

# SCENTRE GROUP

## ASX Announcement

5 May 2016

## Scentre Group (ASX: SCG / ADR: SCTRY) Scentre Group Limited Annual General Meeting

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

- Mr Frank Lowy AC, Chairman; and
- Mr Peter Allen, Chief Executive Officer.

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Owner and Operator of  in Australia and New Zealand

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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

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# SCENTRE GROUP

**AGM ADDRESS  
SCENTRE GROUP LIMITED  
ANNUAL GENERAL MEETING**

**HELD ON THURSDAY, 5 MAY 2016 AT 10:00AM  
CENTENNIAL HALL, SYDNEY TOWN HALL  
483 GEORGE STREET SYDNEY NSW 2000**

**CHECK AGAINST DELIVERY**

**[Mr Frank Lowy takes the podium]**

Good morning ladies and gentlemen.

Welcome to the Annual General Meeting of Scentre Group Limited.

I have been informed by the Company Secretary that a quorum for the meeting is present, and I formally declare the meeting open.

I now move each of the six resolutions in the Notice of Meeting and open the polls in respect of all six resolutions to be considered here today.

Ladies and gentlemen, as you know this is my final AGM as Chairman of Scentre Group.

Both Brian and I will say more about my 56 years leading this company at the end of the meeting once we have dealt with the business before us today.

Business should always come first.

Firstly, let me tell you how Scentre Group is doing.

It is doing REALLY VERY well.

Owner and Operator of  in Australia and New Zealand

We have the best shopping centre portfolio in Australia and New Zealand and it has delivered strong operational performance and excellent returns for security holders.

For the 12 months to December 2015, Scentre Group achieved Funds from Operations of \$1.19 billion – a growth of 3.8%. That growth was above the forecast we made for 2015.

This outstanding result would have been even stronger –with growth of around 5% - but for the dilutionary impact of asset sales during the year.

As a result, there was a full-year distribution of 20.9 cents per security.

During the year we continued to make progress with our development program, completing six projects valued at \$1.3 billion.

And there is more work already in the pipeline, with a further \$3 billion earmarked for major redevelopments already underway or due to start later this year.

In addition, Scentre Group has continued to focus on innovation with the introduction of multiple digital initiatives, all designed to make the shopper experience even better.

I can't tell you how proud I am of Scentre Group's performance.

Our aim with the restructure that created Scentre Group was to generate extra value for shareholders.

This has been a hallmark of the Westfield approach over the past three decades – to change our capital structure to create value.

The first major example of this was the creation of Westfield Trust in 1979.

After the Trust was launched, we saw a 6-fold increase in the combined share price of Westfield Holdings and Westfield Trust, increasing from about \$2.50 a share to something like \$12 a share.

In 1996 we created Westfield America Trust, and in 2004 we merged the Westfield entities to create Westfield Group.

On each and every occasion, we saw a dramatic uplift in value creation and better returns for shareholders.

The restructure of Westfield Group in 2014 achieved the same result.

Since the separation of Westfield Group into two separate listed entities – Scentre Group and Westfield Corporation - both have been in the top 10 companies in the ASX 50 in terms of total return to securityholders in that period.

Since the restructure, the combined market cap of both entities has risen from \$30 billion to almost \$48 billion, an increase of \$18 billion.

Those Westfield Group and Westfield Retail Trust securityholders who participated in the merger have seen the value of their holdings rise by around 50% since the restructure in June 2014.

And the quality of the Scentre Group portfolio and the management team, led by Peter Allen, means that we can look forward with confidence to strong performance into the future.

I am pleased to reconfirm that FFO for 2016 is forecast to grow by approximately 3%. Distributions are also forecast to grow by 2%, to 21.3 cents per security.

I will now hand over to our Chief Executive Officer, Peter Allen to give you a more detailed briefing on the company's performance and future plans.

**[Mr Peter Allen, Chief Executive Officer invited to speak]**

**Mr Peter Allen**

Thank you Chairman.

While business *does* come first, I hope you will excuse me this one time, as I'd like to acknowledge you Frank, on behalf of the Scentre Group team, your accomplishments in co-founding Westfield 56 years ago, and its evolution in Australia and New Zealand to become Scentre Group.

It's a company I'm honoured to lead.

I've been privileged to work closely with you for over 20 years.

