

SCENTRE GROUP

2018 FULL YEAR RESULTS



SCENTRE GROUP OVERVIEW

SCENTRE GROUP

Extraordinary platform with 41 *Westfield* Living Centres valued at over \$54 billion¹

- Generating \$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
- Over 535 million customer visits annually
- More than 65% of the Australian population live within 30 minutes of a Westfield Living Centre
- Ownership of 16 of the top 25 centres in Australia and 4 of the top 5 in New Zealand
- Vertically integrated operating platform with proven capability in development, design, construction, leasing and management
- Current and future development activity of > \$3.7 billion

Market capitalisation of \$21.3 billion - 15th largest entity on the ASX

Strong balance sheet with “A” grade credit ratings by S&P and Moody's

Creating extraordinary places, connecting and enriching communities

OUR PURPOSE

1. SCG share \$39.1 billion

FULL YEAR RESULTS

31 December 2018

SCENTRE GROUP

Funds From Operations per security	25.24 cents	+ 3.9%
Distribution per security	22.16 cents	+ 2.0%
SCG share of AUM	\$39.1 billion	+ 8.0%
Assets Under Management (AUM)	\$54.2 billion	+ 6.3%
Profit (Statutory)	\$2,287.2 million	
Funds From Operations	\$1,339.5 million	
Gearing	33.9%	
Interest Cover	3.5 times	

“We are pleased to deliver these strong results in line with our forecast, demonstrating the quality of our platform and the implementation of our strategy”

PETER ALLEN CEO

OPERATING PERFORMANCE

31 December 2018

SCENTRE GROUP

Comparable Net Operating Income (NOI)	+ 2.5%
Portfolio Leased	99.3%
Total Lettable Area	> 3.8 million sqm, increase of 193,400 sqm ¹
Customer Visits Per Annum	> 535 million, increase of 5 million
Total Annual Retail Sales	\$24 billion, increase of \$1 billion ¹

“We are seeing more customers coming to our living centres, coming more often as well as staying longer across more precincts”

PETER ALLEN CEO

1. Includes Eastgardens, which was acquired during 2018

HIGHLIGHTS

Enhanced Customer Experience

Active curation of retail, services and experiences to meet customer expectations

- Introduced 437 new brands to the portfolio, and 317 existing brands grew their store network
- More than 35% of the stores across our portfolio are experience-based offerings
- Across the five developments we opened during the year, more than half of the new stores offer experiences which can only be consumed onsite, including dining, entertainment, health, fitness and beauty services
- Improved ease of customer parking through continued rollout of ticketless parking
- Launched 'Westfield Local Heroes' a new community recognition and grants programme

Asset Management and Development

- Opened \$1.1 billion (SCG share: \$810 million) of redevelopments at Westfield Plenty Valley, Carousel, Coomera, Kotara and Tea Tree Plaza during 2018, adding more than 106,000 sqm
- Commenced the NZ\$790 million (SCG share: NZ\$400 million) redevelopment of Westfield Newmarket, which will create the leading lifestyle and premium fashion destination in New Zealand
- Acquired a 50% share in Westfield Eastgardens for \$720 million
- Successfully bid for Sydney's Barangaroo Central retail component
- Revaluation gains for the portfolio of \$1.15 billion

Capital Management

- New and extended bank loan facilities of \$3.8 billion
- Issued €500 million (\$800 million) of long term bonds

People

- Employee engagement at 88%, placing us in the top 2% of high performing companies globally

RETAILER IN-STORE SALES

Comparable in-store sales growth psm¹

- Total specialty in-store sales were up 1.5% for the year
 - > 400 sqm in-store sales were up 2.1% for the year
 - < 400 sqm in-store sales were up 1.5% for the year
- Majors in-store sales were up 1.4% for the year
- Total stable portfolio in-store sales were up 1.3% for the year

