



**SCENTRE GROUP**  
**Half Year Results**  
2019



# Scentre Group Overview

**Extraordinary platform with 41 *Westfield* Living Centres valued at over \$54 billion**

- Leading platform for brands and experiences to connect and interact with customers
- Integral infrastructure network with > 65% of the population within a 30-minute drive of a Westfield Living Centre
- Generating more than \$24 billion of annual retail in-store sales across Australia and New Zealand
  - More than 7% of all retail sales in Australia occur in a Westfield Living Centre
- Annual customer visitations of more than 535 million which continued to grow during the half year
- Ownership of 7 of the top 10 centres in Australia and 4 of the top 5 centres in New Zealand
- Vertically integrated operating platform with proven capability in development, design, construction, leasing and management
- Future development activity of > \$3 billion

**Market capitalisation of \$20.7 billion – 17<sup>th</sup> largest entity on the ASX<sup>1</sup>**

**Strong balance sheet with “A” grade credit ratings by S&P, Fitch and Moody’s**

**Creating extraordinary places, connecting and enriching communities**

OUR PURPOSE

1. As at 20 August 2019

# Half Year Results

30 June 2019

Funds From Operations (FFO) per security	12.75 cents	+ 3.0%
Distribution per security	11.30 cents	+ 2.0%
Profit (Statutory)	\$740.0 million	
FFO	\$676.2 million	
FFO to Debt	11.3%	
Interest Cover	3.5 times	

**“We are pleased to deliver these results which demonstrate the long-term growth and sustainability of our business”**

PETER ALLEN CEO

# Operating Performance

30 June 2019

Customer Visits Per Annum	> 535 million	↑
Comparable Net Operating Income (NOI) Growth	+ 2.3%	↑
Portfolio Leased	99.3%	
Total Annual Retail Sales	\$24.4 billion, increase of \$1.2 billion	↑
Average Annual Specialty In-Store Sales	> \$1.5 million per store	↑
Total Lettable Area	> 3.8 million sqm	

**“Customers are staying for longer and visiting more frequently”**

PETER ALLEN CEO

# Highlights

## Customer Focus

- Customer advocacy continues to improve
- Welcomed 118 new brands to the portfolio, while 117 existing brands grew their store network
- 42% of the portfolio is experience-based offerings
- More than 5,000 events and activations driving strong visitation and engagement
- Announced 240 finalists for the 2019 Westfield Local Heroes community recognition grants program, with more than 100,000 votes received

## Capital Management Activity

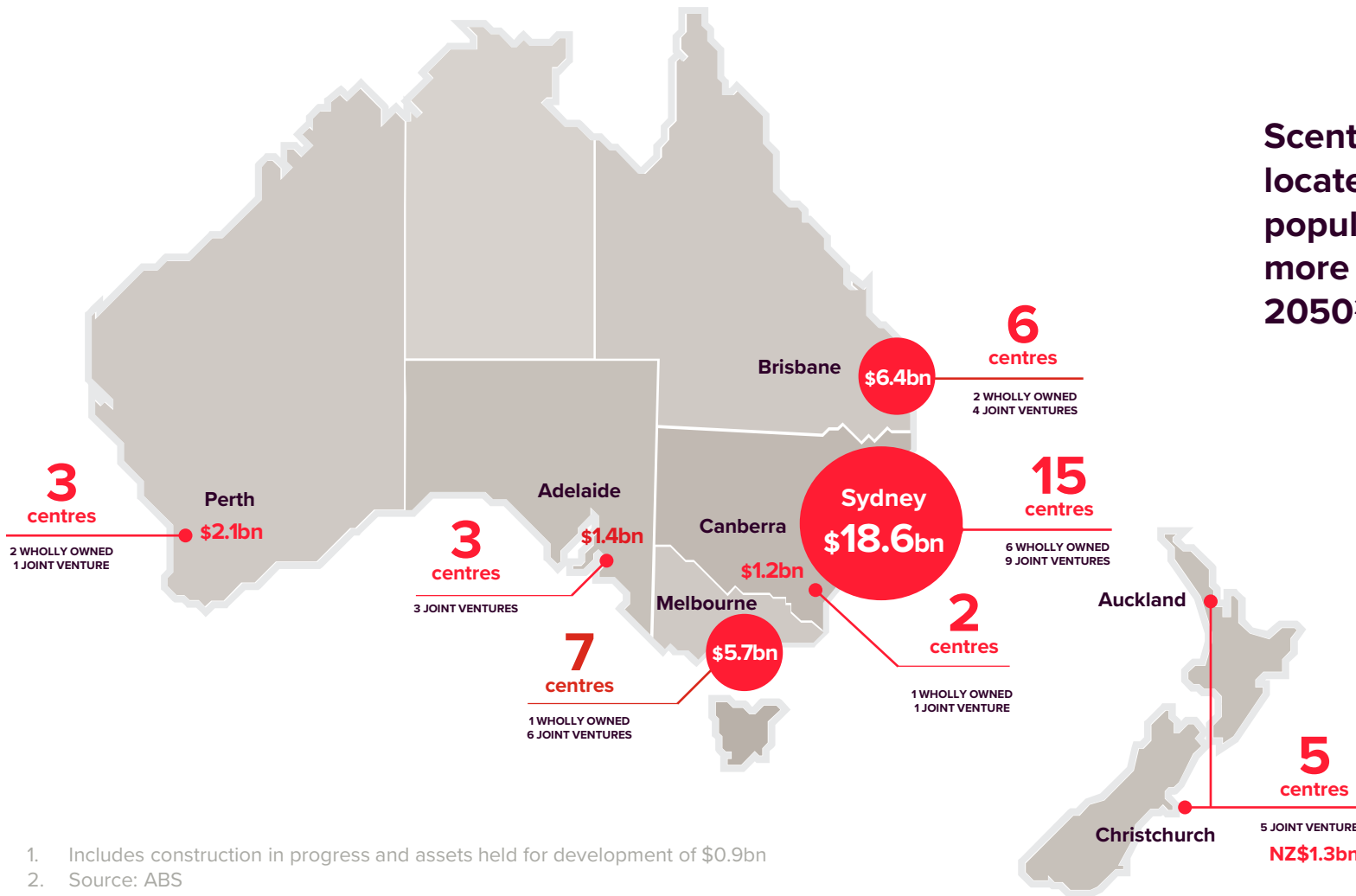
- Divested the Sydney Office Towers for \$1.52 billion, representing a premium to book value. The office development and investment has delivered an unlevered internal rate of return of over 16% per annum
- Joint ventured a 50% share in Westfield Burwood for \$575 million, representing a premium to book value
- Issued €500 million (\$800 million) of long term bonds
- Assigned 'A Stable' credit rating by Fitch
- Announced a security buy-back program of up to \$800 million

