

SCENTRE GROUP

ASX Announcement

4 April 2019

Scentre Group (ASX: SCG)

Scentre Group Limited Annual General Meeting – Address to Members

Attached are copies of the addresses to be given at today's Annual General Meeting by:

- Mr Brian Schwartz AM, Chairman; and
- Mr Peter Allen, Chief Executive Officer.

Contacts:

Company Secretary

Maureen McGrath
+61 2 9358 7439

Investor Relations

Andrew Clarke
+61 2 9358 7612

Corporate Affairs / Media

Alexis Lindsay
+61 2 9358 7739

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

SCENTRE GROUP

**CHAIRMAN'S ADDRESS
SCENTRE GROUP LIMITED
ANNUAL GENERAL MEETING**

HELD ON THURSDAY, 4 APRIL 2019, AT 10:00AM

**WESLEY CONFERENCE CENTRE
LOWER GROUND FLOOR
220 PITT STREET SYDNEY NSW 2000**

Good morning ladies and gentlemen and welcome to the Annual General Meeting of Scentre Group Limited.

My name is Brian Schwartz and I'm the Chairman of Scentre Group.

The Company Secretary has informed me that a quorum is present and I therefore declare the meeting open.

In doing so, I would like to acknowledge the Gadigal people of the Eora Nation as the traditional custodians of the land we are on, and would like to pay my respects to their Elders, past and present.

[Procedural matters addressed.]

It has been almost five years since Scentre Group was established and our purpose has remained constant ever since: *'creating extraordinary places, connecting and enriching communities'*.

This purpose has guided our culture and strategy as we have grown our business into an extraordinary platform of 41 Westfield living centres which is today the 15th largest company on the ASX by market capitalisation.

We have 7 of the top 10 centres in Australia and 4 of the top 5 centres in New Zealand.

Our centres are at the heart of the local communities we serve. We are very proud of the role our centres fulfil in the lives of our customers providing the right mix of products, services and experiences they want.

We were pleased to have delivered strong financial results for 2018, in line with our forecast.

Our results demonstrate the quality of our platform and the successful implementation of our strategy, which continues to generate long-term earnings growth and value for our securityholders. Peter will address this in more detail in his comments.

Our purpose encapsulates how we create a long-term sustainable business that satisfies the needs of diverse stakeholders including our people, securityholders, retail partners, suppliers, customers and communities.

This is reflected in our Sustainable Business Framework which was established in 2015 and has four focus areas - our community, our people, our environmental impact and our economic performance.

Our 2018 Sustainability Report was released this week and is available on our website. I encourage you to read it and understand the progress we are making as a responsible, sustainable business. Peter will provide some additional insights in his address.

Our culture is led from the top and the values that underpin our organisation, what we call 'our DNA', were updated during the year.

They are:

- we put our customer first
- we act with integrity
- we strive for excellence
- we succeed together
- we are constantly curious
- we create a positive legacy

The Board engages with our people on the most important issues for our business in a number of ways.

We meet regularly with key members of the leadership team including presentations to the Board and have ongoing and open dialogue on a range of issues. We participate in asset tours of our centres and attend development openings where possible.

During 2018, the Board toured our five assets in New Zealand with a particular focus on Westfield Newmarket which at NZD\$790 million, is the largest development we have undertaken.

We continue to make progress on our vision to be the place where talent thrives.

Our focus on leadership and diversity and inclusion has contributed to high levels of employee engagement.

Diversity of experience and perspective is a recognised driver of a sustainable, high performance culture. It is also a key factor in Board succession planning.

Board renewal and succession planning has always been key to our overall governance program and we had some time ago identified the need for additional property skills. We are pleased to recommend and unanimously support the election of Steven Leigh as part of today’s business.

As outlined in the Notice of Meeting, Steve has in-depth knowledge of real estate economics and experience in retail assets. He recently retired from a 25-year long career at QIC. We believe he will make an excellent contribution to the next chapter of Scentre Group’s growth and continued success.

Retail continues to be a dynamic sector and the Board, management and our people are working hard to keep abreast of issues that may affect the Group.

Given our leadership position in the sector, the pre-eminent quality of our living centres and management’s focus on adapting to the constantly evolving retail landscape, our long-term view for the business is positive.

Thank you for your ongoing support of Scentre Group.

I would now like to welcome Scentre Group’s CEO Peter Allen to the podium to address you.

[Refer to the Chief Executive Officer’s Address.]

[The Chairman then conducted the business of the meeting. Following the conclusion of the business of the meeting, the Chairman then addressed the meeting further.]

