

SCENTRE GROUP

ASX Announcement

23 August 2016

SCENTRE GROUP REPORTS HALF YEAR RESULTS WITH FUNDS FROM OPERATIONS OF \$617 MILLION

Scentre Group (ASX: SCG) today announced its results for the six months to 30 June 2016, with Funds From Operations (FFO) of \$617 million representing 11.61 cents per security and distribution of 10.65 cents per security. The Group is on track to deliver its full year forecast FFO growth of approximately 3% with forecast FFO of 23.25 cents per security and forecast distribution of 21.3 cents per security.

Scentre Group Chief Executive Officer, Peter Allen said: “We are pleased with these half year results which reflect the benefits of focussing on the highest quality shopping centres in Australia and New Zealand. Our portfolio is well positioned to continue to deliver long term growth”.

Earlier this month the Group announced that, jointly with Cbus Property, it had purchased the David Jones Market Street building in Sydney’s CBD. On completion, Scentre Group will own the redeveloped retail site adding an additional 10,000 square metres of luxury retail space.

“Having completed the acquisition of the adjacent David Jones building, we have the unique opportunity to expand Westfield Sydney, which has the highest specialty sales productivity in Australia, reinforcing the precinct as Sydney’s luxury retail destination” Mr Allen said.

Scentre Group is the pre-eminent Australia and New Zealand focused retail property group. It owns and operates interests in 40 Westfield shopping centres, including 16 of the top 25 performing centres in Australia, and has assets under management of \$43.3 billion. Scentre Group has a strong balance sheet with gearing of 33.7% at 30 June 2016.

Operational Performance

Comparable net property income increased 2.6% for the six months, driven primarily by contracted rent increases. The forecast range of 2.5% - 3.0% growth for the full year is maintained.

Comparable specialty sales in the portfolio grew 4% for the twelve months and 2.5% for the six months to 30 June 2016, with average specialty sales increasing to \$11,000 per square metre. Strong sales growth was seen in the jewellery, leisure and health & beauty categories.

“Our shopping centres continue to experience strong demand from retailers, demonstrating the benefits of the high sales productivity across the portfolio” Mr Allen said.

The Group continues to focus on curating an offering that will resonate with shoppers in each of its centres with the integration of food, fashion, leisure, technology and entertainment experiences.

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

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Development Activity

During the half, the Group commenced \$605 million (SCG share: \$480 million) of developments including projects at Westfield Chermside, Queensland, Westfield North Lakes, Queensland and Westfield Whitford City, Western Australia.

“Following the commencement of these projects, the Group’s development pipeline continues to be in excess of \$3 billion. These projects will create incremental earnings and additional value for the business as we continue to deliver project yields of more than 7% and total returns in excess of 15%”.

“I am pleased to announce today the new \$80 million (SCG share: \$40 million) development at Westfield Whitford City which will comprise an Events cinema, including Gold Class, restaurants, cafes and family entertainment. The new development will open in 2017” Mr Allen said.

During the half, the Group has successfully completed \$855 million (SCG share: \$170 million) of developments including Casey Central, the Westfield Marion Fresh Food precinct and the third party design and construction project at Pacific Fair.

Current developments are all progressing well, with Westfield Warringah and Westfield North Lakes on track to open in November 2016 and Westfield Chermside to open during the second quarter of 2017.

Capital Management

During the six months to 30 June, the Group issued €500 million (\$745 million) of bonds and in July 2016 redeemed \$900 million of domestic bonds. Following this redemption, the Group has no debt maturities until July 2018.

In June 2016, Scentre Group announced its agreement to redeem approximately \$600 million of property linked notes, effectively increasing the Group’s economic interest in four high quality regional shopping centres in Australia.

Following the sale of Queensgate and Chartwell in New Zealand and the acquisition of the David Jones 77 Market Street building, the pro forma gearing was 33.2% at 30 June 2016.

Outlook

The Group maintains its forecast FFO growth for the 12 months ending 31 December 2016 of approximately 3% to 23.25 cents per security and forecast distribution of 21.3 cents per security.

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