Total specialty
in-store sales

↑ **1.5%**

up for the year

Specialties <400sqm
in-store sales

\$11,245_{psm}

MAT

Total portfolio
sales

\$24_{bn}

MAT

up \$1bn for the year

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	3 months to 31 Dec 2018	12 months to 31 Dec 2018
Retail Services	1.0%	2.3%
Leisure	0.4%	1.1%
Food Retail	0.0%	0.4%
Dining	0.9%	0.8%
Health & Beauty	0.9%	2.2%
Fashion	0.9%	2.0%
Footwear	5.1%	3.0%
Jewellery	(4.4%)	(0.7%)
Technology & Appliances	1.6%	1.0%
General Retail ²	(1.6%)	3.9%
Homewares	1.7%	0.9%
Supermarkets	1.2%	1.5%
Department Stores	(3.6%)	(1.4%)
Discount Department Stores	3.7%	2.6%
Cinemas	4.0%	(0.7%)

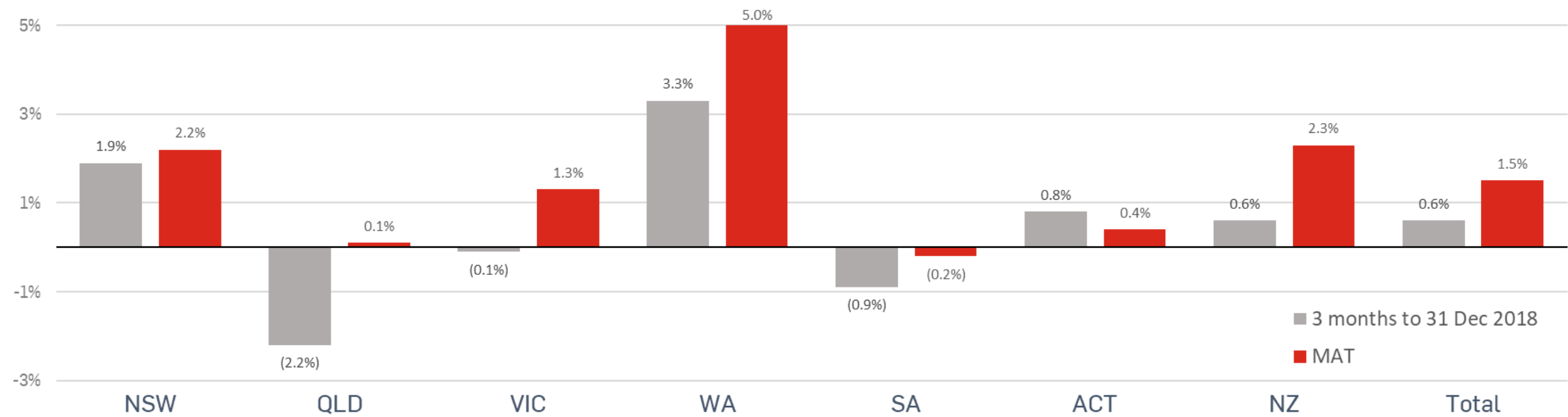
1. Total stable portfolio

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

RETAILER IN-STORE SALES

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Comparable specialty in-store sales growth psm by region ¹



1. Total stable portfolio

DEVELOPMENT ACTIVITY

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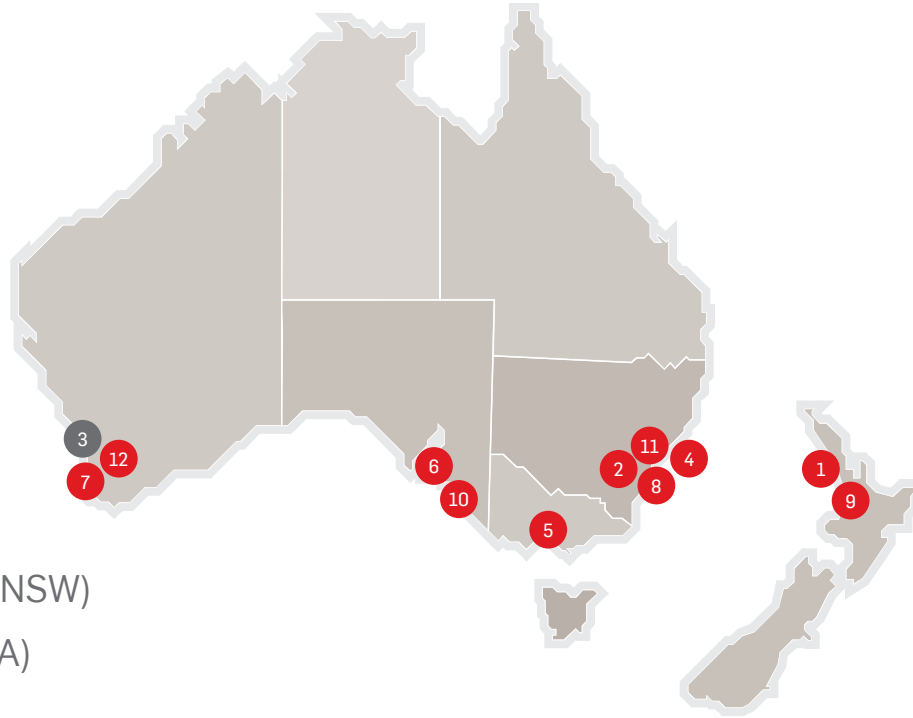
	Total Project Cost	SCG Share	GLA Added	Completion
	\$m	\$m	sqm	
2018 Completed Projects				
Plenty Valley	80	40	10,300	Q1 2018
Carousel	350	350	27,500	Q3 2018
Coomera	470	235	59,000	Q4 2018
Kotara	160	160	6,250	Q4 2018
Tea Tree Plaza	50	25	3,500	Q4 2018
Total 2018 Completed Projects	1,110	810	106,550	
2019 Active Projects				
Newmarket	NZ 790	NZ 400	52,000	Q4 2019
Total 2019 Active Developments (AUD)	730	370	52,000	
Future Developments	> 3,000			

