oversee the adequacy of managerial resources to ensure there is adequate depth of resources and appropriate succession planning;
- monitor the performance of senior executives and the implementation of strategy;
- approve proposals for major new investments, capital expenditure and capital management initiatives as proposed by management;
- ensure that members of the Trust receive high quality, relevant and accurate information in a timely manner and that investors generally are able to trade in the Trust's units in a market which is efficient, competitive and informed;
- determine and adopt distribution policies for the Trust; and
- oversee compliance by Scentre Group with its legal and regulatory obligations.

The Board Charter is available in the corporate governance section of the Trust's website.

Board Committees

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

As the composition of the Board of each of Scentre Group Limited, Scentre Management Limited, RE1 Limited and RE2 Limited are identical each Committee operates, for all purposes, as one "Scentre Group" Committee. However, as an externally managed entity, the Trust is not required to have a Nomination Committee or a Committee that addresses remuneration matters such as the Group's Human Resources Committee.

The roles and responsibilities of the Committees are explained later in this report. The Board receives copies of the minutes of all Committee meetings. This ensures that all Directors have oversight and the opportunity for full discussion of the issues being considered by the Committees. Directors have a standing invitation to attend meetings of the Audit and Risk Committee and the Human Resources Committee.

The Chair of each Committee (or a person nominated by the Chair of the Committee for that purpose) reports to the Board at the Board's next meeting on any matters relevant to the Committee's duties and responsibilities.

Delegation to Management

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

The Board has delegated to management the responsibility for:

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

The CEO reports regularly to the Board on progress being made by the Group in all aspects of the Group's business, including the Trust.

1.2 New appointments

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

1.3 Written agreements with Directors

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

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

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

1.4 Role of the Company Secretary

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

1.5 Diversity

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 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 corporate governance statement in its 2015 Annual Report which can be accessed at www.scentregroup.com.

1.6 Board Self-Assessment and Performance

The Scentre Group Board considers ongoing self-assessment on various aspects of the Board's performance including skill sets as an important tool in reviewing the performance of the Board and the Directors.

Board surveys are conducted, at least annually, to establish the views of all Directors on issues including Board performance and composition.

A Board survey was conducted during the Financial Year. Matters considered in the Board survey included an assessment of the performance of the Board and its Committees, the composition and skills sets of the Board and the Board's relationship with management. The results of the survey were presented to the Board for discussion.

1.7 Process for Evaluating the Performance of Senior Executives, including Executive Directors

Scentre Group has an established process of objective setting and performance review of all employees, which is conducted annually. Senior executives, with a discretionary or at risk element to their total remuneration package, 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. The objectives vary according to the role of the executive and typically relate to development, construction, retail management or corporate or strategic targets. Non-financial objectives include matters such as health and safety, risk management, compliance, people and culture, sustainability and a range of other matters relevant to the success of the Group.

In the case of the senior executive team (including the CEO) an assessment of their performance is undertaken by Scentre Group's Human Resources Committee and the Board. Details of Scentre Group's remuneration policies and practices are set out in the Remuneration Report which forms part of the Directors' Report in the 2015 Scentre Group Annual 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, having regard to the ongoing and evolving needs of Scentre Group. It is the policy of the Board that its membership should reflect a wide range of general commercial skills, expertise and experience.

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

Under the Board Charter, the appointment of a new member to the Board is only made after consultation between the Nomination Committee and the Board.

Corporate Governance Statement (continued)

Nomination Committee

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

Membership of the Nomination Committee during the Financial Year was as following:

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

The Nomination Committee met 7 times during the Financial Year, with the full Committee in attendance at all meetings.

The responsibilities of the Nomination Committee include:

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

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

The Board, on the recommendation of the Nomination Committee, determines if it will endorse a retiring Director for re-election. The notice of meeting for Scentre Group Limited's AGM will provide information that is material to the decision of Scentre Group securityholders as to whether or not to support the re-election of a Director. It will also state whether or not a re-election is supported by the Board.

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

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

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

In relation to non-executive Directors, the Nomination Committee retains the services of external recruitment specialists to help identify potential candidates for appointment to the Board. The external firm operates independently of the Group and does not have any other connection with the Group.

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 members for election.

New Board members are provided with the opportunity to experience first-hand the business and operations of the Group (including the Trust) and to meet and discuss all aspects of the Group's operations with key members of the senior executive team. As part of the induction program, management presents to new Directors on areas such as operations, finance, and treasury and risk management to assist the new Director as required. This typically includes briefings with members of the senior executive team to provide the new Director with a deeper understanding of the main issues and strategic direction of each key business unit within the Group.

The Committee's Charter is available in the corporate governance section of the Trust's website.

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

2.3 Directors' Independence

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

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

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

- independent of management;
- free of any business or other relationship that could materially interfere or be perceived to materially interfere with their unfettered and independent judgement; and
- capable of making decisions without bias and which are in the best interests of securityholders.

As noted in the Corporate Governance Principles and Recommendations, the determination of independence as it relates to the Trust as an externally managed entity, is made in relation to the Responsible Entity in its corporate capacity rather than the Trust.