## Development Activity

- The NZ\$790 million redevelopment of Westfield Newmarket is progressing well. The first stage will open on 29 August 2019
- Opened the Bradley Street dining precinct at Westfield Woden, bringing six new restaurants as part of a \$21 million redevelopment
- Commenced the \$30 million expansion and refurbishment of the level 2 dining precinct at Westfield Doncaster, which will introduce 12 new restaurants
- Commenced the \$50 million project at Westfield Carindale including a new format David Jones store and the introduction of Kmart

# Scentre Group Portfolio

High quality retail property, in strategic locations - high population-growth trade areas



Scentre Group's portfolio is located in major cities, with population forecast to grow by more than 10 million people by 2050<sup>2</sup>

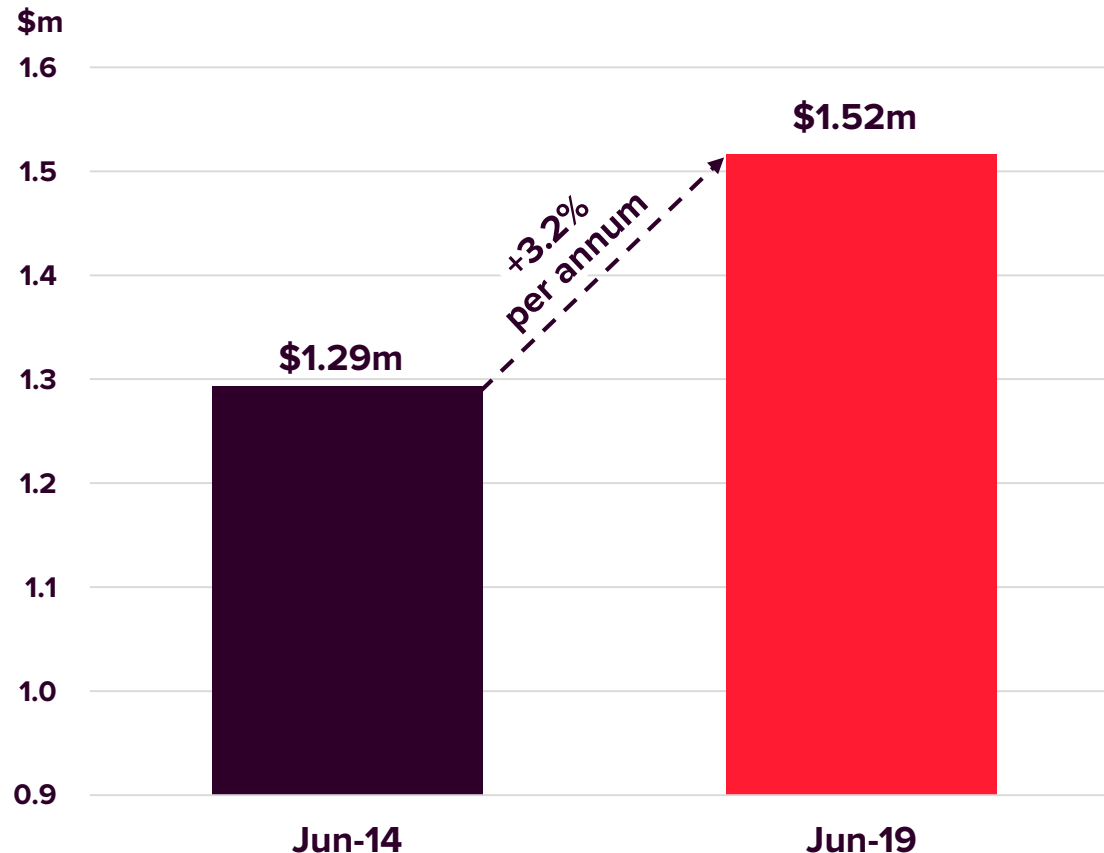
## Australia & New Zealand Portfolio

**41** Westfield Living Centres | **\$37.5bn<sup>1</sup>** SCG share of AUM

1. Includes construction in progress and assets held for development of \$0.9bn  
2. Source: ABS

# Enhancing the most productive and efficient platform for retailers

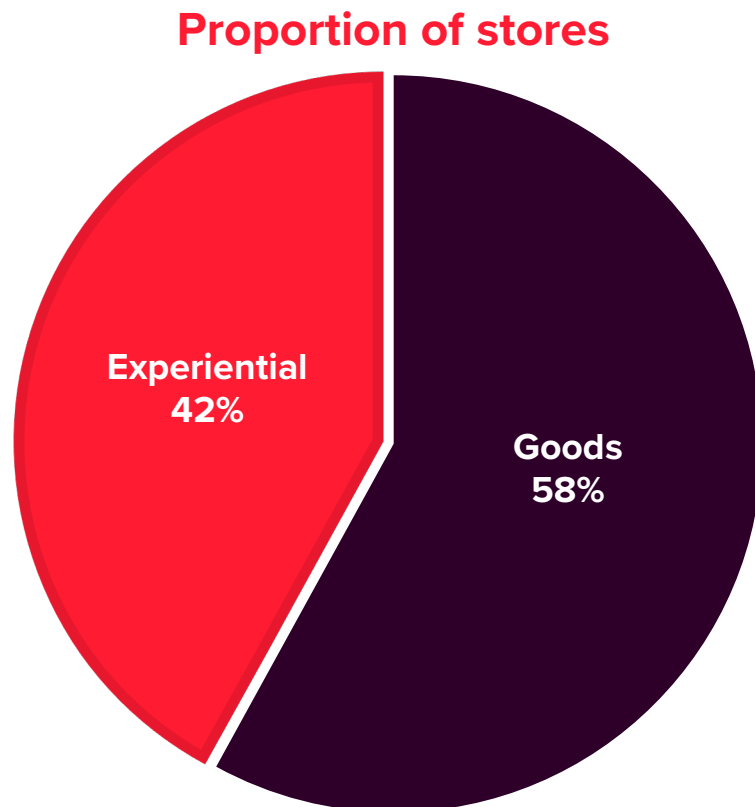
## Average annual specialty in-store sales (per store)



Since the establishment of Scentre Group:

- Annual customer visitation has grown to more than 535 million
- Annual in-store sales across the portfolio have grown to more than \$24 billion. In Australia this represents more than 7% of all retail sales
- Average annual specialty in-store sales have grown from \$1.29 million to \$1.52 million per store, 3.2% growth per annum
- Average retailer specialty store occupancy cost relative to sales has reduced

# Active curation of retail mix to meet customer expectations



Scentre Group has a dynamic portfolio of Westfield Living Centres. The active curation of retailer product and service offering is integral to creating extraordinary customer experiences, growing retailer sales and growing rent

Since the establishment of Scentre Group, more than 1,400 new retail brands have been introduced to the portfolio with a focus on experience-based usages

Today, 42% of the portfolio is experience based which can only be consumed on-site, including dining, entertainment, health, fitness, financial, education and beauty services