Your belief and trust in me has been much-appreciated, and I thank you for your mentorship and the opportunities you've given me over this time.

Notwithstanding your retirement from Scentre Group, I look forward to our close relationship continuing in the future.

The impact of Westfield on the Australian economy and society has been immense.

In 1959 the first Westfield Plaza opened with just 12 stores. Today our centres are home to 11,700 retail outlets.

Approximately 8% of all retail sales in Australia, and 20% of all fashion and footwear sales take place in a Westfield shopping centre.

And while Scentre Group directly employs almost 3,000 staff, some 120,000 people work in our shopping centres every day.

Nearly all Australian's have some connection with Westfield, either as a shopper or an investor through their superannuation funds.

I know these few statistics are only part of the picture, but they illustrate very powerfully the contribution that Frank and Westfield have made to Australia.

Scentre Group – as the owner and operator of Westfield in Australia and New Zealand - remains focused on its purpose, creating extraordinary places, connecting and enriching communities.

By operating the best retail assets in these markets, we have continued to deliver excellent returns for security-holders during the year.

Our strategy has become more defined as we focus on key areas of our business: - asset management; development; capital management, retail partnerships, and shopper initiatives.

While these have always been critical to Westfield's operations, our geographic focus has allowed us to concentrate more closely than ever on each individual shopping centre.

The Scentre Group portfolio now comprises 40 centres across Australia and New Zealand, including 13 of Australia's top 20 performing centres, with a total value of \$42.1 billion.

With a strong balance sheet, we remain one of the most highly credit rated REITS globally.

Our financial performance for 2015 was above forecast, with Funds from Operations of 22.58 cents per security – representing growth of 3.8%.

The strong underlying operating performance has more than offset the dilutionary earnings impact of the sale of seven non-core centres, which if excluded show FFO increased by around 5%.

All this has been underpinned by a positive sales environment, excellent specialty sales productivity, strong demand by retailers for space, leading to continued growth in average rents and comparable net operating income, ensuring our portfolio remains in excess of 99.5% leased.

We've seen continued growth in retail sales in the first quarter, with comparable specialty sales up 4.7% over the past 12 months.

Since the establishment of Scentre Group, we've commenced \$1.3 billion worth of projects and as a result of our pre development work our future development pipeline remains in excess of \$3 billion.

We've completed developments at Westfield Garden City and Miranda, and more recently at Hurstville, Kotara, Chatswood and North Lakes.

We have major projects underway at Westfield Warringah Mall, Chermside and North Lakes – and we hope to start a number of others later this year, including a greenfield development at Coomera in Queensland and an entertainment, leisure and dining precinct at Whitford City in Perth.

We believe that to enable retail to thrive, we need to provide an environment where shoppers and retailers can seamlessly connect with each other to allow business to flourish.

The retail partnerships and shopper initiatives we're increasingly focused on, will contribute to this vitality.

Shoppers are at the heart of our business and that of our retailers. This is not just an aspiration, it is something we are very serious about.

We're currently in the process of creating a customer experience division which will align centre management, marketing, and our digital and insight teams to ensure that everything we do is informed by, or reflects the shoppers' needs.

Our intention is to develop a more direct relationship with our shoppers, so that our decisions around the mix of fashion, food, entertainment, leisure and services we offer, are relevant.

The new customer experience division will oversee every single shopper touch point - before, during and after their visit to a Westfield shopping centre.

Technology and data analytics will play a key role in how we better curate our malls, with the right mix of retailers and services.

Trials are now underway to gauge real-time shopper satisfaction through a net promoter score system, and while it's still early days, it's just one more way for us to meaningfully engage with our shoppers.

Through these and other initiatives, we believe our centres will be able to reach their full potential economically, socially and as active participants in their communities.

Last year in November we opened four new projects in three cities in just 8 days at Westfield Hurstville, Chatswood, Kotara and North Lakes. Each of them now offers a unique dining and leisure precinct, with restaurants, cinemas and performance space - creating a genuine destination for these local communities.

Our current projects at Westfield Warringah Mall, Chermside and North Lakes will each deliver a unique offer customised to their trade area. A curated mix of the right retailers in the right location, with an overlay of services and facilities that resonate with their community.

Last year we completed the rollout of our digital SmartScreen network. This in-house advertising network has provided brands and retail partners with a unique and sophisticated promotional channel, that allows them to connect directly with shoppers.

