

FULL YEAR RESULTS – DECEMBER 2016

SCENTRE GROUP

Owner and Operator of *Westfield* in Australia and New Zealand



Scentre Group delivers strong results

“We are very pleased with these results which highlight the benefits of our strategic focus on owning the highest quality shopping centre portfolio.”

3.2%
FFO Growth

- 23.3 cents per security
- Higher than guidance
- Underlying FFO growth of 5%

2.9%
Comparable NOI
Growth

Top end of guidance

21.3c
Distribution per
security

In line with guidance

>7.5%
Project Yields

Exceeding target yields for
developments completed in 2016

Our purpose and strategy

Our Purpose

Creating extraordinary places connecting and enriching communities

Strategy

Asset Management

Own the highest quality shopping centres and focus on maximising the operating performance of the centres through strategic asset management, delivering attractive long-term risk adjusted returns.



Since the establishment of Scentre Group in June 2014, we have continued to improve the quality of the portfolio through:

- Increasing the total AUM by \$6.3bn to \$45.7bn
- Strategic asset acquisitions \$1.1bn
- Completed the program to divest \$1.4bn of non-strategic assets

Retail Product & Customer Experience

Focus on the integration of fashion, food, leisure and entertainment experiences in each shopping centre, curating a retail environment that connects customers with retail partners, goods and services that will resonate with the local community.



During 2016, Scentre Group reorganised its operating platform to enhance the strategic focus on the Retail Product and Customer Experience, through the establishment of the:

- Leasing & Retail Solutions Team – enhancing the value-add to our retail partners through a broader range of offerings including insights and analysis
- Customer Experience Team – a newly integrated division combining centre management, marketing, media, digital and customer insights to drive improved customer experience

Developments

Invest in the development of shopping centres that create extraordinary experiences for customers and attractive opportunities for retailers, enhancing the overall shopping centre and delivering attractive long-term total returns.



During 2016, Scentre Group:

- Commenced \$605m of major developments
- Completed \$665m of major developments
- Delivered initial yields in excess of 7.5%
- Delivered total returns in excess of 15%
- Completed the \$670m third party design and construction project at Pacific Fair

Capital Management

Optimise the capital structure through the management of capital, funding and liquidity.



As at 31 December 2016:

- The average debt maturity is 5.1 years
- 80% of interest cost is hedged
- Gearing is 33.3%

The highest quality shopping centre portfolio

\$45.7bn AUM

Scentre Group interest
\$32.3bn

>\$3bn

Future development pipeline

16 of 25

top shopping centres in
Australia by annual sales

98%

of the portfolio is invested in
regional and CBD shopping
centres

\$11,203psm

Specialty sales productivity
per square metre

>99.5%

Occupancy across the
portfolio

As at 31 December 2016

Total

Centres

39

Gross Lettable Area (sqm)

3.6m

SCG Interest (bn)

\$32.3

JV Partner Interest (bn)

\$13.4

Weighted Average Capitalisation Rate

5.33%

Recycling capital to improve the quality of the portfolio

During 2016:

- Completed \$665 million of redevelopments at Westfield Warringah Mall, Westfield North Lakes, Westfield Marion and Casey Central.
- Acquired an interest in the \$360 million (SCG share: \$183m) David Jones 77 Market Street building in Sydney for future redevelopment and extension of Westfield Sydney.
- Divested \$368 million of two non strategic assets, Casey Central in Victoria and WestCity in New Zealand.
- Redeemed approximately \$600 million of the \$1.2 billion property linked notes effectively increasing Scentre Group's interest in four high quality regional shopping centres.