Today is the occasion for some farewells.

As you have heard from Peter, our founding Chief Financial Officer, Mark Bloom, retires from his position today.

Mark was Scentre Group’s first CFO and on behalf of the Board, I would like to thank Mark for his dedication and service to the company during its first five years of growth.

I will personally miss his expertise, his calm demeanour, integrity and thoroughness. I know we will still see Mark regularly but, in the meantime, thank you Mark.

Mark has passed the baton to Elliott Rusanow, who officially assumes the role of CFO from today. Elliott is a very experienced executive who knows our business and all our assets well and we look forward to working with him.

As Peter mentioned, I would like to talk about Steven Lowy on the occasion of his retirement from the Scentre Group Board, of which he was a founding Director.

It is important that Steven’s significant contribution to Scentre Group’s formation and growth in his capacity as one of our founding directors, as well as his role as one of Westfield’s pivotal leaders and co-CEOs, is acknowledged and celebrated.

I have known him for more than 20 years and I know many of you in the room and on the webcast will have worked with him and met him during his time with Westfield and Scentre Group.

He is recognised as one of a handful of people globally with an unequalled knowledge of shopping centres, retail property and property assets in general.

His work ethic, his attention to detail, his on-the-ground knowledge of our centres and his relentless focus is very much reflected in the business we have grown and value so much. These are skills that make him unique.

He is renowned as a visionary, for taking the Westfield brand global and for keeping technology at the forefront of all that he does.

Steven will make some remarks shortly, but I want to express my sincere thanks for his incredible contribution and for the personal legacy he has created within Scentre Group.

It would be remiss of me not to acknowledge Steven’s wife and my friend Judy who has been a wonderful supporter of Steven and indeed our company over many years. Judy, thank you for your unwavering support and all that you have done – it’s a pleasure to have you here today.

You will be sorely missed Steve.

I would now like to handover to Steven to say a few words.

-ENDS-

SCENTRE GROUP

**CHIEF EXECUTIVE OFFICER'S ADDRESS
SCENTRE GROUP LIMITED
ANNUAL GENERAL MEETING**

**HELD ON THURSDAY, 4 APRIL 2019, AT 10:00AM
WESLEY CONFERENCE CENTRE
LOWER GROUND FLOOR
220 PITT STREET SYDNEY NSW 2000**

Good morning.

I am very pleased to be with you today to report on our results for the 2018 financial year and provide some insights on the key drivers of our performance and how we are remaining close to our customers and delivering what they want.

We delivered strong financial results for 2018 which were in line with our forecasts. Funds from Operations was up 3.9% to 25.24 cents per security, or \$1.34 billion.

The results demonstrate the quality of our platform and the execution of our strategy, which continues to generate long-term earnings growth and value for you, our securityholders.

Extraordinary retail is strong, vibrant and growing across our platform of 41 living centres in Australia and New Zealand.

We have seen customer visitation increase across our portfolio with now over 535 million customer visits. Our annual in store sales were up \$1 billion and represent 7.5% of all retail sales in Australia, and our platform in Australia and NZ is within 30 minutes of 65% of the population.

In 2018, we introduced 437 new brands and 317 existing brands grew their store network with us.

We are seeing more customers coming to our living centres, they are coming more often as well as staying longer across more precincts.

Our occupancy across our whole portfolio is 99.3% and has been more than 99% leased for over 20 years.

Comparable net operating income increased 2.5% for the 12 months, driven primarily by contracted annual rent escalations.

Our balance sheet is strong. We have assets under management of \$54.2 billion and Group assets of \$39.1 billion with gearing at 33.9% and interest cover at 3.5 times.

During the year, we successfully completed over \$1.1 billion 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 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.

Brian began his address this morning by talking about how our company purpose: 'creating extraordinary places, connecting and enriching communities' guides our strategy and culture.

I would like to reinforce this.

Our purpose has been constant since we established Scentre Group in 2014. It shapes our business decisions and together with our DNA, guides the behaviour of our people as we deliver against the operational goals we have set to create long-term value.

During 2018, we continued to rise to the challenge of meeting customers’ needs against the backdrop of a dynamic retail sector and ever-changing customer expectations. Advocacy for the experience we provide in our living centres has improved significantly. Looking at our Net Promoter Scores, all of our centres have more promoters than detractors, and the majority of our centres increased their Net Promoter Scores over the past year. This demonstrates that our focus on listening and responding to customers is delivering results.

