SCENTRE GROUP

MEDIA RELEASE

25 August 2015

SCENTRE GROUP REPORTS 1st HALF 2015 RESULTS WITH 6.1% GROWTH IN SPECIALTY SALES IN AUSTRALIA

Scentre Group (ASX:SCG) today announced results for the six months to 30 June 2015, with Funds From Operations ("FFO") of 11.38 cents per security and distribution of 10.45 cents per security, in line with forecast.

The Group also announces the sale of four Australian shopping centres with gross proceeds of $783 million. This is in line with our strategy to own and operate the premier retail portfolio which provides the best long term returns. The sale will settle in the third quarter of 2015.

The strong underlying operating performance will offset the dilutionary earnings impact of these sales, enabling Scentre Group to maintain its 2015 full year FFO forecast of 22.5 cents per security representing 3.5% growth, and distribution forecast of 20.9 cents per security.

The Chairman of Scentre Group, Mr Frank Lowy AC, said the rationale for the creation of Scentre Group just over a year ago was being realised and was evident in the results released today.

"The business is operating efficiently and the underlying strength and quality of the assets mean the future prospects for Scentre Group remain promising."

The Chief Executive Officer of Scentre Group, Peter Allen, said: "We are pleased with these operational results, which reflect the focus of driving value from our high quality shopping centre portfolio. In addition to having 14 of the top 20 shopping centres in Australia by annual sales, each of Bondi Junction and Westfield Sydney now generate annual sales in excess of $1.0 billion.

"The Group is committed to creating extraordinary places connecting and enriching communities, and this year has announced a number of major initiatives, including $825 million of development starts, new services to improve the shopper and retailer experience, and an improvement in the quality of the Australian portfolio."

Scentre Group has $40.7 billion of assets under management, a strong balance sheet with total assets of $31.0 billion, a gearing ratio of 34.8% and interest cover of 3.4 times.

Operational Performance

Comparable specialty sales in the Australian portfolio grew 6.1% for the six months, with average specialty sales increasing to $10,556 per square metre. Strong sales growth was seen in the fashion, footwear, jewellery, leisure, technology and appliances, and cinemas categories.

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

Average specialty retail sales in New Zealand increased to NZ$10,374 per square metre, with comparable specialty store sales growing 6.3% for the six months.

Comparable property net operating income increased 2.4% for the six months, and is forecast to increase between 2.0% - 2.5% for 2015.

Creating extraordinary places connecting and enriching communities

Scentre Group is focused on the integration of food, fashion, leisure and entertainment experiences in each of its shopping centres to curate a retail environment that connects shoppers with the retailers, goods and services that will resonate with the local community.

The recently completed expansions at Westfield Miranda and Garden City Mt Gravatt each introduced new domestic and international retailers with over 100 new specialty stores, together with food, dining and entertainment precincts tailored to the local market. These include Garden City's outdoor resort-style restaurant precinct and Miranda's expansive food offer with over 75 places to eat as well as a market style fresh food precinct. Both centres are trading strongly.

Scentre Group continues to enhance the retail mix and invest to improve the customer and retailer experience throughout the portfolio. During 2015, works to improve the ambience at 12 centres will commence, including at Westfield Parramatta where new flooring, lighting and column treatments will be installed together with upgraded furniture and landscaping.

The recently launched nation-wide network of 1,200 custom-designed digital SmartScreens, together with the existing large-format digital 'spectacular' screens, is another example of Scentre Group making its centres more dynamic and productive. This new in-house digital advertising network provides retail and brand partners with a sophisticated channel to promote products and offers and better connect with the shopper.

The increasing importance of easy access to fast, free Wi-Fi for shoppers is a priority, with the rollout of a state-of-the-art Wi-Fi network across the portfolio well underway.

New technology is also being used in other ways to enhance the customer experience, such as the introduction of a ticketless parking system to four centres during 2015.

Reallocating capital to higher quality assets

In February 2015, Scentre Group announced that following a strategic review, a number of assets were identified that did not meet the Group's long-term strategy. Proceeds from the sale of these assets will be reinvested in the Group's development pipeline.

Sales agreements have been entered into for Figtree, Strathpine and Warrawong with affiliates of Blackstone Real Estate Asia, and with Challenger for North Rocks. Gross proceeds will be $783 million, representing a 3.4% premium to the 30 June 2015 book values, with settlement expected to occur in the third quarter.

Development Activity

In 2015, the Group has commenced $825 million (SCG share: $578m) of developments, including projects at Casey, Chatswood, Hurstville, Kotara, North Lakes and Warringah Mall.

“On completion, these developments will be accretive to earnings, deliver internal rates of return in excess of 12%, and create substantial long term value,” Mr Allen said.

Predevelopment work continues across the portfolio and the Group maintains a forward development pipeline in excess of $3 billion.

The recently announced $310 million development at Westfield Warringah Mall will create an exciting shopping experience for Sydney’s Northern Beaches customer. The project will reconfigure the fashion offer through the creation of a two-level parallel mall, introducing 70 new retailers that will be anchored by large format stores to connect a new reconfigured Myer department store and the existing Woolworths and Big W.

Current developments at Casey, Chatswood, Hurstville, Kotara and North Lakes continue to progress well, as does work on the $670m third party development at Pacific Fair for AMP.

Financing

During the first half, Scentre Group has issued approximately $2 billion of bonds in the global debt capital markets to take advantage of the current favourable environment for funding. Following these issues, Scentre Group has a weighted average debt maturity of 6.1 years.

Scentre Group has also increased its interest rate hedging to take advantage of the current favourable low interest rate environment with the Group’s interest rate exposure 86% hedged at 30 June 2015 and on average 76% hedged for the next 3 years.

SCG has an A1 (stable) rating from Moody’s and an A (stable) rating from Standard & Poor’s. Gearing was 34.8% at 30 June 2015.

Outlook

The Group maintains its forecast FFO of 22.5 cents per security, representing 3.5% growth with a distribution forecast of 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 43 centres located in Australia and New Zealand, encompassing approximately 12,100 tenants and total assets under management of $40.7 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.

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