In the best locations

>65%

of the population live within a 30 min drive of a Westfield shopping centre

>67%

of the portfolio by asset value is in Sydney and Melbourne

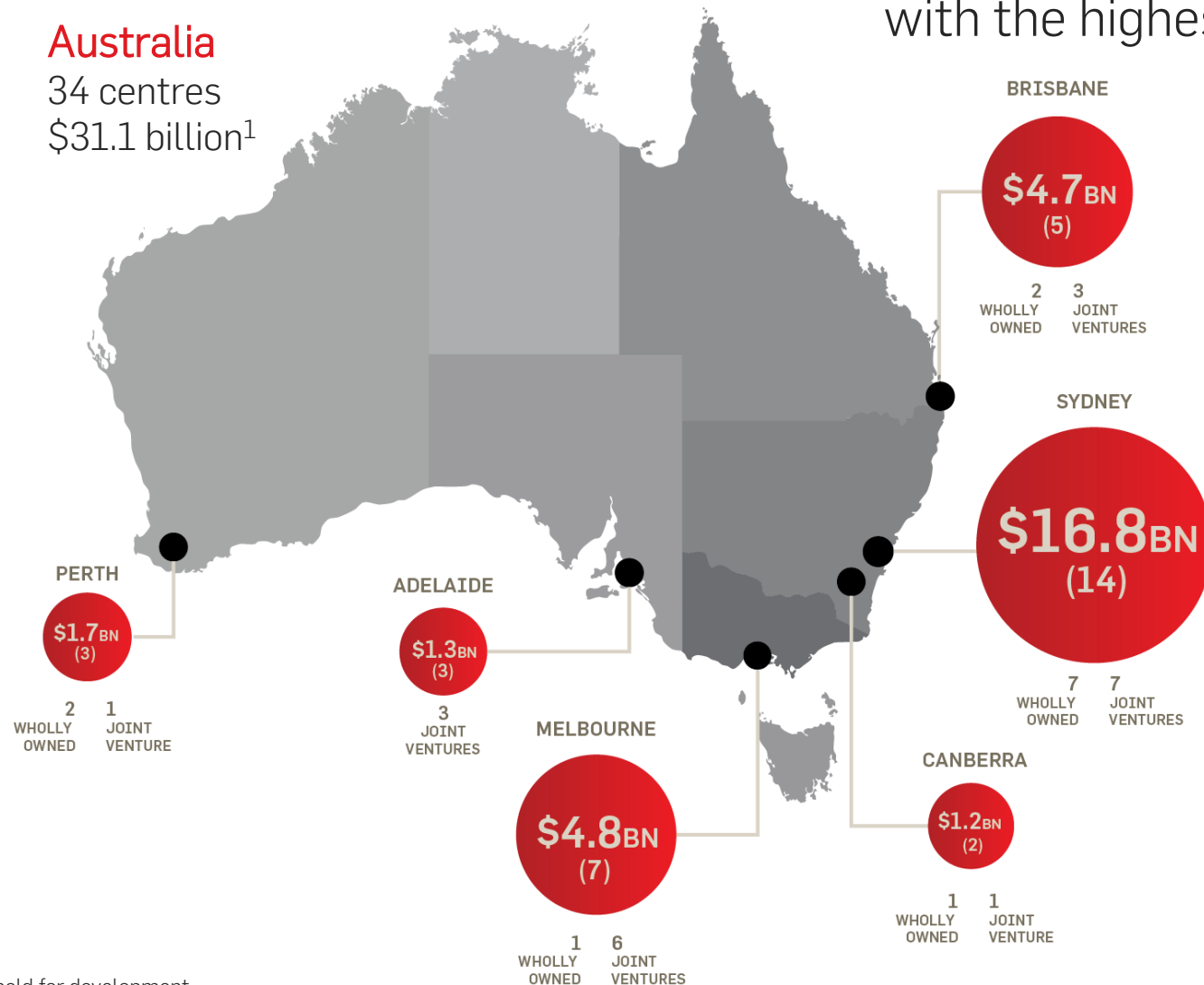
>525m

customer visits per annum

1. Includes construction in progress and assets held for development

Australia

34 centres
\$31.1 billion¹



“ Located in high population, urbanised transportation nodes with the highest density growth. ”

New Zealand

5 centres
NZ\$1.2 billion¹



Strong underlying operating performance

31 December 2016

Total Sales (MAT)	\$22.7bn
Specialty Store Sales Growth (psm) (MAT)	2.6%
Average Specialty Store Sales (psm)	\$11,203
Specialty Store Rent (psm)	\$1,607
Portfolio Leased	> 99.5%
Occupancy Cost	17.7%
Lease Deals Completed Number	2,628
Lease Deals Completed Area (sqm)	371,368
Comparable NOI Growth	2.9%

