

SCENTRE GROUP

ASX Announcement

20 February 2019

FULL YEAR FUNDS FROM OPERATIONS UP 3.9% TO 25.24c PER SECURITY: EXTRAORDINARY LIVING CENTRE PLATFORM CONTINUES TO GROW

Scentre Group (ASX: SCG) today released its results for the 12 months to 31 December 2018, with Funds From Operations (“FFO”) of \$1.34 billion representing 25.24 cents per security, up 3.9% and a distribution of 22.16 cents per security, up 2%.

Scentre Group CEO Peter Allen said: “We are very pleased to deliver these strong results, in line with our forecast. Our results demonstrate the quality of our platform and the implementation of our strategy, which continues to generate long-term earnings growth and value for our securityholders.

“Our 41 Westfield living centres are an integral part of the Australian and New Zealand communities they serve, and today’s results demonstrate the strength and resilience of our business through economic cycles.

“During 2018, annual customer visitation increased by 5 million to 535 million and annual in-store sales increased by \$1 billion to \$24 billion. Occupancy across our portfolio continues to be greater than 99% as it has been for more than 20 years.

“We continue to innovate and adapt our business to changing customer expectations. More than 35% of the stores across our platform offer experiences like dining, entertainment, health, fitness and beauty services, which can only be consumed on-site. Across the five developments we opened during the year, more than half of the new stores offer experiences.

“During the year we introduced 437 new brands and 317 existing brands grew their store network with us. This demonstrates the importance of physical stores in attracting and retaining customers, building brand advocacy and influencing sales both in-store and on-line.”

Statutory profit was \$2.3 billion for the year including revaluation uplifts of \$1.1 billion across the portfolio. This was underpinned by the completion of developments, net income growth and improvement in capitalisation rates for high quality assets.

Scentre Group has total assets of \$39.1 billion and assets under management of \$54.2 billion. The Group has a strong financial position with gearing at period end of 33.9% and interest cover at 3.5 times.

Operations

Comparable net operating income increased 2.5% for the 12 months, driven primarily by contracted annual rent escalations. Occupancy remained strong at 99.3% at year-end reflecting retailer demand for quality space in our living centres.

During the year, the Group successfully completed over \$1.1 billion (SCG share: \$810 million) of developments which are earnings accretive and deliver attractive long-term returns. Collectively these developments added more than 106,000 sqm to the portfolio across projects at Westfield Plenty Valley in Melbourne, Westfield

Owner and Operator of  in Australia and New Zealand

SCENTRE GROUP LIMITED ABN 66 001 671 496

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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

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Carousel in Perth, Westfield Tea Tree Plaza in Adelaide, Westfield Kotara in Newcastle and Westfield Coomera on Queensland's Gold Coast - Scentre Group's first greenfield living centre. These developments elevated the customer experience, differentiated our product and service offering and enhanced our premium platform for our brand partners.

Scentre Group commenced the NZ\$790 million (SCG share: NZ\$400 million) redevelopment of Westfield Newmarket in Auckland during the period, which upon completion in late 2019 will create the leading lifestyle and fashion destination in New Zealand. Brand partner interest in the development is strong across all categories and leasing is well progressed.

Outlook

The Group forecasts FFO growth for the 12 months ending 31 December 2019 of approximately 3%. The distribution for 2019 is forecast to be 22.60 cents per security, an increase of 2%.

CEO Peter Allen said: "We are excited about the prospects for our business. We will continue to deliver on our purpose 'creating extraordinary places, connecting and enriching communities' ensuring we are a long-term sustainable and responsible business for all our stakeholders."

View Peter Allen's FY18 results video highlights [here](#).

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Scentre Group (ASX Code: SCG) is the owner and operator of Westfield in Australia and New Zealand with interests in 41 centres, encompassing approximately 11,500 outlets and total assets under management of \$54.2 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.