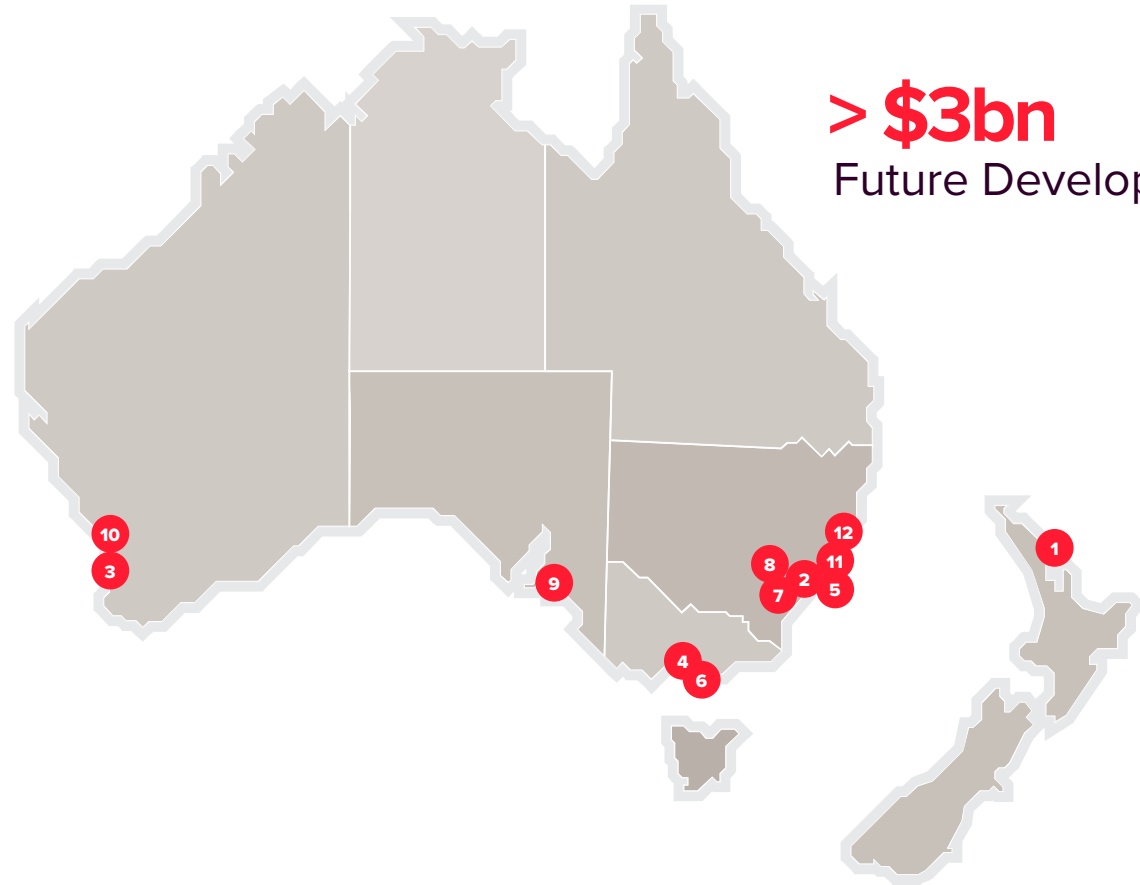
# Development Activity

	Total Project Cost \$m	SCG Share \$m	Completion
<b>2019 Active Projects</b>			
Newmarket	NZD790	NZD400	Q4 2019
Doncaster	30	15	1H 2020
Carindale	50	15	2H 2020
<b>Total 2019 Active Developments</b>	<b>835</b>	<b>413</b>	
<b>Future Developments</b>			
	<b>&gt; 3,000</b>		
<b>Target returns from development of &gt; 7% yield and &gt; 15% IRR</b>			

- Westfield Newmarket development is progressing well with staged openings commencing 29 August 2019
- Opened the Bradley Street dining precinct at Westfield Woden in April 2019

# Future Developments

- 1 Albany (NZ)
- 2 Barangaroo (NSW)
- 3 Booragoon (WA)<sup>1</sup>
- 4 Doncaster (VIC)
- 5 Eastgardens (NSW)
- 6 Knox (VIC)
- 7 Liverpool (NSW)
- 8 Mt Druitt (NSW)
- 9 Marion (SA)
- 10 Stirling (Innaloo) (WA)
- 11 Sydney (NSW)
- 12 Warringah Mall – stage 2 (NSW)



**> \$3bn**  
Future Developments

1. Third party design and construction project

# We are a responsible, sustainable business

## Community

### Connecting and enriching communities

- Continued our Westfield Local Heroes program, recognising individuals who enrich and support our Living Centre communities
- Implemented community engagement plans for all living centres that set out how we engage, celebrate and contribute to our communities
- Launched our 2<sup>nd</sup> Reconciliation Action Plan for the period 2019-2021

## Environmental

### Creating efficient assets operating at optimum levels

- Large scale solar electricity generation
  - 6 MW capacity generating > 9,000 MWh per annum
  - Future potential pipeline of > 30 MW capacity generating > 45,000 MWh per annum
- Reduced carbon emission intensity by 29% since 2009 with a target of 35% by 2025
  - Ongoing energy efficiency initiatives, including LED, building management and energy analytic controls and systems
- New waste and recycling technology to reduce landfill and improve recycling
  - 32% reduction in construction waste
  - 99.8% materials recycled on developments

## People

### To be a place where talent thrives

- 2019 Employee Engagement at 84% placing us in the top 2% of companies globally
- Embedded a fully integrated Diversity & Inclusion program across the organisation
- WGEA Employer of Choice for Gender Equality. The percentage of women in management is currently at 42%
- All employees are paid fairly and equitably, without any gender pay gaps for like roles
- Focus on a culture of 'People Protecting People' with a LTIFR of 2.7

## Economic

### Delivering long-term economic value

- Pre-eminent portfolio of 41 Westfield Living Centres across Australia and New Zealand
  - Approximately 11,500 outlets, more than 3.8 million sqm of retail space, estimated to generate employment of more than 140,000 jobs in retail and logistics
  - A future development pipeline in excess of \$3 billion
- Our centres stimulate significant local economic activity and improve the quality of local infrastructure and social amenities
  - In 2018, our development program generated almost 15,000 jobs in construction, with a further 1,400 permanent roles in retail
- Signatory to the Australian Supplier Payment Code
- Return on Contributed Equity (ROCE) has improved by more than +172bps since the establishment of Scentre Group