2.9%
Comparable
NOI Growth

Top end of guidance

\$22.7bn
Annual retail
sales

\$11,203_{psm}
Specialty
Sales

Sales productivity is up by
2.6%

2,628
Lease deals
completed

Including 243 project deals

Continued growth in retail sales

2.6%
Sales Growth

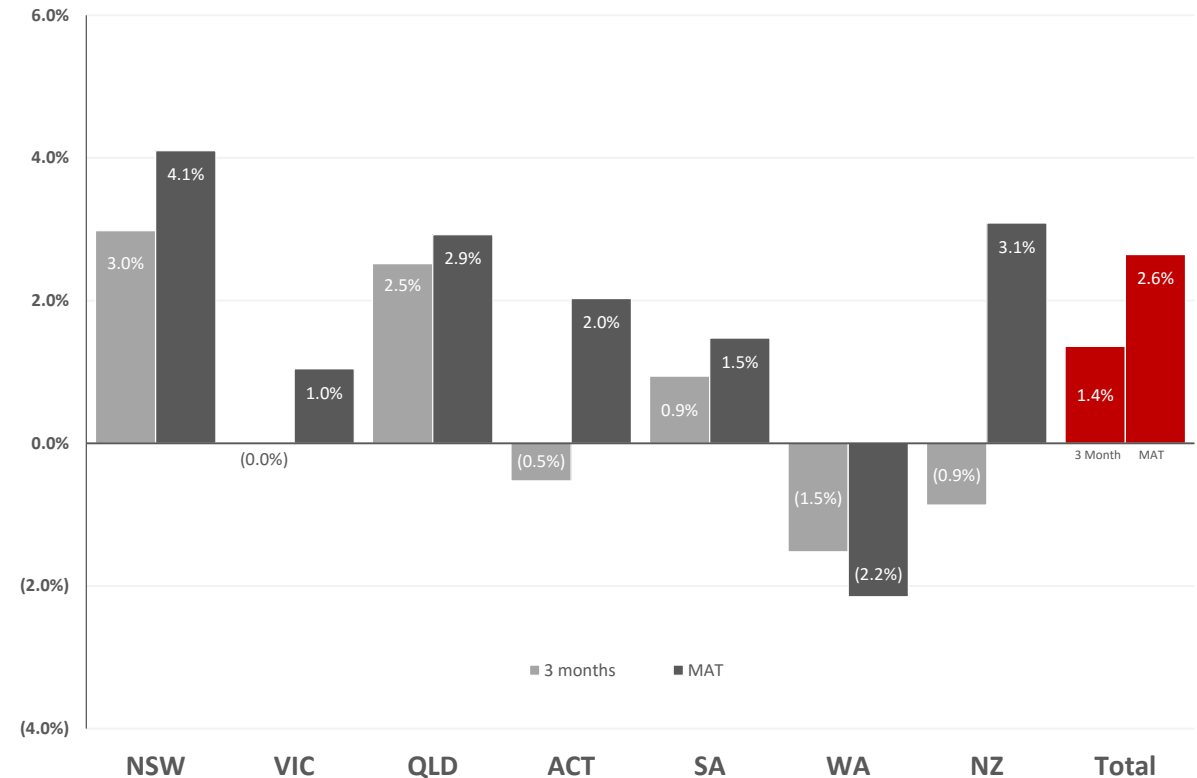
Specialty sales per square
metre growth

>80%

Of the portfolio generates
annual retail sales in excess
of \$500m

Total portfolio	Comparable sales growth % ¹	
	3 months to 31 Dec 2016	12 months to 31 Dec 2016
Majors	(0.6%)	0.4%
Mini Majors (≥ 400 sqm)	2.1%	1.3%
Specialties (< 400 sqm)	1.4%	2.6%
Total Portfolio	0.6%	1.2%

Comparable specialty sales growth by region¹



1. Total stable portfolio

Continued growth in retail sales

By category	Comparable sales growth % ¹	
	3 months to 31 Dec 2016	12 months to 31 Dec 2016
Supermarkets	1.1%	(0.1%)
Department Stores	(0.2%)	1.5%
Discount Department Stores	(4.9%)	(1.8%)
Cinemas	(10.7%)	(3.5%)
Fashion	1.1%	1.3%
Footwear	(0.5%)	1.5%
Jewellery	3.5%	6.0%
Leisure	0.0%	1.8%
General Retail ²	0.2%	0.9%
Homewares	(2.5%)	(1.1%)
Technology & Appliances	15.1%	10.7%
Retail Services	2.5%	1.0%
Health & Beauty	1.9%	3.9%
Food Retail	4.1%	3.2%
Food Catering	0.1%	1.2%

