

SCENTRE GROUP

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

HALF YEARLY RESULTS

TO 30 JUNE 2015

Scentre Group Limited ABN 66 001 671 496
All amounts in Australian dollars unless otherwise specified

The financial information included in this release is based on the Scentre Group's IFRS financial statements. Non IFRS financial information included in this release 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 presentation. 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.



HIGHLIGHTS

Scentre Group reports first half 2015 results with 6.1% growth in specialty sales in Australia, and maintains its 2015 full year FFO forecast of 22.5 cents per security representing 3.5% growth, and distribution forecast of 20.9 cents per security.

- ▶ Focus on the integration of food, fashion, leisure and entertainment experiences in each of its shopping centres to curate a retail environment that connects shoppers with the retailers, goods and services that will resonate with the local community
- ▶ Introduced new services to improve the shopper experience, including an in-house advertising network of 1,200 custom designed digital displays, a nationwide rollout of state-of-the-art free Wi-Fi at 26 centres, and the introduction of ticketless parking at 4 centres by the end of the year
- ▶ Commenced \$825m (SCG share: \$578m) of development starts in 2015, including Casey Central, Chatswood, Hurstville, Kotara, North Lakes and Warringah Mall, maintaining a forward development pipeline in excess of \$3.0bn
- ▶ Announced the sale of 4 Australian shopping centres (Figtree, North Rocks, Strathpine and Warrawong) for \$783m. Proceeds will be reallocated to the Group's development pipeline
- ▶ The strong underlying operating performance will offset the dilutionary earnings impact of the sale of the 4 Australian shopping centres, enabling Scentre Group to maintain its 2015 full year FFO forecast of 22.5 cents per security representing 3.5% growth, and distribution forecast of 20.9 cents per security

Overview

6 months to 30 June 2015

Assets Under Management ¹	\$40.7bn
Profit	\$1,083m
Funds from Operations (FFO)	\$604m
FFO per security	11.38 cents
Distribution per security	10.45 cents
Comparable NOI Growth ¹	2.4%
Gearing ²	34.8%

2015 Full Year Forecast

FFO per security	22.5 cents
	3.5% growth
Distribution per security	20.9 cents
Comparable NOI growth	2.0 - 2.5% for the year

1. Pro forma post sale of four Australian assets, settlement expected Q3 2015.

2. On a pro forma basis post sale of four Australian assets gearing would be 33.1%.

OUR OPERATIONS

As at 30 June 2015	Australia ¹	New Zealand	Total ²
Centres	34	9	43
Number of Retail Outlets	10,762	1,401	12,163
Gross Lettable Area (m sqm)	3.3	0.4	3.7
SCG Interest (bn) ³	\$27.4	NZ\$1.9	\$29.0
JV Partner Interests (bn) ³	\$10.7	NZ\$1.1	\$11.7
Assets Under Management (bn) ³	\$38.1	NZ\$3.0	\$40.7
Weighted Average Capitalisation Rate	5.72%	7.30%	5.81%

1. Pro forma post sale of four Australian assets, settlement expected Q3 2015

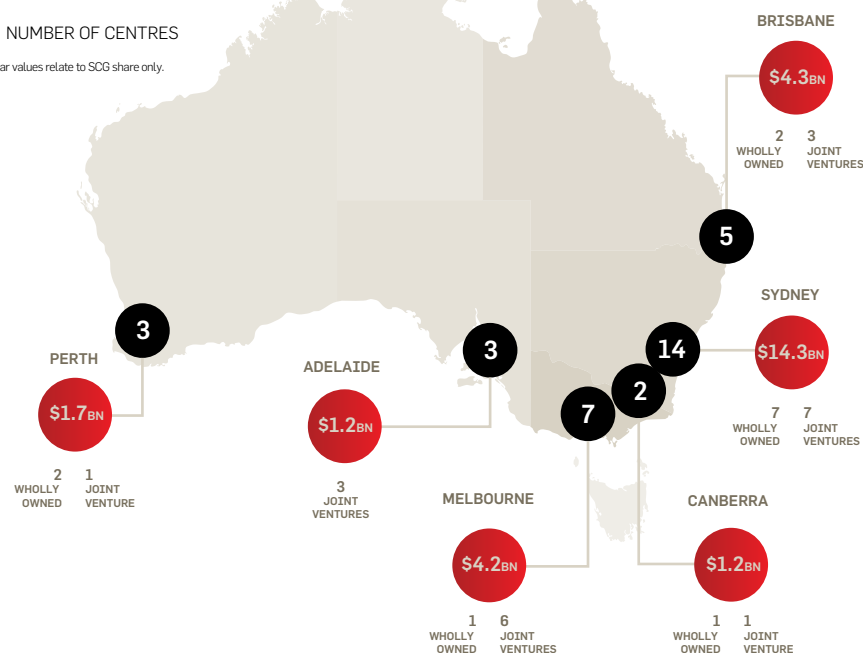
2. Period end exchange rate AUD/NZD 1.1285