# Financial Performance

## Funds From Operations \$m

	6 months to 30 Jun 2019	6 months to 30 Jun 2018	Growth %
Net Operating Income	971.2	924.2	
Management Income	23.4	23.2	
<b>Income</b>	<b>994.6</b>	<b>947.4</b>	<b>5.0%</b>
Overheads	(42.5)	(42.1)	
<b>EBIT</b>	<b>952.1</b>	<b>905.3</b>	<b>5.2%</b>
Net Interest	(263.6)	(238.4)	
<b>Earnings before Tax</b>	<b>688.5</b>	<b>666.9</b>	<b>3.2%</b>
Tax	(19.6)	(15.8)	
Minority Interest	(21.7)	(23.4)	
<b>Funds From Operations before Project Income</b>	<b>647.2</b>	<b>627.7</b>	
<b>Per security (cents)</b>	<b>12.20</b>	<b>11.82</b>	<b>3.2%</b>
Project Income	41.4	42.2	
Tax on Project Income	(12.4)	(12.7)	
<b>Project Income after Tax</b>	<b>29.0</b>	<b>29.5</b>	
<b>Funds From Operations</b>	<b>676.2</b>	<b>657.2</b>	
<b>Funds From Operations per security (cents)</b>	<b>12.75</b>	<b>12.38</b>	<b>3.0%</b>
Distribution	599.4	587.7	
<b>Distribution per security (cents)</b>	<b>11.30</b>	<b>11.08</b>	<b>2.0%</b>

## 3.2%

FFO before Project Income  
growth per security  
12.20 cents per security

## 3.0%

FFO growth per security  
12.75 cents per security

# Cash Flow

## Cash flows from operating activities – look through basis \$m

30 Jun 2019

Receipts in the course of operations (including GST)	1,493.0
Payments in the course of operations (including GST)	(510.6)
Net operating cash flows from equity accounted entities	61.9
Income and withholding taxes paid	(26.7)
GST paid	(119.0)
Payments of financing costs (excluding interest capitalised)	(271.6)
Interest received	2.1
<b>Net cash flows from operating activities</b>	<b>629.1</b>
<b>Distribution</b>	<b>599.4</b>



# Financial Position

## Balance Sheet

\$m	30 Jun 2019	31 Dec 2018
Total Property Investments	37,461.7	39,101.1
<b>Total Assets</b>	<b>40,055.5</b>	<b>40,982.3</b>
Total Liabilities	15,334.7	16,419.6
<b>Net Assets before Minority Interest</b>	<b>24,720.8</b>	<b>24,562.7</b>
Minority Interest	(923.5)	(925.0)
<b>Net Assets</b>	<b>23,797.3</b>	<b>23,637.7</b>

**\$37.5bn**

Property Investments

**\$23.8bn**

Net Assets

### Operating Platform

The Balance Sheet does not include any value for Scentre Group's unique operating platform that manages more than \$54 billion. The operating platform generates approximately 16% of FFO

# Debt Management

30 June 2019

## Debt metrics

Net Debt	\$11.8bn
FFO to Debt	11.3%
Interest Cover	3.5x
Interest rate exposure hedged percentage	96%
Weighted average interest rate	4.25%
Weighted average debt maturity	4.5 years
Liquidity	\$4.0bn
Gearing (look through basis)	30.6%

## Investment grade credit ratings

Standard & Poor's	A (Stable)
Fitch	A (Stable)
Moody's	A2 (Stable)

**\$4.0bn**

Liquidity

**96%**

Interest  
rate hedging

**3.5x**

Interest Cover

**30.6%**

Gearing

**11.3%**

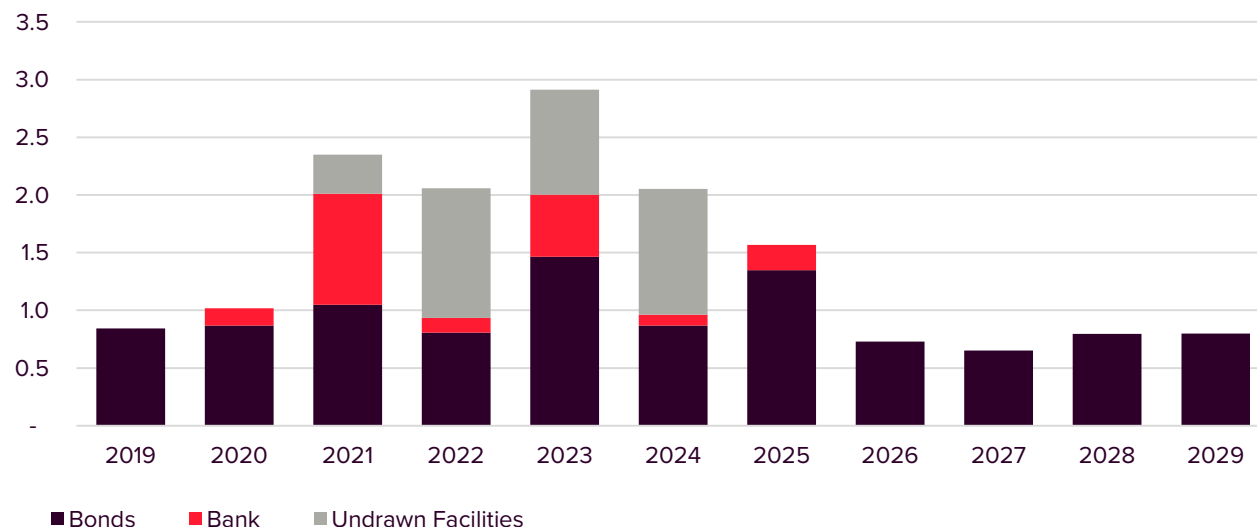
FFO to Debt

# Debt Management

30 June 2019

## Maturity Profile

\$A billion



**4.5 years** Weighted average debt maturity

## Facilities & Liquidity

	%	\$bn
<b>Bonds</b>		
EUR	30%	4.8
USD	22%	3.5
GBP	10%	1.5
AUD	3%	0.4
<b>Total</b>	<b>65%</b>	<b>10.2</b>
<b>Bank Facilities</b>		
Drawn	13%	2.1
Undrawn	22%	3.5
<b>Total</b>	<b>35%</b>	<b>5.6</b>
<b>Total Facilities</b>	<b>100%</b>	<b>15.8</b>
Less Drawn		(12.3)
Plus Cash		0.5
<b>Total Liquidity</b>		<b>4.0</b>