1. Total stable portfolio

2. General Retail category includes Discount Variety, Giftware, Florists etc

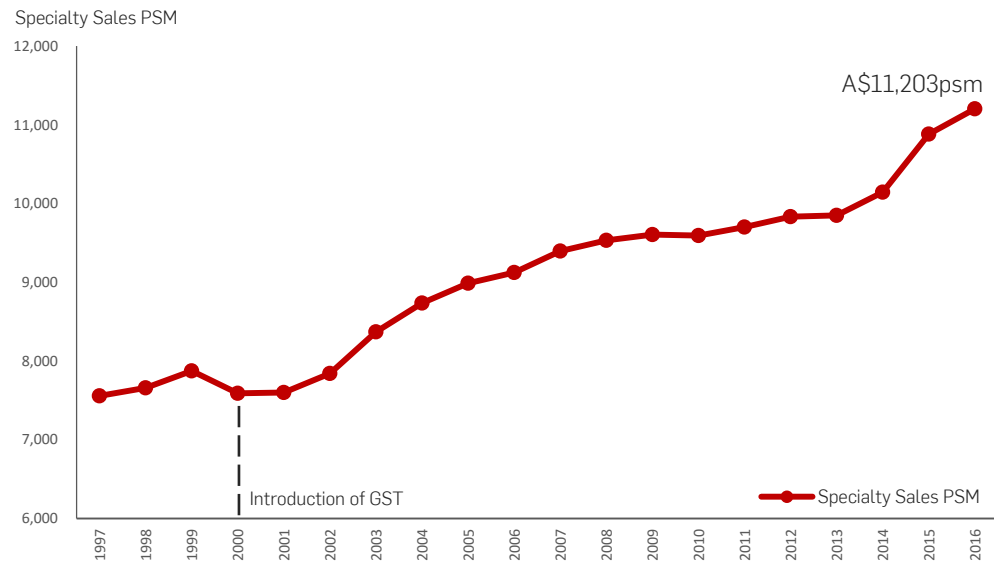


Westfield Warringah Mall

Creating the best retail product offering

Scentre Group is focused on creating the best retail product offering for each shopping centre and its local community. This strategic focus is key to enabling the continued growth of specialty store sales and rents.

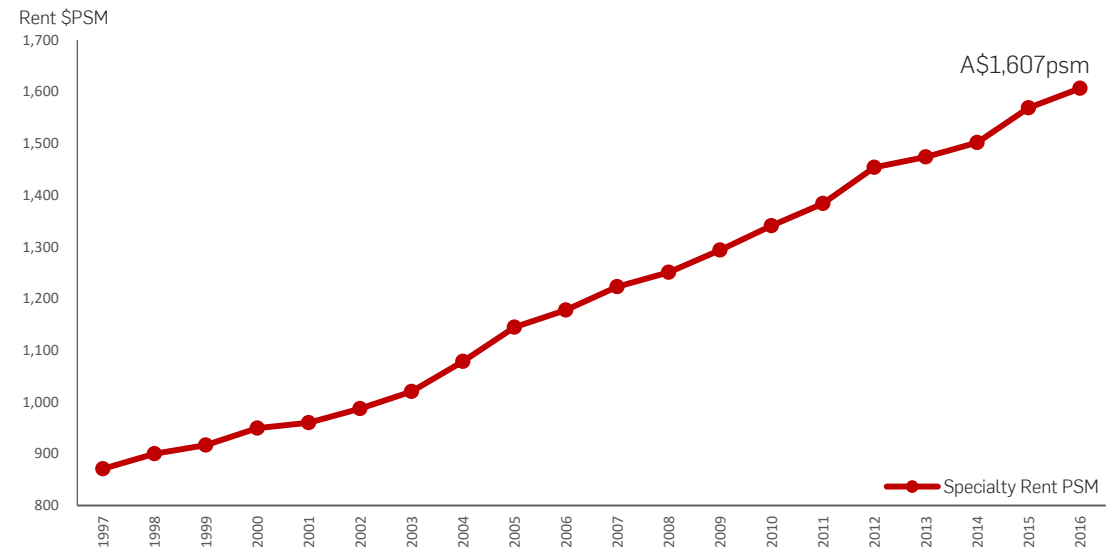
Average specialty store sales



Sales Productivity

Long-term sales productivity is underpinned by the strategic asset management, development and expansion of the shopping centres.

Average specialty rent



> 99% Occupancy

The portfolio has remained > 99% leased for over 20 years.

Developing extraordinary places with exceptional returns

\$665m

Developments
Completed in 2016

North Lakes, Warringah Mall, Marion
and Casey Central.

**Delivered
>7.5% Yields**

On completed developments at North
Lakes, Warringah Mall, Marion and
Casey Central.

\$605m

Developments
Commenced in 2016

Including Chermside, Whitford City
and North Lakes which commenced
and completed during 2016.