Target returns from development of > 7% yield and > 15% IRR

- Commenced the NZ\$790 million (SCG share: NZ\$400 million) redevelopment of Westfield Newmarket in 2018, opening in Q4 2019
- Opened \$1.1 billion (SCG share: \$810 million) of redevelopments at Westfield Plenty Valley, Carousel, Coomera, Kotara and Tea Tree Plaza during 2018
- Added 106,000 sqm through developments

FUTURE DEVELOPMENTS

- 1 Albany (NZ)
- 2 Barangaroo (NSW)
- 3 Booragoon (WA)¹
- 4 Eastgardens (NSW)
- 5 Knox (VIC)
- 6 Marion (SA)
- 7 Stirling (Innaloo) (WA)
- 8 Sydney (NSW)
- 9 St Lukes (NZ)
- 10 Tea Tree Plaza (SA)
- 11 Warringah Mall – stage 2 (NSW)
- 12 Whitford City – stage 2 (WA)



>\$3bn | Future developments

1. Third party design and construction project

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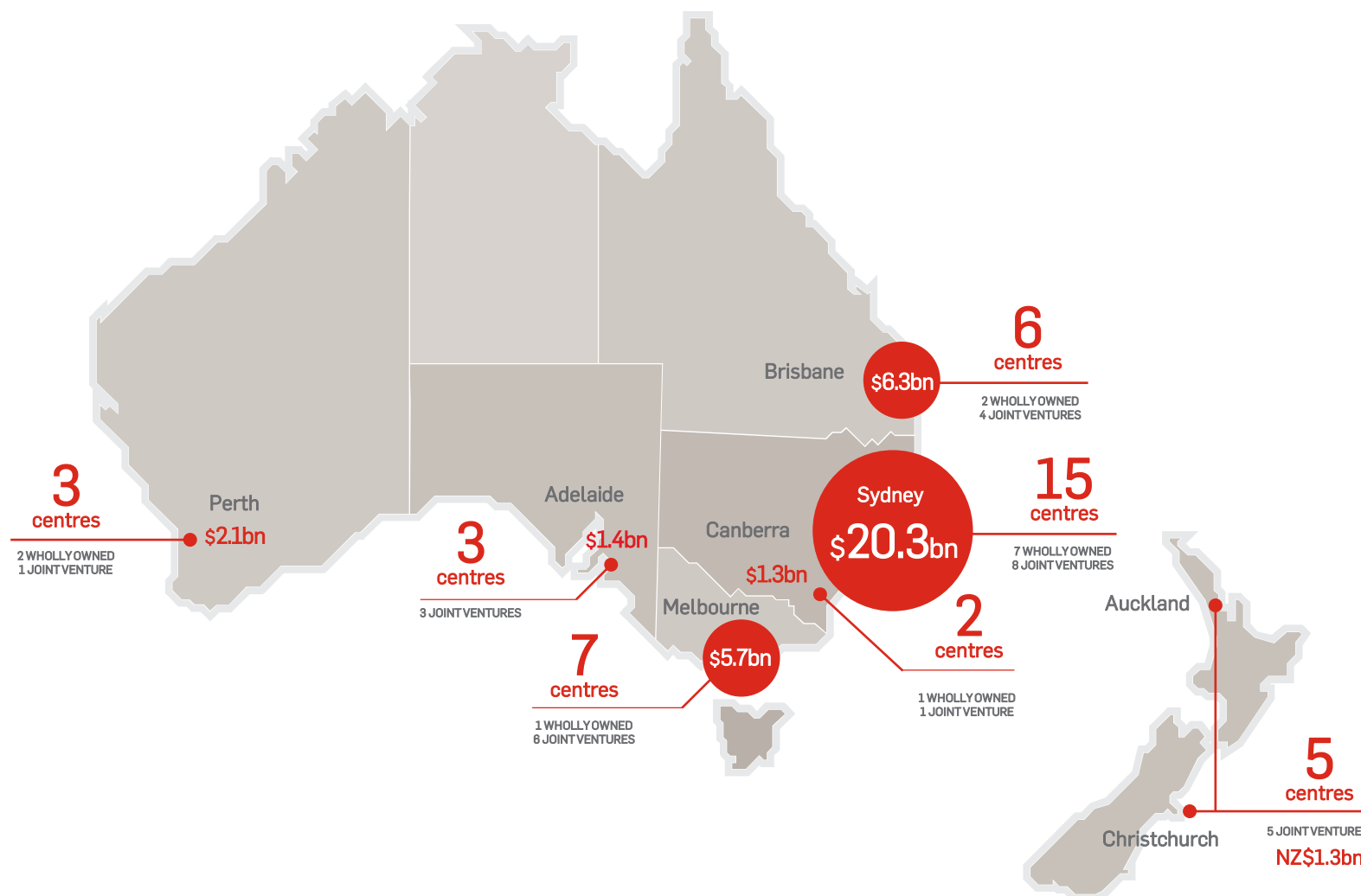
Westfield Stirling, WA



Westfield Sydney, NSW

SCENTRE GROUP PORTFOLIO

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As at 31 Dec 2018	Total
Centres	41
Gross Lettable Area (sqm)	3.8m
SCG share of AUM	\$39.1bn
JV Partner share of AUM	\$15.1bn
Assets Under Management (AUM)	\$54.2bn

Cap Rates	Range	Average
Dec 2018	4.00% – 6.38% ²	4.76%
Dec 2017	4.00% – 7.00%	4.91%

Australia & New Zealand Portfolio