3. Includes construction in progress and assets held for development

AUSTRALIA 34 CENTRES A\$27.4 BILLION^{1,2}

● NUMBER OF CENTRES

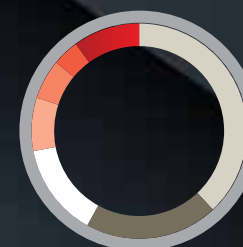
All dollar values relate to SCG share only.



1. Includes construction in progress and assets held for redevelopment

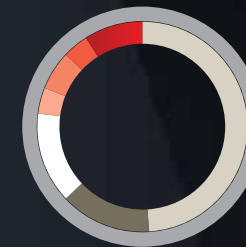
2. Pro forma post sale of four Australian assets, settlement expected Q3 2015

PORTFOLIO BY GLA¹



■ NSW / 37%
■ VIC / 20%
■ QLD / 14%
■ SA / 8%
■ WA / 6%
■ ACT / 5%
■ NZ / 10%

PORTFOLIO BY ASSET VALUE (SCG SHARE)¹

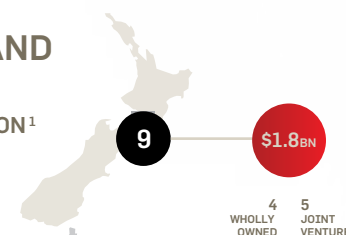


■ NSW / 50%
■ VIC / 15%
■ QLD / 15%
■ SA / 4%
■ WA / 6%
■ ACT / 4%
■ NZ / 6%

1. Pro forma post sale of four Australian assets, settlement expected Q3 2015

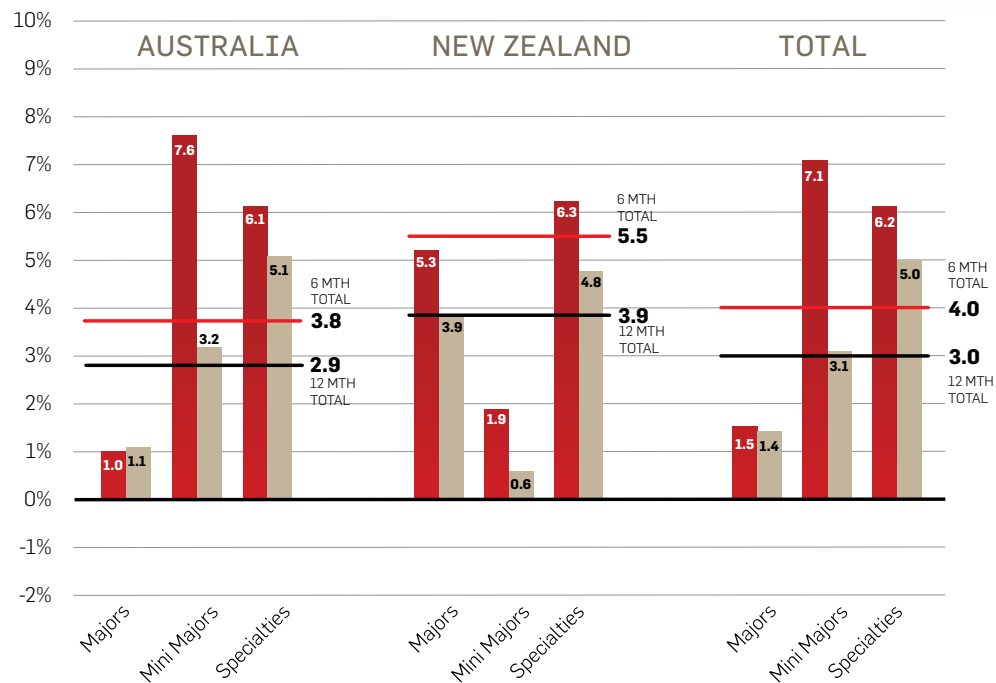
- The portfolio remained in excess of 99.5% occupied
- 2.4% Comparable NOI Growth for the 6 months to 30 June, with 2015 forecast of 2.0-2.5%
- Comparable Specialty Retail Sales Growth of 6.1% in Australia to \$10,556 psm, and 6.3% in New Zealand to NZ\$10,374 psm
- 18.0% Specialty Store Occupancy Cost