>15%

Total Returns

Forecast total returns in excess of
15%

Active developments

\$m	Total Project	SCG Share	Anticipated Completion
2016 Commencements			
Chermside	355	355	Q2 2017
Whitford City – Cinemas & Restaurants	80	40	Q4 2017
2017 Commencements			
Carousel	350	350	2018
Plenty Valley	80	40	2018
Total Active Developments	865	785	
Development Yield Targets		> 7.0%	

Deliverable development pipeline for future growth

Future developments

- Albany (NZ)
- Booragoon (WA)¹
- Coomera (QLD)
- Innaloo (WA)
- Knox (VIC)
- Kotara (NSW)
- Marion (SA)
- Newmarket (NZ)
- St Lukes (NZ)
- Sydney (NSW)
- Tea Tree Plaza (SA)
- Warringah Mall – stage 2 (NSW)
- Whitford City – stage 2 (WA)

>\$3bn
Future
development
pipeline



Westfield Newmarket



Westfield Coomera



Westfield Plenty Valley



Westfield Coomera

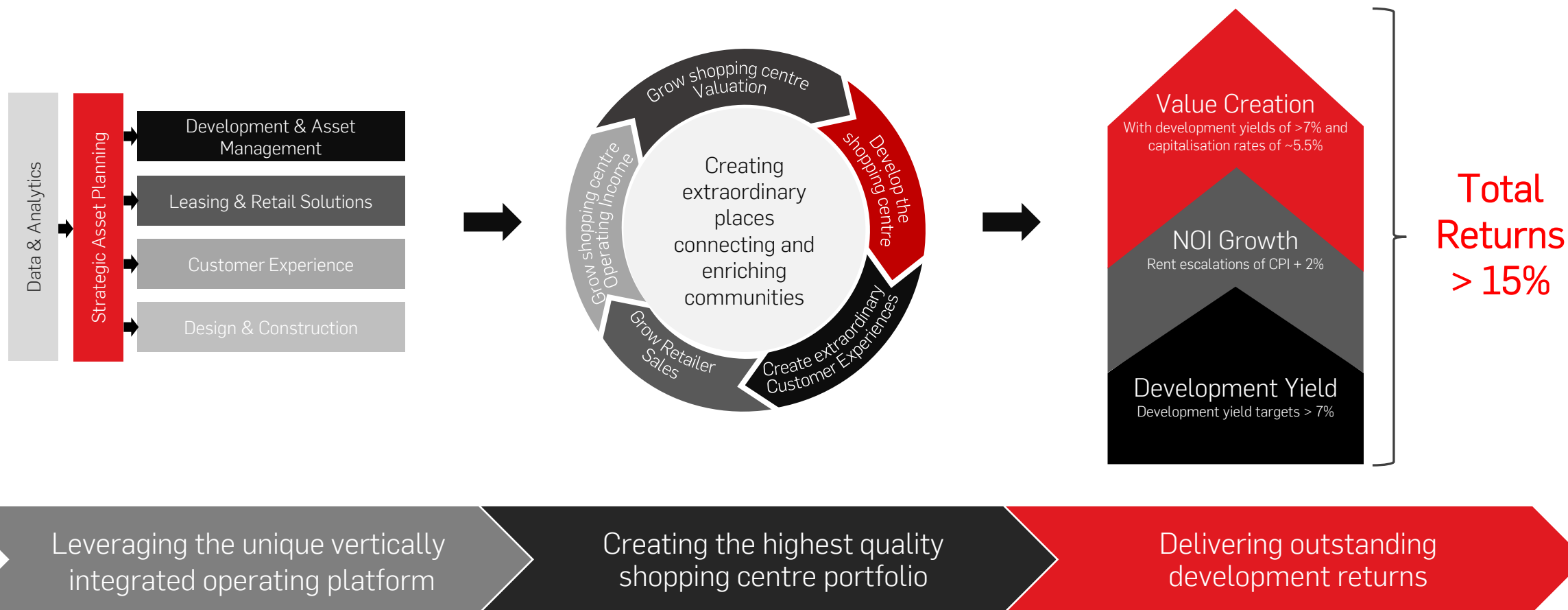


Westfield Carousel

1. Third party design and construction project

Delivering outstanding development returns

Through owning the highest quality shopping centre portfolio and the fully integrated development, design, construction and leasing teams, Scentre Group is able to consistently deliver total development returns in excess of 15%.



