

# SCENTRE GROUP

## ASX Announcement

24 August 2017

### SCENTRE GROUP REPORTS HALF YEAR RESULTS WITH FUNDS FROM OPERATIONS OF \$638 MILLION ON TRACK FOR FULL YEAR FFO GROWTH OF 4.25%

Scentre Group (ASX: SCG) today announced its results for the six months to 30 June 2017, with Funds From Operations (“FFO”) of \$638 million representing 12.01 cents per security, up 3.5% and distribution of 10.86 cents per security, up 2%. Excluding the impact of transactions, FFO growth would have been approximately 5%.

The Chief Executive Officer of Scentre Group, Peter Allen, said: “Scentre Group is very pleased with these first half results, which highlight strong operating performance and reflect the benefit of our strategic focus on delivering long-term sustainable growth through our ability to curate an exceptional product mix and deliver extraordinary retail, lifestyle and entertainment experiences for our customers.

“The Group is on track to deliver its forecast for full year growth in Funds From Operations of approximately 4.25%.”

For the six months to 30 June 2017, Profit for the Group was \$1.4 billion, including \$929 million of revaluation gains driven primarily through continued growth in operating income across the portfolio and the completion of the Westfield Chermerside redevelopment.

During the half, Scentre Group commenced \$900 million (SCG share: \$625 million) in developments with expected total returns in excess of 15%.

Scentre Group is the pre-eminent retail property group in Australia and New Zealand. The Group owns and operates interests in 39 Westfield shopping centres, including 16 of the top 25 performing centres in Australia with assets under management of \$47.4 billion. Scentre Group has a strong balance sheet with gearing of 33.9% at 30 June 2017.

#### Operational Performance

Comparable net operating income increased 2.6% for the six months, driven primarily by contractual rent increases. The forecast range of 2.75% - 3.0% growth for the full year is maintained.

Comparable specialty sales in the portfolio grew 2% for the twelve months and 1.5% for the six months to 30 June 2017, with average specialty sales increasing to \$11,250 per square metre. Strong sales growth was seen in the food retail, food dining, technology & appliances and retail services categories.

“The portfolio’s high specialty sales productivity ensures strong demand from retailers wanting to generate growth in sales and customer engagement,” Mr Allen said.

The portfolio remains more than 99.5% leased.

Owner and Operator of  in Australia and New Zealand

SCENTRE GROUP LIMITED ABN 66 001 671 496

SCENTRE MANAGEMENT LIMITED ABN 41 001 670 579 AFS Licence No: 230329 as responsible entity of Scentre Group Trust 1

ABN 55 191 750 378 ARSN 090 849 746

RE1 LIMITED ABN 80 145 743 862 AFS Licence No: 380202 as responsible entity of Scentre Group Trust 2 ABN 66 744 282 872 ARSN 146 934 536

RE2 LIMITED ABN 41 145 744 065 AFS Licence No: 380203 as responsible entity of Scentre Group Trust 3 ABN 11 517 229 138 ARSN 146 934 652

Level 30, 85 Castlereagh Street, Sydney NSW 2000 Australia · GPO Box 4004 Sydney NSW 2001 Australia · T +61 (02) 9358 7000 · [scentregroup.com](http://scentregroup.com)

# SCENTRE GROUP

## Growing the Business

During the half, the Group commenced \$900 million (SCG share: \$625 million) of developments including projects at Westfield Carousel in Perth, Westfield Plenty Valley in Melbourne and Westfield Coomera on Queensland's Gold Coast.

Mr Allen said, "Our announcement today of the \$470 million (SCG share: \$235 million) development at Westfield Coomera, our first greenfield development in more than 12 years, reflects our commitment to growing the business, improving the quality of our portfolio and meeting customer and retailer needs.

"The new 59,000 square metre regional centre will comprise Coles and Woolworths supermarkets, an Event Cinemas complex including Gold Class, Kmart and Target discount department stores, and 140 specialty stores including an alfresco leisure and dining precinct."

The Coomera site is located in one of the fastest growing areas in South East Queensland with a trade area that is forecast to grow by more than 3% per annum over the next 15 years. Westfield Coomera will anchor the Coomera Town Centre and is situated directly opposite the railway station and bus interchange, offering significant long-term development potential.

The Group successfully completed the \$355 million development at Westfield Chermside, setting a new benchmark in creating extraordinary retail and lifestyle destinations. The redevelopment includes a new fashion galleria over two levels establishing Chermside as the only Brisbane shopping centre with international mini-majors H&M, Zara, Uniqlo and Sephora under one roof, as well as an additional 60 fashion, health & beauty, homeware and services retailers.