You will note that we refer to ‘living centres’ more frequently. This is because they are more than places where people come to shop.

Our centres are extraordinary places where our customers come to gather and socialise, be entertained, dine, access services and experiences and shop. Our ability to curate retail, service, and experience offers that meet customers’ expectations is what sets us apart.

As part of our full year results presentation, we reported that more than 35% of the stores across our portfolio offer experiences 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.

Each of our living centres is an integral part of the Australian and New Zealand communities they serve. We are conscious of delivering on our purpose with a responsible business mindset and approach.

Brian referred to our Sustainable Business Framework and our four focus areas.

During 2018, Westfield Local Heroes was launched to shine a light on the exceptional contribution many individuals make to the social fabric of our communities. Through this community recognition and grants program, we supported 117 individuals representing diverse and valuable organisations in individual communities. We have recently launched year two of this program.

Our aspiration to be ‘the place where talent thrives’ continues to drive strong employee engagement and retention and our targets are focussed on maintaining this leadership position. Last measured in 2017, at 88% our engagement level places us in the top 2% of high performing companies globally. Our next survey will be conducted in 2019 yet we know our engagement remains robust from a series of important measures.

This year, we were proudly acknowledged by the Workplace Gender Equality Agency as an Employer of Choice.

We have no pay gap for like work between genders.

Women now represent 41% of all people managers and during the year, we appointed and promoted women from outside the organisation as well as within it. This included two additional senior women at Executive Committee level in Cynthia Whelan, our Chief Strategy and Business Development Officer and Alexis Lindsay, Director of Corporate Affairs. Cynthia has recently been nominated as a Key Management Personnel.

I would note that in this year’s Sustainability report, we have externally communicated targets for the first time relating to energy, emission intensity, recycling, waste management and buildings.

During the year we have reduced electricity usage across our living centre portfolio by 4.1%. There are many contributing factors to this result but the most important is our people’s behaviour and local decisions to ensure our assets perform more efficiently.

I would like to say a few words about Mark Bloom, our Chief Financial Officer, given today is his final day as CFO and last AGM with the company. Mark, could you please stand.

Mark has been an esteemed member of the Scentre Group and Westfield Executive teams for 16 years and will be greatly missed by colleagues and team members alike.

As the inaugural Chief Financial Officer for Scentre Group, and long-term Deputy CFO of the Westfield Group, we are indebted to his financial leadership and commitment over almost two decades, helping us propel Scentre Group to our present position within the market.

His stewardship has assured our success into the future.

Mark’s work ethic and passion for the business are legendary and his ability to make the complex, simple a hallmark of his management style.

He is a respected role model, mentor and good friend, not just to me, but to many people in our business, always providing wise counsel.

I would like to take this opportunity on behalf of everyone at Scentre Group to thank Mark for his huge contribution to our business and to wish him well on his retirement from full time executive work.

Elliott Rusanow has been appointed Chief Financial Officer and brings over 20 years’ experience to the role, most recently based in the US as CFO of Westfield Corporation.

I am pleased we have secured someone of Elliott’s calibre, experience and particularly knowledge of our industry to ensure a seamless transition. I am looking forward to working with Elliott again, and to his contribution as CFO as we execute on our strategy.

Brian will make further comments about Steven Lowy on his retirement from the Board today, but I would like to express my thanks to Steven for his support and guidance to me as the CEO of Scentre Group and gratitude for the contribution he has made in the establishment of our company.

I still recall vividly my first meeting with Steven, many years ago in a London hotel before joining Westfield and have being fortunate to work with Steven as a colleague for many years and alongside him as a director at Scentre Group for the past five years. He is someone I consider a mentor and a friend, and I reminded Steven yesterday that his retirement from the Scentre Group Board does not restrict me from seeking his advice in the future.

On behalf of Scentre Group’s employees, both past and present, thank you Steve. You will be missed but know that your legacy is deeply seated within all aspects of our business.

In closing, I would like to thank you our security holders for your ongoing support of our company.

I would also like to thank the Scentre Group team for their commitment during 2018 and delivering the strong financial results as well as their efforts in executing our strategy. It’s not just what they have delivered but how they have gone about it. This is what matters when it comes to our DNA and our culture.

We will continue to listen and respond to our customers, retail partners, investors and people and keep adapting so we can deliver on our purpose of ‘creating extraordinary places, connecting and enriching communities.’

I thank the Chairman and the Board for the guidance and support they continue to provide to me and our executive leadership team.

I will now hand back to the Chairman.

-ENDS-