41

Centres

\$39.1bn¹

SCG share of AUM

1. Includes construction in progress and assets held for development of \$0.8bn

2. Excludes Newmarket which is under redevelopment

FINANCIAL PERFORMANCE

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Funds From Operations

\$m	12 months to 31 Dec 2018	12 months to 31 Dec 2017	Growth %
Net Operating Income	1,900.8	1,848.6	
Management Income	46.1	45.4	
Project Income	85.3	80.1	
Income	2,032.2	1,974.1	2.9%
Overheads	(85.9)	(88.6)	
EBIT	1,946.3	1,885.5	3.2%
Net Interest	(499.4)	(481.9)	
Earnings before Tax	1,446.9	1,403.6	3.1%
Tax	(60.6)	(65.6)	
Minority Interest	(46.8)	(47.8)	
Funds from Operations	1,339.5	1,290.2	
Funds from Operations per security (cents)	25.24	24.29	3.9%
Retained Earnings	(164.1)	(136.0)	
Distribution	1,175.4	1,154.2	
Distribution per security (cents)	22.16	21.73	2.0%

3.9%

FFO growth per security

Delivering 25.24 cents per security

\$1.34bn

Funds From Operations

FINANCIAL POSITION

Balance Sheet

\$m	31 Dec 2018	31 Dec 2017
Total Property Investments	39,101.1	36,228.8
Total Assets	40,982.3	37,536.0
Total Liabilities	16,419.6	14,081.0
Net Assets before Minority Interest	24,562.7	23,455.0
Minority Interest	(925.0)	(921.1)
Net Assets	23,637.7	22,533.9