# Outlook 2019 Forecast

FFO per security growth	approx. +3% excluding transactions <sup>1</sup> approx. +0.7% including transactions <sup>1</sup>
Distribution per security	22.60 cents, +2.0%
Comparable NOI Growth	+2.0% - 2.5%

**“We are excited about the future of our business and our ability to generate long-term sustainable growth”**

PETER ALLEN CEO

1. The divestment of the Sydney Office Towers and the 50% joint venture of Westfield Burwood. The forecast does not take into account the expected positive earnings impact of the security buy-back program of up to \$800 million.

# Appendix



Westfield Tea Tree Plaza, SA



# Developments

Active project

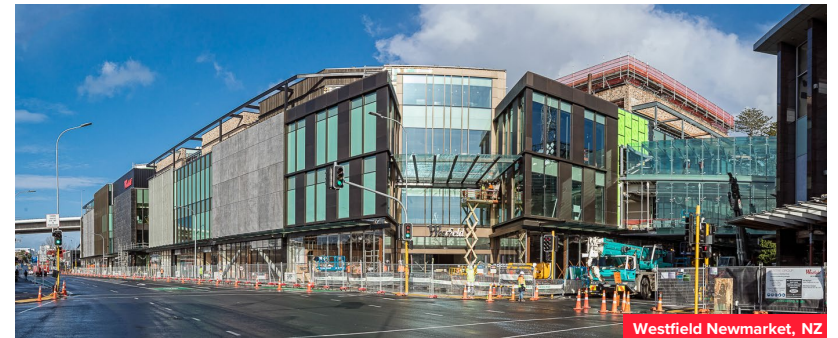
## Westfield Newmarket, NZ

### Overview

Project Cost	NZ\$790m (SCG share: NZ\$400m)
Commencement	Q1 2018
Completion	Q4 2019

### Highlights

Incremental Project GLA	52,000sqm
Completed Centre GLA	88,150sqm
New Anchors	David Jones, Farmers, Countdown, Event Cinemas, dining and leisure precinct
Specialty Retail	approx. 230 new stores



# Leasing & Retail Solutions

**30 Jun 2019**

Portfolio Leased	99.3%
Specialty Occupancy Cost (< 400 sqm)	18.0%
Lease Deals Completed Number	1,189
Lease Deals Completed Area (sqm)	202,259
Leasing Spreads – Total Lease Deals	(4.8%)
Average Specialty Contracted Annual Rent Escalations	approx. CPI + 2%

**Comparable Net Operating Income grew by 2.3% in the first six months of 2019. This was primarily driven by contracted annual rent escalations of approx. CPI+2%**

# Retail In-Store Sales

## Comparable specialty in-store sales growth<sup>1</sup>

Total in-store sales grew 1.5% for the half and 1.2% for the year

Specialty in-store sales grew 1.1% for the half and 1.3% for the year

Majors in-store sales grew 2.6% for the half and 1.4% for the year

Specialty in-store sales	Average annual specialty in-store sales	Total Portfolio sales
<b>+ 1.3%</b> up for the year	<b>&gt; \$1.5m</b> per store	<b>&gt; \$24bn</b> MAT
		up \$1.2bn for the year

