

SCENTRE GROUP

ASX Announcement

24 February 2021

SCENTRE GROUP REPORTS FULL YEAR OPERATING PROFIT FOR 2020 OF \$763.4 MILLION NET OPERATING CASHFLOW IMPROVES 96% IN SECOND HALF OF 2020

Scentre Group (ASX: SCG) today released its results for the 12 months to 31 December 2020 with Operating Profit of \$763.4 million (14.71 cents per security). Funds From Operations (FFO) for the year was \$766.1 million (14.76 cents per security).

The Statutory result for the 12-month period, inclusive of unrealised non-cash items, was a loss of (\$3,732) million. The result includes a reduction in property valuations of (\$4,254) million during the 12-month period.

Operating Profit, FFO and the Statutory result are each after expensing an Expected Credit Charge (ECC) of (\$304) million related to the financial impact of the COVID-19 pandemic.

\$million	6 months to 30 Jun 2020	6 months to 31 Dec 2020	Growth %	12 months to 31 Dec 2020
Receipts in the course of operations (incl GST)	\$1,059.4	\$1,297.5	22.5%	\$2,356.9
Net Operating Cashflow Surplus	\$260.7	\$510.2	95.7%	\$770.9
Operating Profit	\$360.8	\$402.6	11.6%	\$763.4
<i>Cents per security</i>	<i>6.94c</i>	<i>7.76c</i>		<i>14.71c</i>
Distribution per security	-	7.00c		7.00c

During 2020, the Group achieved gross operating cash inflow of \$2,357 million and net operating cashflows (after interest, overheads and tax) grew by 95.7% in the second half of the year resulting in \$771 million for the 12-month period. The Group collected \$2,059 million in gross rent collections, including \$641 million during Q4 2020, equivalent to 100% of gross billings.

Scentre Group CEO Peter Allen said: "We operate a business and brand that are important to our customers and essential to the community. Our business fundamentals remain strong and our strategy, focused on the customer, positions the Group for long-term growth.

"2020 was a challenging year and I am proud of how our people adapted to the conditions, leading the industry and our business. We were proactive and deliberate in the decisions we made.

"Every Westfield Living Centre has remained open every day, providing our retail and brand partners the opportunity to connect with the customer. During 2020, we had more than 450 million customer visits, including an average of 46 million per month during the fourth quarter. Customers spent approximately one and a half hours of their time on each visit.

"We accelerated strategic customer initiatives such as our Westfield Plus membership program, which continues to grow and now has more than 1.2 million members.

"We trialed a number of initiatives, such as aggregated 'click + collect' that facilitated our retail partners connecting with customers during periods of government restrictions. The learnings form the basis for strategic initiatives we are pursuing.

"Our capital management actions were focused on strengthening our financial position and preserving value for the long term by not raising equity from our securityholders.

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

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“We did not receive any financial support from the Australian or New Zealand governments, including the JobKeeper program. We led the industry in the development of the Code of Conduct, supporting small to medium sized businesses across the sector.”

Demand for space across Westfield Living Centres remains strong with the portfolio 98.5% leased at 31 December 2020. The Group completed 2,625 lease deals during the year, including 848 new merchants.

The structure of leases has not changed and remains based on the mutual agreement to pay a fixed base rent.

The Group continues to make progress on COVID-related deal negotiations. We have reached commercial arrangements with 3,398 of our 3,600 retail partners, including 2,456 SME retailers in relation to the Code of Conduct.

During the year, the Group successfully completed a new dining precinct at Westfield Doncaster (Victoria), introducing 14 new restaurants to the centre. The \$50 million project at Westfield Carindale (Queensland) was completed including the introduction of a new Kmart store. Special projects at Westfield Belconnen (ACT) and Westfield Hornsby (NSW) were also completed in the period.

In December 2020, Scentre Group was appointed by Cbus Property to design and construct the residential and commercial tower on the site of the former David Jones menswear store on the corner of Market and Castlereagh streets in Sydney’s CBD.

During 2020, the Group executed \$10.1 billion of new and extended funding, including \$3.6 billion of bank facilities, \$2.4 billion of long-term bonds and \$4.1 billion of subordinated notes, further diversifying the Group’s sources of capital, strengthening the Group’s credit metrics and protecting securityholder value. The Group now has available liquidity of \$6.9 billion, sufficient to cover all debt maturities to early 2024.

Interest cover for the period was 3.1 times and balance sheet gearing at 31 December 2020 was 27.7%.

The Group maintains “A” grade credit ratings by S&P, Fitch and Moody’s.

We continue to implement initiatives that support our strategy to operate as a responsible, sustainable business. During the year, we announced our target to achieve Net Zero Carbon Emissions by 2030 and publicly committed to the Task Force for Climate-Related Financial Disclosures (TCFD). Our 2020 Responsible Business Report and our first Modern Slavery Statement will be released on 31 March 2021.

Mr Allen said: “We remain customer obsessed and focused on delivering what the customer wants. We will continue to innovate in how Scentre Group provides the best and most efficient platform for retail and brand partners to connect with the consumer.”

“Whilst uncertainty remains in 2021, subject to no material change in conditions, the Group expects to distribute at least 14.00 cents per security for 2021. The Distribution is expected to continue to grow in future years. The Group plans to retain earnings to cover operating and leasing capital expenditure, fund strategic initiatives and reduce net debt.”

Authorised by the Board.

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Scentre Group (ASX Code: SCG) is the owner and operator of Westfield in Australia and New Zealand with interests in 42 Westfield Living Centres, encompassing more than 12,000 outlets.

The financial information included in this release is based on 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.