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\$39.1bn

Property Investments up 8.0%

\$23.6bn

Net Assets

Operating Platform

The Balance Sheet does not include the value of Scentre Group's unique operating platform, which manages more than \$54 billion in total assets

DEBT MANAGEMENT

31 December 2018

Debt metrics

Net Debt	\$13.5bn
Gearing (look through basis)	33.9%
Weighted average interest rate	4.4%
Weighted average debt maturity	4.4 years
Liquidity	\$2.1bn
Interest rate exposure hedged percentage	69%

Investment grade credit ratings

31 Dec 2018

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

Bond covenants

Requirement

31 Dec 2018

Net Debt / Net Assets	≤ 65%	34.7%
Secured Debt / Total Assets	≤ 45%	0.6%
Interest Coverage	≥ 1.5 times	3.5 times
Unencumbered Leverage	≥ 125%	284%

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\$2.1bn

Liquidity

33.9 %

Gearing

3.5x

Interest Cover

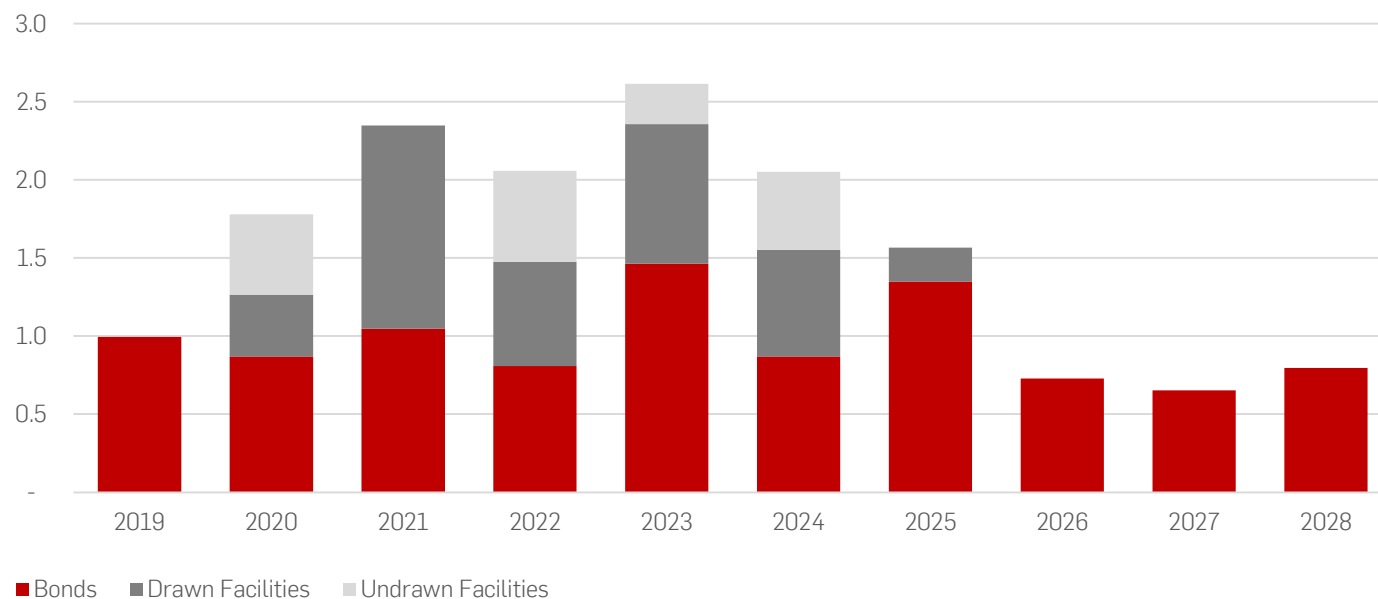
69 %

Interest
rate hedging

DEBT MANAGEMENT

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Maturity Profile ^{1,2}



4.4 yrs

Weighted average
debt maturity

1. As at 31 December 2018

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

Facilities & liquidity ^{1,2}

	%	\$bn
Bonds		
USD	22%	3.5
EUR	26%	4.0
GBP	10%	1.5
AUD	4%	0.6
Total	62%	9.6
Bank Facilities		
Drawn	26%	4.1
Undrawn	12%	1.9
Total	38%	6.0
Total Facilities	100%	15.6
Less Drawn		(13.7)
Plus Cash		0.2
Total Liquidity		2.1

OUTLOOK 2019 FORECAST

Funds From Operations Growth	approx. 3%
Distribution per security	22.60 cents, +2.0%
Comparable NOI Growth	approx. 2.5%

“We are excited about the prospects for our business and ability to continue to create long-term value for our securityholders.”