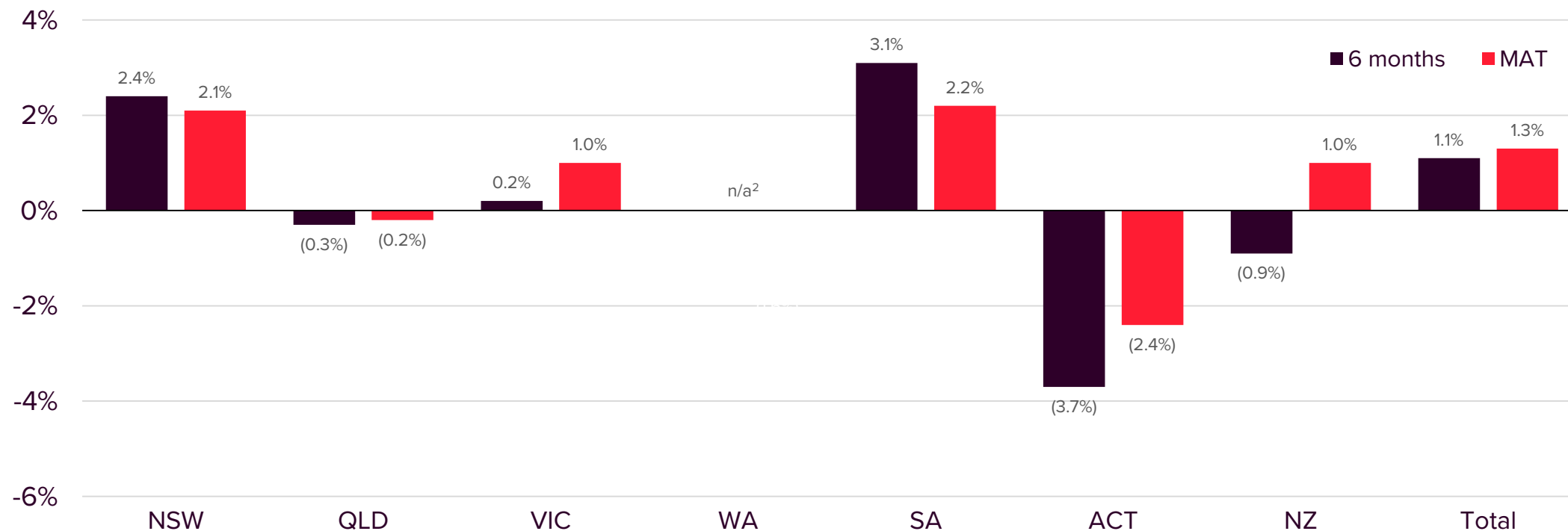
	6 months to 30 Jun 2019	12 months to 30 Jun 2019
Retail Services	5.0%	4.9%
Leisure	2.8%	2.7%
Food Retail	1.2%	1.8%
Dining	2.6%	2.9%
Health & Beauty	2.5%	3.8%
Fashion	1.3%	0.6%
Footwear	0.6%	(0.4%)
Jewellery	(4.7%)	(3.8%)
Technology & Appliances	(0.4%)	0.5%
General Retail <sup>2</sup>	(2.8%)	(1.9%)
Homewares	1.8%	4.5%
Supermarkets	6.0%	4.0%
Department Stores	(5.1%)	(3.8%)
Discount Department Stores	7.7%	5.7%
Cinemas	(1.0%)	2.0%

1. Total stable portfolio – total dollar sales growth

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

# Retail In-Store Sales

Comparable specialty in-store sales growth by region<sup>1</sup>



1. Total stable portfolio – total dollar sales growth

2. Westfield Carousel and Westfield Whitford City are recently completed redevelopments. Westfield Stirling is in pre-development

# Profit & FFO

## Reconciliation from Profit to FFO

\$m	Profit 6 months to 30 Jun 2019	FFO Adjustments <sup>1</sup>	FFO 6 months to 30 Jun 2019	Financial Statement Notes
	A	B	C = A + B	
Net operating income	930.7	40.5	971.2	Note 3(iii)
Management income <sup>2</sup>	23.4	—	23.4	
<b>Income</b>	<b>954.1</b>	<b>40.5</b>	<b>994.6</b>	
Overheads	(42.5)	—	(42.5)	Note 3(v)
Revaluations	24.9	(24.9)	—	Note 3(v)
Gain in respect of capital transactions	134.7	(134.7)	—	Note 3(v)
<b>EBIT</b>	<b>1,071.2</b>	<b>(119.1)</b>	<b>952.1</b>	
Net interest <sup>3</sup>	(321.2)	57.6	(263.6)	
Currency derivatives	2.6	(2.6)	—	Note 3(v)
<b>Earnings before tax</b>	<b>752.6</b>	<b>(64.1)</b>	<b>688.5</b>	
Tax	(21.3)	1.7	(19.6)	Note 3(v)
Minority interest <sup>4</sup>	(20.3)	(1.4)	(21.7)	
<b>Profit / Funds From Operations before Project Income</b>	<b>711.0</b>	<b>(63.8)</b>	<b>647.2</b>	
Project income <sup>5</sup>	41.4	—	41.4	
Tax – Project Income	(12.4)	—	(12.4)	Note 3(v)
<b>Profit / Funds From Operations</b>	<b>740.0</b>	<b>(63.8)</b>	<b>676.2</b>	
Retained earnings			(76.8)	
<b>Distribution</b>			<b>599.4</b>	

1. FFO adjustments relate to property revaluations, mark to market of interest rate and currency derivatives, mark to market of other financial liabilities, amortisation of modification gain on refinanced borrowing facilities, tenant allowance amortisation, deferred tax expense and gain in respect of capital transactions
2. Management income \$28.1m less management expenses \$4.7m = \$23.4m
3. Financing costs \$339.7m (Note 3(v)) less interest income \$2.2m (Note 3(v)) less interest expense on other financial liabilities \$16.7m (Note 12) plus net fair value gain on other financial liabilities \$0.4m (Note 12) = \$321.2m
4. Minority interest \$4m (Note 3(v)) plus interest expense on other financial liabilities \$16.7m (Note 12) less net fair value gain on other financial liabilities \$0.4m (Note 12) = \$20.3m
5. Project income \$185m less project expenses \$143.6m = \$41.4m