All this goes some way to showing how we're constantly looking for ways to ensure our portfolio remains dynamic and can attract retailers and shoppers alike.

And it's not only our portfolio that has our focus. We believe we can contribute to the long-term sustainability of Scentre Group by bringing our internal culture into alignment with our strategic and business operations.

Our business is performing well.

Our direction is clear, and we have much to be excited about, as I look forward to Scentre Group growing with Australia and New Zealand.

I would like to conclude by thanking the entire Scentre Group team for their outstanding efforts to deliver the results we are achieving.

Thank you to our Chairman and the board for their support and guidance to me, and the leadership and governance they provide the company, and to our retiring director Dick Warburton, for his years of service both as Chairman of Westfield Retail Trust and more recently as director of Scentre Group. Thanks Dick for your counsel and support.

I will now hand back to our Chairman.

**[Mr Frank Lowy resumes]**

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**[Before item 3]**

**Mr Frank Lowy**

Ladies and gentlemen, before we move to the election of directors, I would particularly like to acknowledge Dick Warburton who, like me, is stepping down as a director today.

Dick has had a distinguished business career including as a non-executive director. Prior to joining the Scentre Group Board, Dick was Chairman of Westfield Retail Trust.

In that role Dick saw through the successful merger of Westfield Retail Trust with Westfield's Australian and New Zealand business.

As I noted before, this transaction has created substantial value for securityholders.

The restructure was a massive team effort and directors on the Westfield Group board and the WRT board played a critical role in its success.

As Chairman of WRT, it was Dick who led that effort, along with his fellow WRT directors.

Dick conducted himself with great dignity during a process that was at times heated and irrational.

Ultimately, Dick's judgment, leadership and integrity were validated both by the courts, and by his shareholders.

So, Dick, on behalf of the board and everyone here I'd like to thank you for your contribution to Scentre Group and before that, Westfield Retail Trust.

Thank you Dick.

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**[Business of meeting resumes for items 3 to 7]**

**Mr Frank Lowy**

Before we close the meeting, our incoming Chairman, Brian Schwartz, would like to say a few words.

I have known Brian for more than 20 years.

He is a firm friend and trusted colleague.

He is an extremely well-credentialed business leader and known throughout the business community as a man of high principle and integrity.

We are fortunate indeed that Brian has agreed to take on the Chairmanship of Scentre Group.

**[Mr Brian Schwartz invited to speak and short video shown]**

**[Mr Frank Lowy resumes]**

**Mr Frank Lowy**

Thank you, Brian.

Today is obviously a very special day for me.

It's quite an emotional day given that this is my last day as Chairman of Scentre Group.

When Scentre Group was created I was asked to remain as Chairman during its formative stages, to see the transition through and provide continuity.

That job has now been done, and so it is the right time for me to step down as Chairman.

The company is now so well positioned for future success so I can stand down and feel very satisfied and comfortable about it.

And I know I am leaving the company in good hands.

Of course, you would expect me to feel a little nostalgic today, and I am.

After all, this is fundamentally the company I started with John Saunders 56 years ago. We had big hopes, and a lot of energy, but we could never have imagined what Westfield would become.

We couldn't see then that "Westfield" would become a household name across the country, and indeed in many parts of the world. Many people around the world don't just shop at their local mall, they shop at "their Westfield".

We didn't foresee the thousands of businesses it would help create and grow.

John retired in 1987 and my sons, David, Peter and Steven were elevated into positions with greater responsibility.

That evolution has been a hallmark of Westfield from its earliest days, not just for us Lowys, but for all executives. Peter Allen, your CEO, is a prime example of that.

We are always planning well ahead, making sure that we have the right people in the right jobs to make the most of future opportunities.

My stepping down as Chairman today is yet another manifestation of that long-term succession planning and evolution.

Ladies and gentlemen, over the years Westfield, and now Scentre Group, has become a very significant contributor to the nation's economy and its way of life. We achieved this because we didn't stand still.

We were always on the lookout for new trends, and better ways to do business.

And this happened in every aspect of our business, from design and construction, to leasing and management.

We were also innovative in the way we structured the company financially, undergoing several major capital restructures over the years.

By the time the 1990s came around I remember thinking that we had evolved not just as a shopping centre company, but as a combination of all the skills and expertise necessary to keep our business at the forefront of the industry.