PETER ALLEN CEO



DEVELOPMENTS

Completed project

WESTFIELD CAROUSEL, WA

Overview

Project Cost	\$350m (SCG share: \$350m)
Commencement	Q1 2017
Completion	Q3 2018

Highlights

Incremental Project GLA	27,500sqm
Completed Centre GLA	110,000sqm
New Anchors	David Jones, H&M, new entertainment, dining and leisure precinct
Specialty Retail	approx. 70 new stores



DEVELOPMENTS

Completed project

WESTFIELD COOMERA, QLD

Overview

Project Cost	\$470m (SCG share: \$235m)
Commencement	Q2 2017
Completion	Q4 2018

Highlights

Completed Centre GLA	59,000sqm
New Anchors	Event Cinemas, Kmart, Target, Coles, Woolworths, new dining and leisure precinct
Specialty Retail	approx. 140 new stores



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DEVELOPMENTS

Completed project

WESTFIELD KOTARA, NSW

Overview

Project Cost	\$160m (SCG share: \$160m)
Commencement	Q3 2017
Completion	Q4 2018

Highlights

Incremental Project GLA	6,250sqm
Completed Centre GLA	82,000sqm
New Anchors	H&M, Zara, new Kmart, JB Hi Fi
Specialty Retail	approx. 30 new stores



DEVELOPMENTS

Completed project

WESTFIELD TEA TREE PLAZA, SA

Overview

Project Cost	\$50m (SCG share: \$25m)
Commencement	Q3 2017
Completion	Q4 2018

Highlights

Incremental Project GLA	3,500sqm
Completed Centre GLA	99,000sqm
Dining & Leisure	Expanded HOYTS with two LUX cinemas including 9 new restaurants and an upgraded fast casual dining precinct



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



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31 Dec 2018

Portfolio Leased	99.3%
Average Specialty Store Rent (psm)	\$1,654
Specialty Occupancy Cost	18.0%
Lease Deals Completed Number	2,686
Lease Deals Completed Area (sqm)	444,320
Leasing Spreads – Total Lease Deals	(3.5%)
Average Contracted Annual Rent Escalations	approx. CPI + 2%

Comparable Net Operating Income grew by 2.5% in 2018. This was primarily driven by contracted annual rent escalations of approx. CPI+2%

PROFIT & FFO

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Reconciliation from Profit to FFO

\$m	Profit 12 months to 31 Dec 2018	FFO Adjustments ¹	FFO 12 months to 31 Dec 2018	Financial Statement Notes
	A	B	C = A + B	
Net operating income	1,833.0	67.8	1,900.8	Note 2(iii)
Management income ²	46.1	—	46.1	
Project income ³	85.3	—	85.3	
Income	1,964.4	67.8	2,032.2	
Overheads	(85.9)	—	(85.9)	Note 2(v)
Revaluations	1,147.7	(1,147.7)	—	Note 2(v)
Gain in respect of capital transactions	40.1	(40.1)	—	Note 2(v)
EBIT	3,066.3	(1,120.0)	1,946.3	
Net interest ⁴	(623.1)	123.7	(499.4)	Note 2(v)
Currency derivatives	(29.7)	29.7	—	
Earnings before tax	2,413.5	(966.6)	1,446.9	
Tax	(58.8)	(1.8)	(60.6)	Note 2(v)
Minority interest ⁵	(67.5)	20.7	(46.8)	
Profit / Funds from operations	2,287.2	(947.7)	1,339.5	
Retained earnings			(164.1)	
Distribution			1,175.4	

