

SCENTRE GROUP

MEDIA RELEASE

7 May 2015

SCENTRE GROUP REPORTS 1ST QUARTER UPDATE WITH 5.8% GROWTH IN SPECIALTY SALES FOR THE QUARTER

Scentre Group (ASX:SCG) today announced its first quarter operational update for the 3 months to 31 March 2015 with the Group's operations continuing to perform well.

Recent highlights include:

- **Continued strong growth in retail sales.** Comparable specialty sales up 5.8% for the quarter and 4.0% for the twelve months in Australia
- **\$505 million of development starts in 2015.** New projects at Hurstville, Kotara and Casey Central, and previously announced projects at Chatswood and North Lakes
- **Completed third stage of development at Miranda.** Includes cinemas and outdoor casual dining precinct
- **Launched SmartScreen network.** Creates a new, custom designed, in-house digital advertising network of 1,200 digital displays across the portfolio
- **State-of-the-art Wi-Fi roll out.** Will be introduced at 26 centres by the end of 2015
- **Issued \$2.1 billion of senior unsecured bonds.** £400 million 7 year bonds, US\$500 million 6 year bonds and US\$500 million 10.5 year bonds.

Mr Peter Allen, CEO, said: "We have seen an improving retail sales environment with 21 consecutive months of positive specialty sales growth in Australia, including a 5.8% increase for the 1st quarter of 2015 and a 4.0% increase for the last 12 months in Australia. In particular, the Fashion, Footwear, Jewellery, Homewares and Telecommunications categories have experienced good increases in sales.

"We also recently announced two exciting initiatives in the digital space that will further enhance the physical shopping experience. On 6 April 2015, we launched a nationwide network of 1,200 custom-designed SmartScreens. These screens are the foundation of our new in-house advertising network in Australia, and together with our existing large-format digital 'spectacular' screens, will provide Scentre Group's retail and brand partners with a new, sophisticated channel to connect with the Westfield shopper.

"2015 will also see the completion of the roll out of a state-of-the-art Wi-Fi network at 26 shopping centres. The service will be fast, free, easy to use and available to all shoppers, providing them with a new level of digital connectivity."

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 80 145 743 682 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

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Operational Performance

At 31 March 2015, the portfolio remained more than 99.5% leased, while average specialty retail sales increased to \$10,315 per square metre in Australia. Comparable specialty store sales growth was 5.8% in Australia for the three months to 31 March 2015.

The retail sales environment has also improved in New Zealand, with average specialty retail sales increasing to NZ\$10,216 per square metre, and comparable specialty store sales growing 5.9% for the three months to 31 March 2015.

“In Australia, comparable specialty store rent continued to grow, up 2.4% for the last 12 months. Releasing spreads continued to improve in the first quarter and averaged 1.4% lower than expiring rents, with lease renewals 1.2% higher than expiring rents and new merchants 4.3% lower,” Mr Peter Allen said.

For the total portfolio, specialty store occupancy cost was 18.2%, a decrease of 20 basis points from December 2014.

Development Activity

Scentre Group has commenced \$505 million of developments in 2015, including three new developments – a \$105 million project at Hurstville, a \$55 million project at Kotara and a \$155 million project at Casey Central in Victoria.

Myer’s decision to vacate its space at Hurstville upon expiry of its lease in early 2015 created an opportunity to undertake a \$105 million comprehensive upgrade of the entire centre that will introduce a number of new fashion retailers, together with a new Woolworths supermarket, Big W, Rebel Sport and JB Hi Fi. The existing cinema complex will also be expanded with the addition of VMax and the opening of a new alfresco dining precinct adjoining the cinema entrance. The development is expected to be completed in 2015.

The \$55 million development at Kotara will include a new outdoor Entertainment and Leisure precinct comprising ten restaurants adjacent to a new eight screen Event Cinema that will introduce the premier cinema offering to the Newcastle region including Vmax and Gold Class. The development is expected to be completed in 2015.

The \$155 million project at Casey Central in the south east growth corridor of Melbourne, will expand the current small neighbourhood centre (6,500 sqm) to 28,700 sqm and will introduce a full line Coles supermarket with a fresh food precinct, a new Woolworths supermarket, an Aldi supermarket, a new format Target and 78 specialty stores. The new design will feature northern and southern pavilions, linked by a retail mall, and incorporate casual dining and a 350 seat food court. The existing Liquorland pad will also be expanded and introduce a new Shell petrol station.

The \$110 million development at Chatswood and the \$80 million development at North Lakes continue to progress well.

Scentre Group’s development activity also includes a \$670 million design and construction project being undertaken at Pacific Fair for AMP Capital. The Group continues to make good progress on the development which is expected to be completed in 2016.

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Financing

Scentre Group has been an active issuer of bonds in the global debt capital markets to take advantage of the current favourable environment for funding. On 31 March 2015, the Group priced £400 million (A\$778 million) seven year senior fixed rate bonds with a coupon of 2.375%. On 21 April 2015, the Group priced US\$1.0 billion (A\$1.3 billion) of senior bonds in the US market comprising US\$500 million six year fixed rate bonds with a coupon of 2.375% and US\$500 million 10.5 year fixed rate bonds with a coupon of 3.25%.

Outlook

Scentre Group reconfirms its forecast for Funds from Operations (FFO) to grow by 3.5% to 22.5 cents per security, with the distribution forecast to increase to 20.9 cents per security, for the twelve months ending 31 December 2015.

ENDS

Scentre Group (ASX Code: SCG) is the owner and operator of Westfield in Australia and New Zealand employing approximately 2,700 staff in Australia and New Zealand. Scentre Group has interests in and operates 47 centres located in Australia and New Zealand, encompassing approximately 12,700 retail outlets and total assets under management of \$40.9 billion.

The financial information included in this release is based on the Scentre Group's IFRS financial statements. Non IFRS financial information included in this release 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 these results. 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.

For further information please contact Julia Clarke on +61 2 9358 7426.

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