NEW ZEALAND 9 CENTRES NZ\$1.9 BILLION¹

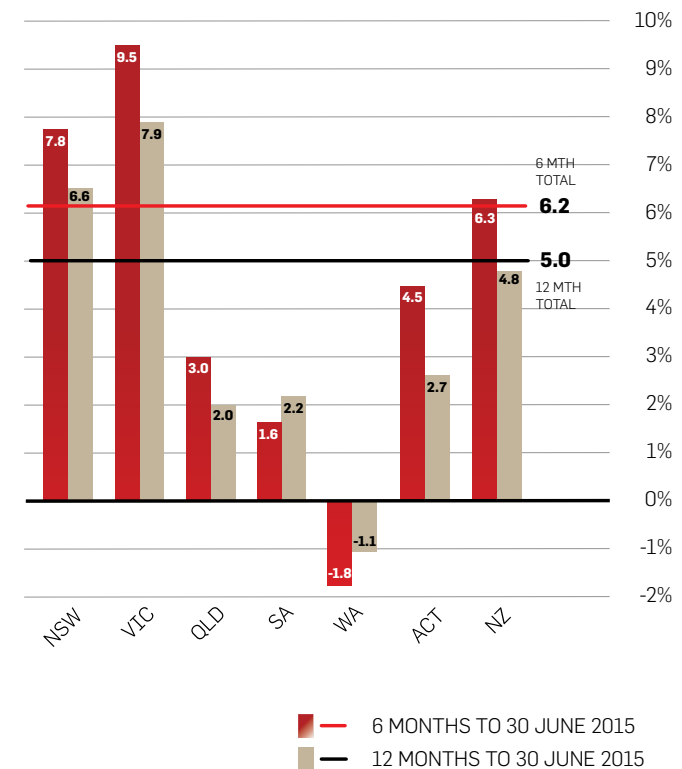


COMPARABLE RETAIL SALES GROWTH

BY TYPE¹



BY REGION - SPECIALTY SALES¹

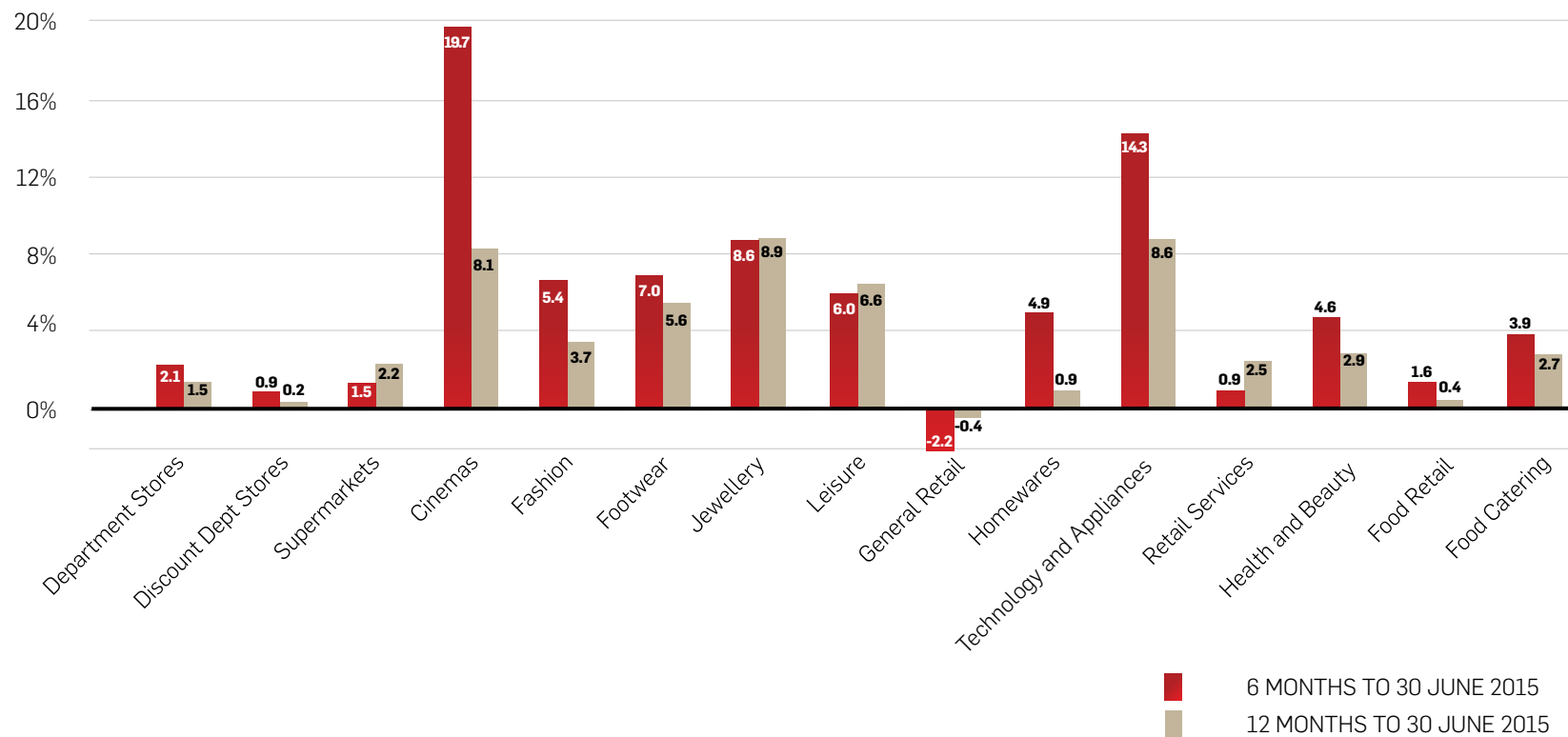


— 6 MONTHS TO 30 JUNE 2015
— 12 MONTHS TO 30 JUNE 2015

1. Pro forma post sale of four Australian assets, settlement expected Q3 2015

COMPARABLE RETAIL SALES GROWTH

BY CATEGORY ^{1, 2}



1. Pro forma post sale of four Australian assets, settlement expected Q3 2015
2. Total portfolio, and includes mini-majors and specialties

OPERATING PERFORMANCE

6 months to 30 June 2015 ¹	Australia	New Zealand	Total
Moving Annual Turnover (incl. GST) bn	\$20.1	NZ\$2.4	\$22.3
Specialty Store Retail Sales (incl. GST) (psm) ²	\$10,556	NZ\$10,374	\$10,436
Specialty Store Rent (psm)	\$1,594	NZ \$1,143	\$1,520
Comparable NOI growth			2.4%
Portfolio Leased			>99.5%
Specialty Store Occupancy Cost			18.0%
Lease Deals Completed Number			1,280
Lease Deals Completed Area (sqm)			172,540

1. Pro forma post sale of four Australian assets, settlement expected Q3 2015

2. For the 12 months to 30 June 2015

PROJECT DETAILS

FUTURE PIPELINE
> \$3 BILLION

\$825 million development starts
in 2015 (SCG share: \$578m)

	Total Project \$m	SCG Share \$m	Project Yield Range	Anticipated Completion
Scentre Group				
Warringah Mall	310	155		2016
Casey Central	155	155		2016
Chatswood	120	120		2015/2016
Hurstville	105	53		2015
Kotara	55	55		2015
Miranda	500	250		2014/2015
North Lakes	80	40		2015
	1,325	828	7.00%-7.50%	
Third Party				
Pacific Fair	670	–		
Total	1,995	828		

The Group is undertaking pre-development activity on future development opportunities in excess of \$3bn.