Adjacent to the galleria is the new entertainment, dining and leisure precinct, introducing 25 new restaurants and cafes and an intimate laneway with a village atmosphere. The centre's expertly-curated product offering also includes state of the art gym and childcare facilities and Kingpin and iFly entertainment centres.

Mr Allen said, "We are particularly excited about the new incubation hub, which is a bespoke area of retail space designed specifically for local innovators and entrepreneurs to build their businesses within our premium retail environment. We believe that fostering new retail is a critical part of ensuring the long-term success of our industry."

The redevelopment is expected to add more than \$300 million in retail sales and is forecast to exceed expected returns, creating significant long-term value for shareholders.

Current developments are all progressing well, with Westfield Whitford City on track to open in September 2017.

Owner and Operator of  in Australia and New Zealand

SCENTRE GROUP LIMITED ABN 66 001 671 496

SCENTRE MANAGEMENT LIMITED ABN 41 001 670 579 AFS Licence No: 230329 as responsible entity of Scentre Group Trust 1

ABN 55 191 750 378 ARSN 090 849 746

RE1 LIMITED ABN 80 145 743 862 AFS Licence No: 380202 as responsible entity of Scentre Group Trust 2 ABN 66 744 282 872 ARSN 146 934 536

RE2 LIMITED ABN 41 145 744 065 AFS Licence No: 380203 as responsible entity of Scentre Group Trust 3 ABN 11 517 229 138 ARSN 146 934 652

Level 30, 85 Castlereagh Street, Sydney NSW 2000 Australia · GPO Box 4004 Sydney NSW 2001 Australia · T +61 (02) 9358 7000 · [scentregroup.com](http://scentregroup.com)

# SCENTRE GROUP

## Capital Management

During the six months to 30 June, the Group issued US\$500 million (A\$650 million) of bonds and refinanced and extended \$3.6 billion in committed bank loan facilities.

The Group today announced that it will extend its current practice to grow distributions at a lower rate than earnings growth until it reaches a payout ratio at 85% of FFO. The distribution is targeted to grow at 2% per annum until the target payout ratio of 85% is achieved. Once this target is achieved the distribution is expected to grow in line with FFO growth.

Mr Allen said, “The Group’s strategic focus on optimising the capital structure through the disciplined management of capital is essential to delivering long-term sustainable growth in shareholder returns.

“The new target payout ratio enables the Group to invest additional retained earnings into our business with a development pipeline in excess of \$3 billion with expected total returns of more than 15%. This change will over time increase the Group’s growth in Funds From Operations and reduce our future debt financing requirements.”

## Outlook

The Group reconfirms its forecast FFO growth for the 12 months ending 31 December 2017 of approximately 4.25% and forecast distribution growth of 2% to 21.73 cents per security.

## Contacts:

### Company Secretary

Maureen McGrath  
+61 2 9358 7439

### Investor Relations

Andrew Clarke  
+61 2 9358 7612

### Corporate Affairs / Media

Julia Clarke  
+61 2 9358 7426

**Scentre Group** (ASX Code: SCG) is the owner and operator of Westfield in Australia and New Zealand with interests in 39 centres, encompassing approximately 11,600 shops and total assets under management of \$47.4 billion.

The financial information included in this release is based on the Scentre Group’s IFRS financial statements. Non IFRS financial information has not been audited or reviewed.

This release contains forward-looking statements, including statements regarding future earnings and distributions that are based on information and assumptions available to us as of the date of this presentation. Actual results, performance or achievements could be significantly different from those expressed in, or implied by, these forward looking statements. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in this release. You should not place undue reliance on these forward-looking statements. Except as required by law or regulation (including the ASX Listing Rules) we undertake no obligation to update these forward-looking statements.

Owner and Operator of  in Australia and New Zealand

SCENTRE GROUP LIMITED ABN 66 001 671 496

SCENTRE MANAGEMENT LIMITED ABN 41 001 670 579 AFS Licence No: 230329 as responsible entity of Scentre Group Trust 1

ABN 55 191 750 378 ARSN 090 849 746

RE1 LIMITED ABN 80 145 743 862 AFS Licence No: 380202 as responsible entity of Scentre Group Trust 2 ABN 66 744 282 872 ARSN 146 934 536

RE2 LIMITED ABN 41 145 744 065 AFS Licence No: 380203 as responsible entity of Scentre Group Trust 3 ABN 11 517 229 138 ARSN 146 934 652

Level 30, 85 Castlereagh Street, Sydney NSW 2000 Australia · GPO Box 4004 Sydney NSW 2001 Australia · T +61 (02) 9358 7000 · [scentregroup.com](http://scentregroup.com)