A non-executive Director is considered to be an independent director if that Director:

- is not a substantial securityholder of Scentre Group or an officer of, or otherwise associated directly with, a substantial securityholder of Scentre Group;
- is not and has not within the last 3 years been employed in an executive capacity by any member of Scentre Group;
- is not and has not within the last 3 years 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 not and has not within the last 3 years been a principal, senior employee or associate of a material professional adviser to any member of the Group;
- is not and has not been within the last 3 years been a principal, senior employee or associate of a material supplier to, or material customer of, any member of the Group;
- does not have a material contractual relationship with any member of the Group other than as a Director of the Board; and
- does not have 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.

The Board may also assess a Director's independence in light of any close family ties with any person who falls within the categories above or the length of service of that Director as a director of the Group.

2.4 Independent Directors

The Board currently comprises 8 members. Of these, applying the above criteria, 6 are independent non-executive Directors with Mr Steven Lowy being the only non-independent non-executive director. Mr Steven Lowy is classified as non-independent as he was employed in an executive capacity within the last 3 years by Scentre Limited (formerly Westfield Limited) prior to the merger which created Scentre Group.

2.5 Chairperson and Independence

The Responsible Entity notes that ASX Corporate Governance Council's Recommendation 2.5 that listed entities should have an independent director as Chairman does not apply to externally managed entities.

However, upon the retirement of Mr Frank Lowy from the Scentre Group Board on 5 May 2016 and the appointment of Mr Brian Schwartz as Chairman, the Responsible Entity has an independent chair.

2.6 Induction and ongoing education

Upon appointment, a new Director undertakes an induction program designed to their needs to help familiarise them with issues relating to the current business before the Board.

On an ongoing basis, Directors are provided with regular updates on legal and corporate developments, including updates on the responsibilities of boards and directors generally, changes to the Corporations Act, corporate governance principles, tax and accounting developments and other matters of interest. In addition, management conducts regular briefing sessions to the Board and Board Committees on operational, financial, treasury, legal and tax issues. The Board also undertakes site visits of major developments. Scentre Group recognises that developing industry and corporate knowledge is an ongoing process.

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

3.1 Codes of Conduct

Directors' Code of Conduct

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

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

Scentre Group Values

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

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

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

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

Employee Handbook

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

Compliance Manuals

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

Whistleblower Policy

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

PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

4.1 Audit and Risk Committee

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

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

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

Corporate Governance Statement (continued)

The Committee met 5 times during the Financial Year. There was full attendance by Committee members at the meetings. All members of the Committee are independent non-executive Directors, financially literate with significant relevant financial and/or accounting experience and significant understanding of the Group's business, including the Trust. Members of the Committee have a sound understanding of the Group's structure, internal controls and typical transactions which enabled them to assess the risks faced by the Group.

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

- (a) monitoring and reviewing:
 - the accuracy, integrity and reliability of financial reports and statements of listed entities of the Group (including the Trust);
 - the effectiveness of the Group's internal control environment including the systems of internal controls, risk management and legal compliance;
 - the objectivity and effectiveness of the internal audit function; and
 - the independence, objectivity and effectiveness of the external audit function;
- (b) overseeing the processes for:
 - identifying and managing significant risks faced by the Group;
 - the Group's compliance with applicable laws and regulations; and
 - implementing appropriate and adequate control, monitoring and reporting systems; and
- (c) making recommendations to the Board in relation to the appointment of the external auditors and approving the remuneration and terms of their engagement.

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

Assessment of material economic, environmental and social sustainability risks forms part of the Group's Enterprise Risk Management Framework. Details of this assessment are included in the Group's Sustainability Report which is published on Scentre Group's website. As the Trust's investment is a 50% interest in Westfield Carindale, the Trust is exposed to the risks inherent in the ownership of a single asset.

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

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

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

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

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

Non-Audit Services Protocol

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

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

The Committee's Charter is available in the corporate governance section of the Trust's website.

Executive Committee

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

This Committee is responsible for:

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

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

4.2 CEO and CFO declarations

The CEO and CFO are required to confirm in writing to the Board, at the time the financial statements of the 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 financial risk management and internal compliance and control systems are operating efficiently and effectively in all material respects in relation to financial reporting risks.

4.3 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 Continuous Disclosure and Communications Policy is available in the corporate governance section of the Trust's website.

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

Members are encouraged to contact the Trust via the Investor Relations Team on +61 2 9358 7877 or investor@scentregroup.com.

6.3 Meetings of members

The Responsible Entity notes that Recommendation 6.3 does not apply to the Trust as a registered managed investment scheme.

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

8.1 Human Resources Committee

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 employees. Reference should be made to the Scentre Group remuneration report in the Group's 2015 annual financial report for details of the remuneration policies of Scentre Group, including in relation to Directors. The report is available at www.scentregroup.com.

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

Non-executive Directors receive their fees in cash. They do not participate in equity-based incentive schemes designed for the remuneration of executives, nor did they receive any options or other equity based entitlements or bonus payments. Non-executive Directors are not entitled to any payment upon retirement or resignation from the Board.