Strong financial performance

Funds from Operations

\$m	12 months to 31 Dec 2016	12 months to 31 Dec 2015
Net Operating Income	1,809.7	1,824.5
Management Income	46.3	46.5
Project Income	81.2	84.6
Gross Income	1,937.2	1,955.6
Overheads	(86.4)	(91.0)
EBIT - Operations	1,850.8	1,864.6
Net Interest	(461.6)	(499.3)
Earnings before Tax	1,389.2	1,365.3
Tax	(75.1)	(71.9)
Minority Interest	(76.5)	(94.2)
Funds from Operations	1,237.6	1,199.2

3.2%
FFO Growth

- Exceeding guidance, delivering 23.3 cents per security
- Underlying FFO growth of 5%

\$1.238bn

FFO

Funds from operations

\$2.991bn

Profit



Westfield North Lakes

Stable financial position

\$19.5bn

Net Assets

\$32.3bn

Property
Investments

During 2016, total revaluation
uplift of \$1.6bn

**Operating
Platform**

The Balance Sheet does not
include the value of the
unique operating platform

Balance Sheet - Proportionate

\$m	31 Dec 2016	31 Dec 2015
Total Property Investments	32,288.8	30,077.4
Total Assets	34,100.2	31,947.9
Total Liabilities	13,333.3	12,886.8
Net Assets	20,766.9	19,061.1
Minority Interest	(1,279.7)	(1,421.5)
Net Assets attributable to members of Scentre Group	19,487.2	17,639.6



Westfield North Lakes

Strong capital structure

Debt metrics

	31 Dec 16	31 Dec 15
Total interest bearing liabilities	\$11.6bn	\$11.1bn
Gearing (look through basis)	33.3%	33.3%
Weighted average interest rate	4.5%	4.7%
Weighted average debt maturity	5.1 years	5.6 years
Liquidity	\$2.8bn	\$3.7bn
Interest rate hedged percentage	80%	86%

Investment grade ratings

Moody's	A1 (Stable)	A1 (Stable)
Standard & Poor's	A (Stable)	A (Stable)

Bond covenants

Requirement

Net Debt / Net Assets	≤ 65%	34.4%	34.6%
Secured Debt / Total Assets	≤ 45%	0.7%	0.7%
Interest Coverage	≥ 1.5 times	3.7 times	3.5 times
Unencumbered Leverage	≥ 125%	287%	285%

\$3.3bn

Debt Refinanced

Refinanced and extended \$3.3bn of debt, including bilateral bank loans and bonds.

33.3%

Gearing

80%

Hedged

80% of interest cost is hedged

Bonds

Issued €500m (\$745m) of 2023 bonds. Proceeds used to redeem \$900m of bonds in July 2016