1. FFO adjustments relate to property revaluations, mark to market of interest rate and currency derivatives, mark to market of other financial liabilities, modification gain on refinanced borrowing facilities, tenant allowance amortisation, deferred tax benefit and gain in respect of capital transactions
2. Management income \$56.2m less management expenses \$10.1m = \$46.1m
3. Project income \$429.7m less project expenses \$344.4m = \$85.3m
4. Financing costs \$685.2m (Note 2(v)) less interest income \$3.3m (Note 2(v)) less interest expense on other financial liabilities \$35.6m (Note 12) less net fair value loss on other financial liabilities \$23.2m (Note 12) = \$623.1m
5. Minority interest \$8.7m (Note 2(v)) plus interest expense on other financial liabilities \$35.6m (Note 12) plus net fair value loss on other financial liabilities \$23.2m (Note 12) = \$67.5m

BALANCE SHEET

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Balance Sheet – Proportionate ¹

\$m	Consolidated	Equity Accounted	31 Dec 2018
	A	B	C = A + B
Cash	206.1	7.8	213.9
Property Investments			
– Shopping centres	35,522.6	2,828.4	38,351.0
– Development projects and construction in progress	522.2	227.9	750.1
Total property investments⁵	36,044.8	3,056.3	39,101.1
Equity accounted investments	2,966.2	(2,966.2)	—
Deferred tax assets	54.8	—	54.8
Currency derivative receivables	920.2	—	920.2
Other assets	682.9	9.4	692.3
Total assets	40,875.0	107.3	40,982.3
Interest bearing liabilities			
– Current	1,945.0	—	1,945.0
– Non-current	12,657.7	—	12,657.7
Finance lease liabilities	40.4	0.4	40.8
Deferred tax liabilities	107.7	69.3	177.0
Currency derivative payables	55.7	—	55.7
Other liabilities	1,505.8	37.6	1,543.4
Total liabilities	16,312.3	107.3	16,419.6
Net assets before minority interest	24,562.7	—	24,562.7
Minority interest ²	(925.0)	—	(925.0)
Net assets	23,637.7	—	23,637.7
Debt ³			13,524.3
Assets ⁴			39,848.2
Gearing			33.9%

1. Period end AUD/NZD exchange rate 1.0474 at 31 Dec 18
2. Includes \$696.9m (31 December 17: \$673.7m) of Property Linked Notes shown in minority interest given their equity characteristics, and \$228.1m (31 December 17: \$247.4m) 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
5. Including uplift in property revaluations of \$1,147.7m

CASH FLOW

Cash flows from operating activities – look through basis

\$m	31 Dec 2018
Receipts in the course of operations (including GST)	2,940.8
Payments in the course of operations (including GST)	(930.9)
Net operating cash flows from equity accounted entities	125.7
Income and withholding taxes paid	(66.6)
GST paid	(244.9)
Payments of financing costs (excluding interest capitalised)	(504.5)
Interest received	3.1
Net cash flows from operating activities	1,322.7

Capital expenditure cash flows – look through basis

\$m	31 Dec 2018
Capital expenditure on property investments – consolidated	(749.0)
Capital expenditure on property investments – equity accounted	(185.6)
Capital expenditure on property investments – look through	(934.6)
Represented by:	
Operating & leasing capital expenditure	(112.1)
Development capital expenditure	(822.5)
Capital expenditure on property investments – look through	(934.6)

INTEREST RATE HEDGING PROFILE

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31 December ¹	\$ Fixed rate debt		Derivatives					
	\$ debt payable		\$ swap payable		NZ\$ swap payable		NZ\$ collar payable	
	\$m	Fixed rate	\$m	Fixed rate	NZ\$m	Fixed rate	NZ\$m	Strike rate
2018	(580.0)	3.25%	(8,147.3)	2.86%	(510.0)	3.08%	(70.0)	3.39%/5.25%
2019	(430.0)	3.31%	(8,035.4)	2.81%	(530.0)	3.14%		
2020	(430.0)	3.31%	(6,523.4)	2.84%	(430.0)	3.21%		
2021	(30.0)	3.81%	(6,071.5)	2.87%	(350.0)	3.14%		
2022			(5,059.6)	2.83%	(300.0)	3.09%		
2023			(3,785.8)	2.83%	(200.0)	3.15%		
2024			(2,767.9)	2.84%	(150.0)	3.18%		
2025			(1,500.0)	2.94%	(50.0)	3.29%		
2026			(500.0)	2.74%				

69% Hedged at 31 December 2018

¹ As at 31 December 2018. All rates exclude borrowing margin.

IMPORTANT NOTICE

SCENTRE GROUP

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 66 001 671 496

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