The Human Resources Committee is a committee of Scentre Group Limited, the parent company of the Responsible Entity.

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

Membership of the Committee during the Financial Year was as follows:

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

The Committee met 6 times during the Financial Year. The full Committee was in attendance at all meetings.

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

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

The responsibilities of the Committee include:

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

The Committee's Charter and the Hedging of Executive Awards and Performance Rights Policy are available in the corporate governance section of the Trust's website.

This statement which is current as at 23 August 2016 has been approved by the Board of Scentre Group Management Limited as responsible entity of Carindale Property Trust.

Investor Relations

Carindale Property Trust Distribution Details

The final distribution of 19.61 cents per unit will be paid to members on 31 August 2016. An interim distribution of 19.60 cents per unit was paid on 29 February 2016. The full year distribution of 39.21 cents is approximately 47% tax deferred.

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, news and announcements, 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 132 211, 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 132 211 (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 and Tax Guide is dispatched to members every year in late August.

Share Registry

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

Computershare Investor Services Pty Limited
GPO Box 523
Brisbane QLD 4001

Telephone: 1300 132 211

International: +61 3 9415 4070

Facsimile: +61 3 9473 2500

E-mail: web.queries@computershare.com.au

Website: www.computershare.com

All other queries can be directed to Investor Relations.

Investor Information
Carindale Property Trust
Level 30
85 Castlereagh Street
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

Carindale Property Trust – Calendar 2016/2017

Date	Event
29 December 2016	Units trade ex-distribution
30 December 2016	Record date for Carindale Property Trust, 6 months to 31 December 2016
February 2017	Half-year results released, 6 months to 31 December 2016
28 February 2017	Payment date for Carindale Property Trust distribution, 6 months to 31 December 2016
29 June 2017	Units trade ex-distribution
30 June 2017	Record date for Carindale Property Trust, 6 months to 30 June 2017
August 2017	Full year results and Annual Report released
31 August 2017	Payment date for Carindale Property Trust distribution, 6 months to 30 June 2017. Annual Tax Statement issued.

Members' Information

FOR THE YEAR ENDED 30 JUNE 2016

Twenty largest ordinary members as at 11 August 2016

	Number of Ordinary Units	% of Issued Ordinary Units
Scentre Management Limited	35,465,568	50.67
National Nominees Limited	9,426,798	13.47
J P Morgan Nominees Australia Limited	4,368,521	6.24
HSBC Custody Nominees (Australia) Limited	3,727,433	5.32
BNP Paribas Noms Pty Ltd <DRP>	781,194	1.12
Sonice Pty Limited <THE SPRINGFIELD A/C>	685,404	0.98
AMP Life Limited	635,339	0.91
RBC Investor Services Australia Nominees Pty Limited <PISELECT>	564,077	0.81
Citicorp Nominees Pty Limited	405,359	0.58
Citicorp Nominees Pty Limited <COLONIAL FIRST STATE INV A/C>	361,325	0.52
RBC Investor Services Australia Nominees Pty Limited <BKCUST A/C>	267,556	0.38
Mr Gordon Joseph Payne	259,000	0.37
Mirrabooka Investments Limited	255,000	0.36
Maleela Holdings Pty Ltd	247,999	0.35
Invia Custodian Pty Limited <TORRYBURN SF-FIXED IN A/C>	224,188	0.32
Mr Ian Somers + Mrs Jan Somers <SOMERSET FIN SERVS S/F A/C>	191,705	0.27
Worldwide Finances Holding Pty Limited	179,890	0.26
John Lamble Superannuation Pty Ltd <JOHN LAMBLE SUPER FUND A/C>	169,105	0.24
Tucko International Pty Ltd <TUXEN FAMILY SUPER FUND A/C>	157,000	0.22
Barland Investments Pty Ltd	150,000	0.21
	58,522,461	83.60

Spread of Ordinary Members as at 11 August 2016

Holding	No. of Members	No. of units
1 – 1,000	414	177,304
1,001 – 5,000	839	2,399,851
5,001 – 10,000	309	2,520,018
10,001 – 100,000	252	5,815,665
100,001 and over	25	59,087,162
Total	1,839	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 11 August 2016, there were 91 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	No. of units
Scentre Group	35,465,568
The Myer Family Company Holdings Pty Ltd	3,500,568
Commonwealth Bank of Australia	2,330,461

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
Telephone +61 2 9358 7000
Facsimile +61 2 9358 7077

SECRETARIES

Maureen T McGrath
Paul F Giugni

AUDITORS

Ernst & Young
The Ernst & Young Centre
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
117 Victoria Street
West End QLD 4101
GPO Box 523
Brisbane QLD 4001
Telephone +61 3 9946 4471
Toll Free 1300 730 458 (Australia only)
Facsimile +61 3 9473 2500
E-mail web.queries@computershare.com.au
Website www.computershare.com

LISTINGS

ASX – CDP

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

SCENTRE GROUP

Owner and Operator of **Westfield** in Australia and New Zealand