# Balance Sheet

## Balance Sheet – Proportionate<sup>1</sup>

\$m	Consolidated	Equity Accounted	30 Jun 2019
	A	B	C = A + B
Cash	693.6	7.9	701.5
<b>Property Investments</b>			
– Shopping centres	33,762.5	2,805.5	36,568.0
– Development projects and construction in progress	562.2	331.5	893.7
<b>Total property investments</b>	<b>34,324.7</b>	<b>3,137.0</b>	<b>37,461.7</b>
Equity accounted investments	3,050.5	(3,050.5)	—
Deferred tax assets	51.2	—	51.2
Currency derivative receivables	928.0	—	928.0
Other assets	905.2	7.9	913.1
<b>Total assets</b>	<b>39,953.2</b>	<b>102.3</b>	<b>40,055.5</b>
Interest bearing liabilities			
– Current	1,848.0	—	1,848.0
– Non-current	11,482.1	—	11,482.1
Lease liabilities	130.0	0.4	130.4
Deferred tax liabilities	105.8	71.0	176.8
Currency derivative payables	56.9	—	56.9
Other liabilities	1,609.6	30.9	1,640.5
<b>Total liabilities</b>	<b>15,232.4</b>	<b>102.3</b>	<b>15,334.7</b>
<b>Net assets before minority interest</b>	<b>24,720.8</b>	<b>—</b>	<b>24,720.8</b>
Minority interest <sup>2</sup>	(923.5)	—	(923.5)
<b>Net assets</b>	<b>23,797.3</b>	<b>—</b>	<b>23,797.3</b>
Debt <sup>3</sup>			11,757.5
Assets <sup>4</sup>			38,426.0
<b>Gearing</b>			<b>30.6%</b>

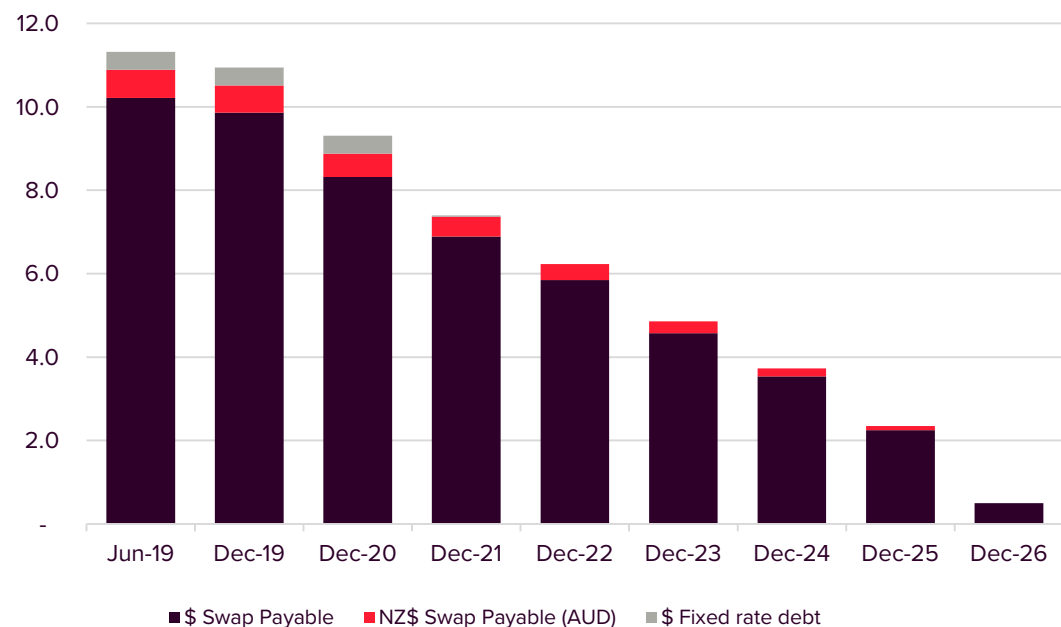
1. Period end AUD/NZD exchange rate 1.045 at 30 June 2019
2. Includes \$696.5m (31 December 18: \$696.9m) of Property Linked Notes shown in minority interest given their equity characteristics, and \$227.0m (31 December 18: \$228.1m) relating to Carindale Property Trust
3. Interest bearing liabilities adjusted for cash and net currency derivatives
4. Total assets excluding cash and currency derivative receivables

# Interest Rate Hedging

30 June 2019

## Hedge Maturity Profile

\$A billion



**3.8 Years** weighted average hedge maturity

## Interest Rate Hedging

	\$bn	Fixed Rate <sup>1</sup>
Net Debt	11.8	
<b>Fixed Rate Debt</b>		
\$ Fixed rate debt	0.4	3.31%
<b>Derivatives</b>		
\$ Swap Payable	10.2	2.60%
NZ\$ Swap Payable	0.7	2.83%
<b>Total Hedged</b>	<b>11.3</b>	

**96% Hedged** at 30 June 2019

1. All rates exclude borrowing margin and fees

# 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.

## **SCENTRE GROUP LIMITED**

ABN 66 001 671496

## **SCENTRE MANAGEMENT LIMITED**

ABN 41 001 670 579 AFS Licence No: 230329  
as responsible entity of Scentre Group Trust 1  
ARSN 090 849746

## **RE1 LIMITED**

ABN 80 145 743 862 AFS Licence No: 380202  
as responsible entity of Scentre Group Trust 2  
ARSN 146 934 536

## **RE2 LIMITED**

ABN 41 145 744 065 AFS Licence No: 380203  
as responsible entity of Scentre Group Trust 3  
ARSN 146 934 652