Disciplined capital management

\$2.8bn
Liquidity

5.1 Years

Weighted average debt maturity

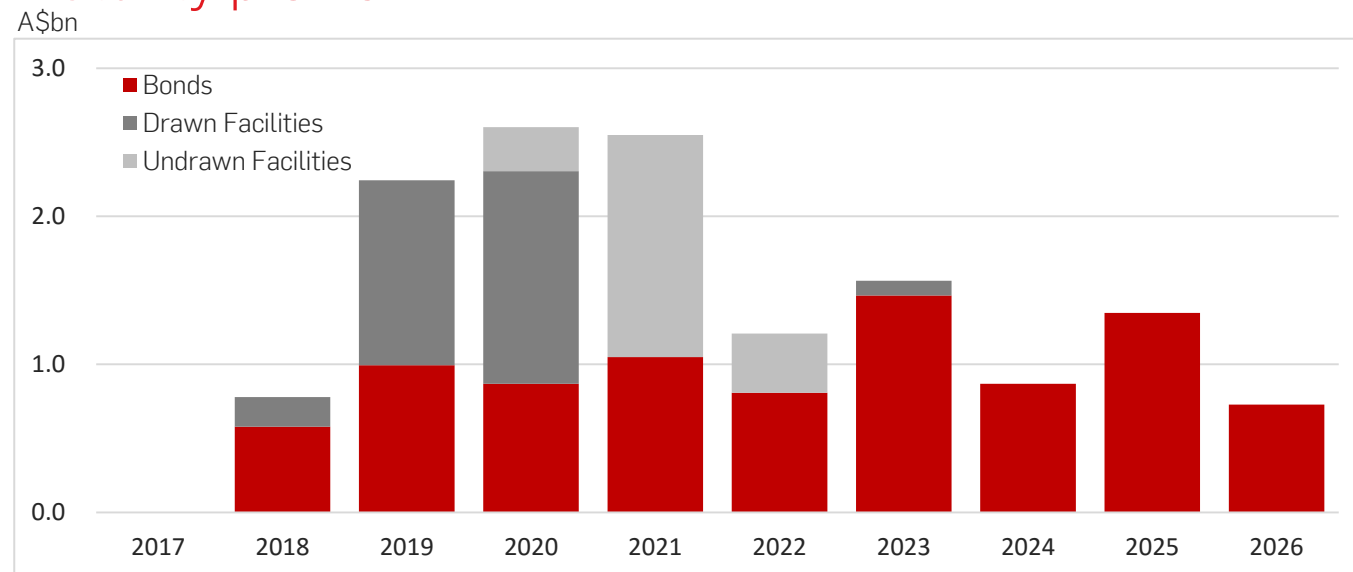
Debt Maturities

No debt maturities until July 2018

Facilities & Liquidity¹

31 Dec 16	%	\$bn ¹
Bonds		
USD	20%	\$2.8
EUR	27%	\$3.8
GBP	11%	\$1.5
AUD	4%	\$0.6
Total	62%	\$8.7
Bank Facilities		
Drawn	19%	\$2.6
Undrawn	19%	\$2.6
Total	38%	\$5.2
Total Facilities	100%	\$13.9
Less Drawn		(\$11.3)
Plus Cash		\$0.2
Total Liquidity		\$2.8

Maturity profile¹



1. Foreign currency bonds at fully hedged A\$ equivalent face value.

2017 Outlook – Continued strong growth

2017 Outlook

Funds from Operations Growth	approximately 4.25%
Distribution per security	21.73 cents (2% growth)
Comparable NOI Growth	approximately 2.75% to 3%
Weighted Average Interest Rate	approximately 4.5%
Development Completions	To complete and open during 2017: <ul style="list-style-type: none">- Chermside- Whitford City – Cinemas & Restaurants
Expected Development Commencements	>\$700 million to commence including: <ul style="list-style-type: none">- Carousel- Coomera- Plenty Valley
Development Yield Targets	> 7.0%
Forecast Development Total Returns	> 15%

4.25%

FFO Growth

5% underlying FFO growth

2.75% to 3%

NOI Growth

Estimated comparable NOI growth

21.73c

Distribution

2% growth in distribution per security

>\$700m

Developments

expected to commence during 2017



Appendices

Developments

Active project: Westfield Carousel

Overview

Project Cost	\$350m (SCG share: \$350m)
Commencement	Q1 2017
Completion	2018

Highlights

Incremental Project GLA	27,500sqm
Completed Centre GLA	110,000sqm
New Anchors	David Jones, international mini-majors, new entertainment, dining and leisure precinct
Specialty Retail	approx. 70 new stores



Developments

Active project: Westfield Chermside

Overview

Project Cost	\$355m (SCG share: \$355m)
Commencement	Q1 2016
Completion	June 2017

Highlights

Incremental Project GLA	33,000 sqm
Completed Centre GLA ¹	156,000 sqm
New Anchors	Zara, H&M, Sephora, new leisure and dining precinct
Specialty Retail	approx. 95 new stores

1. Retail component only



Developments

Active project: Westfield Plenty Valley

Overview

Project Cost	\$80m (SCG share: \$40m)
Commencement	Q1 2017
Completion	2018

Highlights

Incremental Project GLA	10,300sqm
Completed Centre GLA	63,500sqm
New Anchors	Village cinema, new leisure and dining precinct
Specialty Retail	approx. 20 new stores



Profit and FFO

Reconciliation from Profit to FFO

\$m	Profit 12 months to 31 December 2016	FFO Adjustments ¹	FFO 12 months to 31 December 2016	Financial Statement Notes
	A	B	C = A + B	
Net operating income	1,762.0	47.7	1,809.7	Note 2(iv)
Management income ²	46.3	-	46.3	Note 2(i)
Project income ³	81.2	-	81.2	Note 2(i)
Gross income	1,889.5	47.7	1,937.2	
Overheads	(86.4)	-	(86.4)	Note 2(i)
Revaluations	1,580.1	(1,580.1)	-	Note 2(i)
Gain in respect of capital transaction	35.5	(35.5)	-	Note 2(i)
EBIT	3,418.7	(1,567.9)	1,850.8	
Net interest ⁴	(317.3)	(144.3)	(461.6)	
Currency derivatives	47.8	(47.8)	-	Note 2(i)
Earnings Before Tax	3,149.2	(1,760.0)	1,389.2	
Tax	(45.6)	(29.5)	(75.1)	Note 2(i)
Minority interest ⁵	(113.1)	36.6	(76.5)	
Profit / Funds from Operations	2,990.5	(1,752.9)	1,237.6	
Retained Earnings			(106.2)	
Distribution			1,131.4	

1. FFO adjustments relate to revaluations, mark to market of interest rate and currency derivatives, tenant allowance amortisation and deferred tax benefit

2. Management income \$57m less management expenses \$11m = \$46m.

3. Project income \$411m less project expenses \$330m = \$81m.

4. Financing costs \$407m (Note 2(i)) less interest income \$8m (Note 2(ii)) less interest expense on other financial liabilities \$63m (Note 12) less net fair value loss on other financial liabilities \$19m (Note 12) = \$317m.