Albany (NZ)
Carousel (WA)
Chermside (QLD)
Coomera (QLD)
Innaloo (WA)

Knox (VIC)
Marion (SA)
Newmarket (NZ)
North Lakes - Stage 2 (QLD)

Plenty Valley (VIC)
St Lukes (NZ)
Tea Tree Plaza (SA)
Warringah - Stage 2 (NSW)
Whitford City (WA)



DEVELOPMENTS

WESTFIELD WARRINGAH MALL

On completion Westfield Warringah Mall will feature a new two-level parallel mall anchored by a reconfigured Myer department store and large format mini-major retailers across both levels connecting through to Woolworths on level 1 and Big W on level 2.

The reconfiguration and refurbishment of Myer will be a key part of the redevelopment with the existing three-level 21,822sqm store to be refurbished and transformed into a new two-level 15,000sqm store.

Approximately 70 new retailers will be introduced to the centre, complemented by the refurbishment of the existing fresh food precinct.

A roof-top canopy will be installed in the outdoor area providing ambience and protection while a number of dedicated spaces will be created for hosting events and installations.

On completion, Westfield Warringah Mall – which will increase in GLA from 125,000sqm to 134,000sqm - will be digitally capable with the installation of free Wi-Fi.

Construction on the first stage of Westfield Warringah Mall will commence immediately and is due for completion by late 2016.

DEVELOPMENTS

CASEY CENTRAL

Casey Central is a small neighbourhood centre owned by the Group since 2005, with a total GLA of 6,500sqm, 23 shops and anchored by a strongly-performing Coles supermarket. It occupies a strategic 10-hectare site in the south-east growth corridor of Melbourne.

The redevelopment includes the construction of a new 28,700sqm shopping centre comprising northern and southern pavilions linked by a retail mall, new full-line Coles and Woolworths supermarkets with an adjacent fresh food precinct, an Aldi supermarket and a new-format Target discount department store.

On completion, Casey Central will include large format mini-major retail outlets and approximately 78 new specialty stores, an expanded Liquorland site adjacent to the centre and a new Shell service station.

A casual dining precinct with a 350-seat food court adjoining an external kids play and seating area will complete the project, which will comprise approximately 28,700sqm GLA when works are complete.

Casey Central has a target completion date in Q1 2016.

WESTFIELD CHATSWOOD

The redevelopment includes the reconfiguration of 2 levels of the existing 5-level mall. The existing 2-level Victoria Avenue mall will be replaced with a new 5-level mall linking to the rest of the centre. Three new large-format tenancies will reinforce Westfield Chatswood's position as a fashion destination, with the redeveloped centre to include a flagship 2-storey Topshop Topman facing Victoria Avenue.

A new Asian-inspired dining market with late-night trading capacity will cater to the increasing residential population in the Chatswood CBD. The dining market will link directly to an outdoor laneway with public artwork, and space that can be activated with events and ambient installations.

Approximately 40 new retailers will be added to the centre, which will grow to 80,000 sqm GLA on completion.

Westfield Chatswood is due to relaunch late 2015/early 2016 with the international large-format retailers anticipated to commence trade early in the new year.



DEVELOPMENTS

WESTFIELD HURSTVILLE

Myer's decision to vacate its space at Hurstville upon expiry of its lease in early 2015 created an opportunity to undertake a comprehensive upgrade of the entire centre. The space previously occupied by Myer is being reconfigured into five new tenancies with higher combined rents than that received from Myer. The project will see the introduction of a new Woolworths supermarket, Big W discount department store, JB Hi Fi Home, Cotton On Mega Store and Rebel Sport.

The redevelopment will also create a new rooftop al fresco dining and entertainment precinct that will be home to a range of casual dining outlets and an upgraded Event cinema that will see the introduction of V-Max.

A comprehensive internal ambience upgrade will complement the introduction of digital capability that includes a ticketless parking control system and free Wi-Fi.

Westfield Hurstville's redevelopment works are due for completion in November 2015.

WESTFIELD KOTARA

The redevelopment of Westfield Kotara centres on the addition of a new rooftop dining and entertainment precinct that will be set in an open-air landscaped garden space with 9 restaurants and food outlets.

The project also includes a new Event Cinema 8-screen complex with Gold Class and V-Max, creating a genuine entertainment and lifestyle addition for the local community.

Westfield Kotara's new rooftop entertainment precinct is expected to be complete by Christmas 2015.





DEVELOPMENTS WESTFIELD MIRANDA

The first stage of the redevelopment at Westfield Miranda opened in October 2014 with the launch of a gourmet fresh food market and a three-level galleria fashion mall.