We thought like an investment bank, and most of the big ideas for our capital structures came from within our team.

And innovations across the entire business were driven hard by our managers.

It never stopped.

And that evolution continues today.

The rapid rise of digital technology is opening up countless ways for us to make the shopping experience better.

I have been proud to lead this company over the past 56 years.

But of course, none of this would have been possible without a great team.

I have always believed that pound for pound, the Australian executive is the best in the world.

It has been my honour and privilege to lead such a team. And I'm delighted that today we are joined not just by our current staff, but by many who have shared the journey with me over the years.

I hope you don't mind, but I would like to take just a minute or two to acknowledge them because they played such an important role in Westfield's success.

Di Pocock is here. Di was my secretary for more than 30 years, and we have remained friends since she left the company several years ago.

Fraser More and Mike Kalajick are here. These guys were with me almost from the start. Great to see you Fraser and Mike. Bill Sabolch, I saw on the way in.

Danny Hofbauer is here. Danny was just a boy when he started with Westfield and he ended up running our construction division.

There are a bunch of guys here from the 80s and 90s – I see Alan Briggs and Michael Seyffer, Jonathan Teperson and Bob Jordan.

Our general counsel for many years Tim Walsh is also here.

I know there are many more former staff here and I want to extend my deep gratitude to each and every one of you.

I'm also pleased that a number of our former board members are with us.

Stephen Johns. Stephen started with us as a very young man in the early 70s, and rose to serve as our Finance Director and a long-serving board member. Wonderful to see you Stephen.

Tony Berg joined the board in the 90s, and Carla Zampatti is also here.

Sandra McPhee and Laurie Brindle are also here. Thank you for coming.

There are many others who sent their apologies. Two of our longest-serving directors, David Gonski and Fred Hilmer couldn't be here. David's in a board meeting right now, and Fred is overseas, but both of them played an enormous role in Westfield's success.

All of our directors over the decades played a critical role in guiding the strategy of the company and provided great support and advice to me.

Without exception, Westfield directors have committed themselves conscientiously to their task.

They have not been passive participants, simply attending our regular board meetings.

They were, and are, actively involved and prepared to contribute to the success of the business at all times. On many, many occasions they would very graciously take my calls at odd hours, or attend meetings at short notice – all in the service of Westfield.

I have been a very fortunate Chairman indeed to have had such highly qualified and esteemed colleagues on the Westfield and Scentre Group boards. Thank you.

Ladies and gentlemen

We have much to be optimistic about. Not just about the future of Scentre Group, but the future of Australia. Most of you know how I feel about this country.

I came here with almost nothing, but I was embraced and given every opportunity to succeed and flourish.

Everywhere I went; people were only too pleased to help out a young bloke with the strange accent.

That was evident in the way I was treated by my fellow factory workers in my first job at Alexandria here in Sydney.

I saw it again when our local bank manager in Blacktown wrote out a personal cheque for John Saunders and me, to reinforce to his head office, his personal confidence in our creditworthiness and our credibility.

I was amazed at the time that Sir Edgar Coles – who was then a giant of Australian business – would take me, still wet-behind-the-ears, in his car to scour the suburbs of Sydney for new sites for Coles supermarkets which they were looking to establish in the mid-1960s.

There are many, many more stories of how wonderful this country has been to me.

The other great thing Australia has provided me is a wonderful environment to raise my family.

I have been blessed, truly blessed in this regard.

My sons, David, Peter and Steven have been a source of great pride for me. Each is an outstanding achiever in his own right and each of them has been not just a son, but a trusted and highly valued colleague over the years.

Their role in helping to shape and grow Westfield cannot be overstated.

My wife of 62 years, Shirley, has shared my journey. I could not have wished for a more loyal, loving companion and supporter of everything I did in life.

Anything I have achieved has been her achievement also.

So ladies and gentlemen, I take my leave from Scentre Group.

I do so knowing that the Group is in great shape, and is led by the best in the business, with incoming Chairman Brian Schwartz and Chief Executive Peter Allen.

And, as I always do, I will look to the future.

I know that as I observe Scentre Group's success in years to come I will take great comfort and satisfaction from the role I played in establishing it and, together with the entire team, transforming it into a world-class company.

Thank you all for your kind wishes, and for the support you've given me over the years.

Farewell.

**-ENDS-**