

SCENTRE GROUP

ASX ANNOUNCEMENT

25 August 2020

SCENTRE GROUP REPORTS HALF YEAR OPERATING EARNINGS OF \$361 MILLION

Scentre Group (ASX: SCG) today released its results for the six months to 30 June 2020 with Operating Earnings of \$361 million (6.94 cents per security) and Funds From Operations (“FFO”) of \$362 million (6.96 cents per security).

The Statutory result for the six-month period was a loss of (\$3,613) million. The Statutory result includes an unrealised non-cash reduction in property valuations of (\$4,079) million.

Operating Earnings, FFO and the Statutory result are each after expensing an Expected Credit Charge (ECC) of \$(232) million related to the financial impact of the COVID-19 pandemic.

During the six-month period, the Group achieved gross cash inflow of \$1,059 million and a net operating cash surplus (after interest, overheads and tax) of \$261 million.

Scentre Group CEO Peter Allen said: “I am very proud of our team, particularly how we responded and adapted to the significant changes brought about by the COVID-19 pandemic. Our results, including the ability to generate an operating cash surplus, demonstrate the long-term resilience of our business.

“A fundamental strength of our business is the strategic location of the Group’s network of 42 Westfield Living Centres. Our centres are in close proximity to the most densely populated urban areas with more than 16 million people living within a 30-minute drive of one of our centres.

“We remained focussed on providing our customers with the ability to continually meet their needs throughout the period. We did this by remaining open as well as implementing, and communicating, the highest standards of health and safety protocols.

“As customers are returning to our centres, more than 93% of retail stores are open across the portfolio (excluding our Victorian centres). Portfolio occupancy was 98.8% at the end of June 2020.

“We accelerated strategic initiatives such as Westfield Direct and Westfield Plus, leveraging the convergence between physical and digital, to facilitate customers connecting and interacting with our retail partners beyond the traditional physical interaction.

“We launched Westfield Plus, our membership customer engagement platform, at Westfield Newmarket in New Zealand in late 2019 and recently introduced the program in Australia. We now have more than 500,000 members on Westfield Plus and this continues to grow.

“At the onset of the pandemic, we acted quickly to secure additional funding, ensuring we are in a strong financial position to see the Group through and beyond the volatile period.”

So far this year, the Group raised or extended \$5.8 billion of additional funding, including \$3.4 billion of bank facilities and \$2.4 billion of long-term bonds. The Group currently has available liquidity of \$4.4 billion, sufficient to cover all maturities to January 2023.

Interest cover for the period was 3.6 times and balance sheet gearing at 30 June 2020 was 38.4%.

“We led the development of a voluntary code of conduct which was designed to target appropriate assistance and support to small and medium sized retailers (SMEs) during the pandemic. The Code of

Scentre Group Limited

ABN 66 001 671 496

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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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Conduct (the Code) was mandated by governments throughout Australia and we voluntarily applied these principles to conversations with our New Zealand SME retailers,” Mr Allen said.

“We acknowledge that this has been a difficult time for our customers and our retail partners. We have supported our retail partners throughout this period on a case-by-case basis. We have done this without receiving financial assistance from Government.

“The shopping centre industry has provided over \$1.6 billion of support for retailers during the pandemic. Our industry is unique in that it has provided, and self-funded, a level of financial support beyond any other industry as well as most government pandemic support packages.

“We have agreed arrangements with 2,438 of our 3,600 retail partners, including 1,624 SME retail partners.

“Importantly, the structure of our leases with our retail partners has not changed and remains based on the mutual agreement to pay a fixed rent.”

SME retail partners represent approximately 30% of the Group’s rental income. Under the SME Code, SMEs are able to reduce the amount of cash rent payable commensurate with the decline in sales they may have experienced during the pandemic and post pandemic (“recovery”) period.

For the six-month period, the Group collected 70% of gross rental billings and for the months of June and July 2020, gross rental billings collections were over 80%. The gross rental billings used in calculating these collection rates have not been adjusted for the impact of applying the Code and its impact in reducing the actual amount of cash rent collectible during the period.

In-store sales for our retail partners were impacted by the pandemic and the associated restrictions on people movement. In-store sales for the retail partners that traded throughout the six-month period were 8.1% lower compared to the previous corresponding six-month period in 2019. Specialty in-store sales were 12.1% lower for the six-month period compared to the previous corresponding period.

During the half year, we continued to progress the projects that were already underway at Westfield Doncaster (Victoria), Westfield Belconnen (ACT) and Westfield Hornsby (NSW). The \$50 million project at Westfield Carindale (Queensland) will complete in September 2020.

The Group continues to implement initiatives that support our strategy to operate as a responsible, sustainable business. During the half, we announced our target to achieve Net Zero Carbon Emissions by 2030. The Group recently committed to the Task Force for Climate-Related Financial Disclosures (TCFD).

Mr Allen said: “The underlying fundamentals of the Group’s business remain strong and the business is well positioned to deliver long-term sustainable returns for securityholders through economic cycles.

“We have a great team of people who are customer obsessed and I am confident that we will continue to be agile in adapting to the inevitable uncertainties during these times.

“We own and operate major essential social infrastructure in the best locations close to where people live. We will continue our focus on further developing strategic initiatives that enhance our deep knowledge, relationship and engagement with our customers to deliver what our customers want.”

As previously announced the Group will not be providing earnings or distribution guidance.

Authorised by the Board.

SCENTRE GROUP

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About Scentre Group:

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 approximately 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 release. 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.