The providore-style food market features 20 specialty suppliers, a state-of-the-art demonstration kitchen and the most comprehensive selection of fresh food in Sydney's south, in an environment representing the very latest in food retail design.

An al fresco dining precinct opened in late 2014 with 9 restaurants, cafes and food operators set around a landscaped public space, and a further 6 additional restaurants opened on the rooftop in the second quarter of 2015.

Westfield Miranda has increased by approximately 19,000 sqm with an additional 100 specialty retailers, a relocated 10-screen multiplex Event cinema including Gold Class and VMax and the introduction of valet parking, free Wi-Fi, personal styling services and ticketless parking.



WESTFIELD NORTH LAKES

Westfield North Lakes' first stage redevelopment includes a new entertainment and dining precinct comprising an 8-screen cinema complex adjoining the expanded and refurbished casual dining precinct.

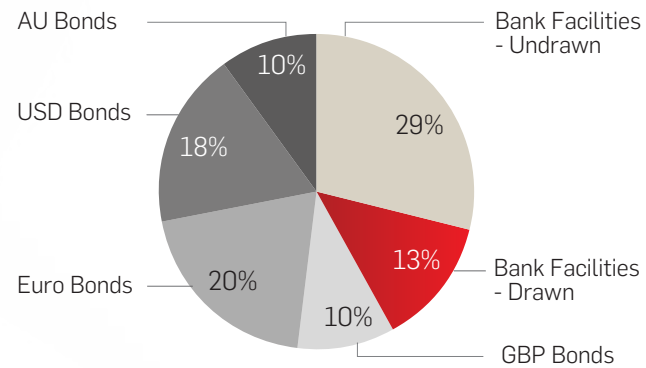
The expansion of the existing Coles supermarket will create the largest supermarket in the centre's trade area, and will be accompanied by an expanded and upgraded fresh food precinct.

The first stage of the redevelopment is due for completion in 2015, and the construction of a new IKEA store currently underway is expected to be completed by late 2016.

FINANCING

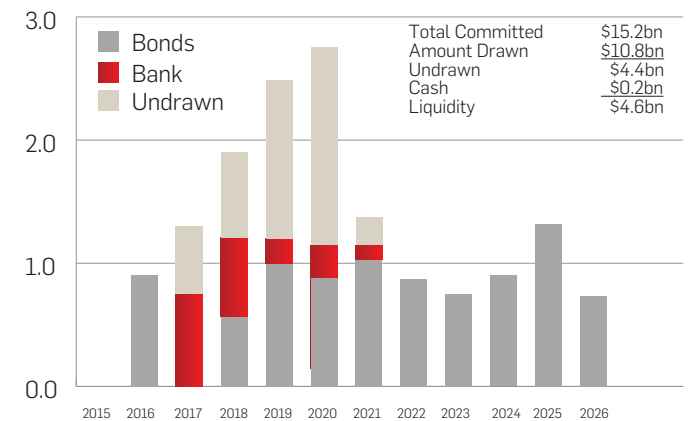
Diversified funding including bonds and bank facilities from 20 banks

FACILITIES¹



1. As at 30 June 2015 with foreign currency bonds at fully hedged A\$ equivalent face value.

MATURITY PROFILE¹



KEY RATIOS

KEY METRICS	30 June 2015
Gearing (look through basis)	34.8% ¹
Weighted Average Debt Maturity	6.1 years
Investment Grade Ratings	A1 (Stable) Moody's A (Stable) S&P

BOND COVENANTS	Requirement	30 June 2015
Net Debt/ Net Assets	Not greater than 65%	36.4% ²
Secured Debt/ Total Assets	Not greater than 45%	0.7%
Interest Coverage	At least 1.5 times	3.4 times ³
Unencumbered Leverage	Not less than 125%	269%