5. Minority interest \$31m (Note 2(ii)) plus interest expense on other financial liabilities \$63m (Note 12) plus net fair value loss on other financial liabilities \$19m (Note 12) = \$113m.

Balance Sheet

Balance Sheet - Proportionate¹

\$m	Consolidated	Equity Accounted	31 December 2016
	A	B	C = A + B
Cash	159.0	12.5	171.5
Property Investments			
- Shopping centres	29,027.5	2,486.1	31,513.6
- Development projects and construction in progress	697.6	77.6	775.2
Total Property Investments	29,725.1	2,563.7	32,288.8
Property investments held for sale	147.2	-	147.2
Equity accounted investments	2,467.9	(2,467.9)	-
Deferred tax assets	65.5	-	65.5
Currency derivative receivables	430.9	-	430.9
Other assets	989.6	6.7	996.3
Total Assets	33,985.2	115.0	34,100.2
Interest bearing liabilities			
- Current	730.9	-	730.9
- Non-current	10,860.5	-	10,860.5
Finance lease liabilities	39.2	15.2	54.4
Deferred tax liabilities	131.8	64.1	195.9
Currency derivative payables	159.8	-	159.8
Other liabilities	1,296.1	35.7	1,331.8
Total Liabilities	13,218.3	115.0	13,333.3
Net Assets	20,766.9	-	20,766.9
Minority interest ²	(1,279.7)	-	(1,279.7)
Net Assets attributed to Members of Scentre Group	19,487.2	-	19,487.2
Debt ³			11,148.8
Assets ⁴			33,497.8
Gearing			33.3%

1. Period end AUD/NZD exchange rate 1.0395 at 31 December 2016.

2. Includes \$1,013m (31 Dec 15 \$1,155m) of Property Linked Notes shown in minority interest given their equity characteristics, and \$267m (31 December 15 \$267m) relating to Carindale.

3. Interest bearing liabilities adjusted for cash and net currency derivatives.

4. Total assets excluding cash and currency derivative receivables.

Cashflow

Cash Flows from Operating Activities – look through basis

\$m	Consolidated	Equity Accounted	31 December 2016
	A	B	C = A + B
Receipts in the course of operations (including GST)	2,882.6	232.5	3,115.1
Payments in the course of operations (including GST)	(1,014.0)	(58.5)	(1,072.5)
Dividends/distributions received from equity accounted investments	104.0	(104.0)	-
Income and withholding taxes paid	(93.2)	(8.9)	(102.1)
GST paid	(219.3)	(18.3)	(237.6)
Payments of financing costs (excluding interest capitalised)	(550.4)	(24.9)	(575.3)
Interest received	7.2	0.5	7.7
Net Cash Flows from Operating Activities	1,116.9	18.4	1,135.3

Interest hedging profile

31 December ¹	\$ Fixed Rate Debt		Derivatives hedging floating rate \$ & NZ debt					
	\$ Debt Payable		\$ Swap Payable		NZ\$ Swap Payable		NZ\$ Collar Payable	
	\$m	Fixed Rate	\$m	Fixed Rate	NZ\$m	Fixed Rate	NZ\$m	Strike Rate
2016	(580.0)	3.25%	(7,722.5)	2.92%	(440.0)	3.59%	(70.0)	3.39%/5.25%
2017	(580.0)	3.25%	(7,513.5)	2.90%	(350.0)	3.35%	(70.0)	3.39%/5.25%
2018	(580.0)	3.25%	(7,100.0)	2.88%	(210.0)	3.34%	(70.0)	3.39%/5.25%
2019	(430.0)	3.31%	(6,240.0)	2.84%	(230.0)	3.45%	-	-
2020	(430.0)	3.31%	(4,730.0)	2.89%	(180.0)	3.43%	-	-
2021	(30.0)	3.81%	(3,280.0)	2.91%	(100.0)	3.36%	-	-
2022	-	-	(1,770.0)	2.80%	(50.0)	3.26%	-	-
2023	-	-	(500.0)	2.66%	-	-	-	-
2024	-	-	-	-	-	-	-	-

80% Hedged at 31 December 2016

1. As at 31 December 2016. All rates exclude borrowing margin

IMPORTANT NOTICE

All amounts in Australian dollars unless otherwise specified. The financial information included in this document is based on the Scentre Group's IFRS financial statements. Non IFRS financial information included in this document has not been audited or reviewed. This document 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 document. 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 document. 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.

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