1. On a pro forma basis post sale of four Australian assets gearing would be 33.1%

2. On a pro forma basis post sale of four Australian assets Net Debt/ Net Assets would be 34.7%

3. For the 12 months to 30 June 2015.

INTEREST HEDGING PROFILE

86% Hedged at 30 June 2015

76% Hedged on average for next 3 years¹

31 Dec ¹	\$ FIXED RATE DEBT		DERIVATIVES HEDGING FLOATING RATE \$ & NZ\$ DEBT					
	\$ debt payable		\$ swap payable ²		NZ\$ swap payable		NZ\$ collar payable	
	\$m	Fixed Rate	\$m	Fixed Rate	NZ\$m	Fixed Rate	NZ\$m	Strike Rates
2015	(1,380.0)	4.70%	(7,122.5)	2.95%	(435.0)	4.07%	(70.0)	3.39%/ 5.25%
2016	(580.0)	3.25%	(7,717.5)	2.96%	(320.0)	4.00%	(70.0)	3.39%/ 5.25%
2017	(580.0)	3.25%	(7,508.5)	2.94%	(230.0)	3.80%	(70.0)	3.39%/ 5.25%
2018	(580.0)	3.25%	(7,095.0)	2.92%	(150.0)	3.62%	(70.0)	3.39%/ 5.25%
2019	(430.0)	3.31%	(5,730.0)	2.89%	(150.0)	3.62%	-	-
2020	(430.0)	3.31%	(3,960.0)	3.00%	(100.0)	3.68%	-	-
2021	(30.0)	3.81%	(2,260.0)	3.08%	-	-	-	-
2022	-	-	(750.0)	3.10%	-	-	-	-

1. As at 30 June 2015 with pro forma adjustment for hedge transactions entered into up to 12 August 2015. All rates exclude borrowing margin.

2. Includes swap cover pursuant to swaptions expiring within 12 months at strike rate.

PROFIT AND FFO

PROFIT AND FFO				
\$m	PROFIT 6 months to 30 June 2015	FFO Adjustments ¹	FFO 6 months to 30 June 2015	Financial Statement Notes
	A	B	C=A+B	
Net Property Income				
- Australia	824	17	841	Note 4(a)(iv)
- New Zealand	87	1	88	Note 4(a)(iv)
Total Net Property Income	911	18	929	Note 4(a)(iv)
Management income	23 ²	-	23	
Project income	33 ³	-	33	
Gross income	967	18	985	
Overheads	(44)	-	(44)	Note 4(a)(i)
Revaluations	435	(435)	-	Note 4(a)(i)
EBIT	1,358	(417)	941	
Net interest	(338) ⁴	84	(254)	
Currency derivatives	120	(120)	-	Note 4(a)(i)
Earnings before Tax	1,140	(453)	687	
Tax	15	(50)	(35)	Note 4(a)(i), Note 9, Note 14(a)
Minority interest	(72) ⁵	24	(48)	
Profit after Tax/ Funds from Operations	1,083	(479)	604	

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

2. Management income \$28m less management expenses \$5m = \$23m.

3. Project income \$227m less project expenses \$194m = \$33m.

4. Financing costs \$400m (Note 4(a)(i)) less interest income \$4m (Note 4(a)(i)) less interest expense on other financial liabilities \$42m (Note 7) less net fair value loss on other financial liabilities \$16m (Note 7) = \$338m.

5. Minority interest \$14m (Note 4(a)(i)) plus interest expense on other financial liabilities \$42m (Note 7) plus net fair value loss on other financial liabilities \$16m (Note 7) = \$72m.

BALANCE SHEET

BALANCE SHEET ^{1, 2}		
\$m	30 June 2015	31 December 2014
Cash	196	190
Property investments		
- Shopping centres	29,317	28,920
- Development projects and construction in progress	463	374
- Property investments held for sale	-	1,005
Total Property investments	29,780	30,299
Deferred tax assets	80	98
Other assets	1,086	833
Total assets	31,142	31,420
Interest bearing liabilities		
- Current	613	579
- Non-current	10,619	11,316
Finance lease liabilities	46	57
Deferred tax liabilities	228	314
Other liabilities	1,403	1,316
Total liabilities	12,909	13,582
Net Assets	18,233	17,838
Minority interest ³	(1,691)	(1,667)
Net Assets attributable to Scentre Group	16,542	16,171

1. The net investment in equity accounted entities of \$2,213m (31 December 2014 \$1,287m) has been allocated to individual assets and liabilities.

2. Period end AUD/NZD exchange rate 1.1285 at 30 June 2015 (AUD/NZD 1.0472 at 31 December 2014).

3. Includes \$1,425m (31 December 2014 \$1,409m) of Property Linked Notes shown in minority interest given their equity characteristics, and \$266m relating to Carindale (31 December 2014 \$258m).