

SCENTRE GROUP

7 May 2015

Singapore Exchange
2 Shenton Way
#02-02 SGX Centre
Singapore 068804

Dear Sir/Madam

SCENTRE GROUP (ASX: SCG)
SCENTRE GROUP 1st QUARTER OPERATIONAL UPDATE

Attached is Scentre Group's 1st Quarter Operational Update, lodged with the Australian Securities Exchange today.

Yours faithfully



Maureen McGrath
Company Secretary

Enc.

Owner and Operator of **Westfield** 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 80 145 743 682 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
Level 30, 85 Castlereagh Street, Sydney NSW 2000 Australia · GPO Box 4004 Sydney NSW 2001 Australia · T +61 (02) 9358 7000 · scentregroup.com

SCENTRE GROUP

MEDIA RELEASE

7 May 2015

SCENTRE GROUP REPORTS 1ST QUARTER UPDATE WITH 5.8% GROWTH IN SPECIALTY SALES FOR THE QUARTER

Scentre Group (ASX:SCG) today announced its first quarter operational update for the 3 months to 31 March 2015 with the Group's operations continuing to perform well.

Recent highlights include:

- **Continued strong growth in retail sales.** Comparable specialty sales up 5.8% for the quarter and 4.0% for the twelve months in Australia
- **\$505 million of development starts in 2015.** New projects at Hurstville, Kotara and Casey Central, and previously announced projects at Chatswood and North Lakes
- **Completed third stage of development at Miranda.** Includes cinemas and outdoor casual dining precinct
- **Launched SmartScreen network.** Creates a new, custom designed, in-house digital advertising network of 1,200 digital displays across the portfolio
- **State-of-the-art Wi-Fi roll out.** Will be introduced at 26 centres by the end of 2015
- **Issued \$2.1 billion of senior unsecured bonds.** £400 million 7 year bonds, US\$500 million 6 year bonds and US\$500 million 10.5 year bonds.

Mr Peter Allen, CEO, said: "We have seen an improving retail sales environment with 21 consecutive months of positive specialty sales growth in Australia, including a 5.8% increase for the 1st quarter of 2015 and a 4.0% increase for the last 12 months in Australia. In particular, the Fashion, Footwear, Jewellery, Homewares and Telecommunications categories have experienced good increases in sales.

"We also recently announced two exciting initiatives in the digital space that will further enhance the physical shopping experience. On 6 April 2015, we launched a nationwide network of 1,200 custom-designed SmartScreens. These screens are the foundation of our new in-house advertising network in Australia, and together with our existing large-format digital 'spectacular' screens, will provide Scentre Group's retail and brand partners with a new, sophisticated channel to connect with the Westfield shopper.

"2015 will also see the completion of the roll out of a state-of-the-art Wi-Fi network at 26 shopping centres. The service will be fast, free, easy to use and available to all shoppers, providing them with a new level of digital connectivity."

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 80 145 743 682 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

Level 30, 85 Castlereagh Street, Sydney NSW 2000 Australia · GPO Box 4004 Sydney NSW 2001 Australia · T +61 (02) 9358 7000 · scentregroup.com

SCENTRE GROUP

Operational Performance

At 31 March 2015, the portfolio remained more than 99.5% leased, while average specialty retail sales increased to \$10,315 per square metre in Australia. Comparable specialty store sales growth was 5.8% in Australia for the three months to 31 March 2015.

The retail sales environment has also improved in New Zealand, with average specialty retail sales increasing to NZ\$10,216 per square metre, and comparable specialty store sales growing 5.9% for the three months to 31 March 2015.

"In Australia, comparable specialty store rent continued to grow, up 2.4% for the last 12 months. Releasing spreads continued to improve in the first quarter and averaged 1.4% lower than expiring rents, with lease renewals 1.2% higher than expiring rents and new merchants 4.3% lower," Mr Peter Allen said.

For the total portfolio, specialty store occupancy cost was 18.2%, a decrease of 20 basis points from December 2014.

Development Activity

Scentre Group has commenced \$505 million of developments in 2015, including three new developments – a \$105 million project at Hurstville, a \$55 million project at Kotara and a \$155 million project at Casey Central in Victoria.

Myer's decision to vacate its space at Hurstville upon expiry of its lease in early 2015 created an opportunity to undertake a \$105 million comprehensive upgrade of the entire centre that will introduce a number of new fashion retailers, together with a new Woolworths supermarket, Big W, Rebel Sport and JB Hi Fi. The existing cinema complex will also be expanded with the addition of VMax and the opening of a new alfresco dining precinct adjoining the cinema entrance. The development is expected to be completed in 2015.

The \$55 million development at Kotara will include a new outdoor Entertainment and Leisure precinct comprising ten restaurants adjacent to a new eight screen Event Cinema that will introduce the premier cinema offering to the Newcastle region including Vmax and Gold Class. The development is expected to be completed in 2015.

The \$155 million project at Casey Central in the south east growth corridor of Melbourne, will expand the current small neighbourhood centre (6,500 sqm) to 28,700 sqm and will introduce a full line Coles supermarket with a fresh food precinct, a new Woolworths supermarket, an Aldi supermarket, a new format Target and 78 specialty stores. The new design will feature northern and southern pavilions, linked by a retail mall, and incorporate casual dining and a 350 seat food court. The existing Liquorland pad will also be expanded and introduce a new Shell petrol station.

The \$110 million development at Chatswood and the \$80 million development at North Lakes continue to progress well.

Scentre Group's development activity also includes a \$670 million design and construction project being undertaken at Pacific Fair for AMP Capital. The Group continues to make good progress on the development which is expected to be completed in 2016.

SCENTRE GROUP

Financing

Scentre Group has been an active issuer of bonds in the global debt capital markets to take advantage of the current favourable environment for funding. On 31 March 2015, the Group priced £400 million (A\$778 million) seven year senior fixed rate bonds with a coupon of 2.375%. On 21 April 2015, the Group priced US\$1.0 billion (A\$1.3 billion) of senior bonds in the US market comprising US\$500 million six year fixed rate bonds with a coupon of 2.375% and US\$500 million 10.5 year fixed rate bonds with a coupon of 3.25%.

Outlook

Scentre Group reconfirms its forecast for Funds from Operations (FFO) to grow by 3.5% to 22.5 cents per security, with the distribution forecast to increase to 20.9 cents per security, for the twelve months ending 31 December 2015.

ENDS

Scentre Group (ASX Code: SCG) is the owner and operator of Westfield in Australia and New Zealand employing approximately 2,700 staff in Australia and New Zealand. Scentre Group has interests in and operates 47 centres located in Australia and New Zealand, encompassing approximately 12,700 retail outlets and total assets under management of \$40.9 billion.

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 these results. 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.

For further information please contact Julia Clarke on +61 2 9358 7426.

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 80 145 743 682 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

Level 30, 85 Castlereagh Street, Sydney NSW 2000 Australia · GPO Box 4004 Sydney NSW 2001 Australia · T +61 (02) 9358 7000 · scentregroup.com



1ST QUARTER UPDATE
7 MAY 2015

SCENTRE GROUP

DISCLAIMER

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.

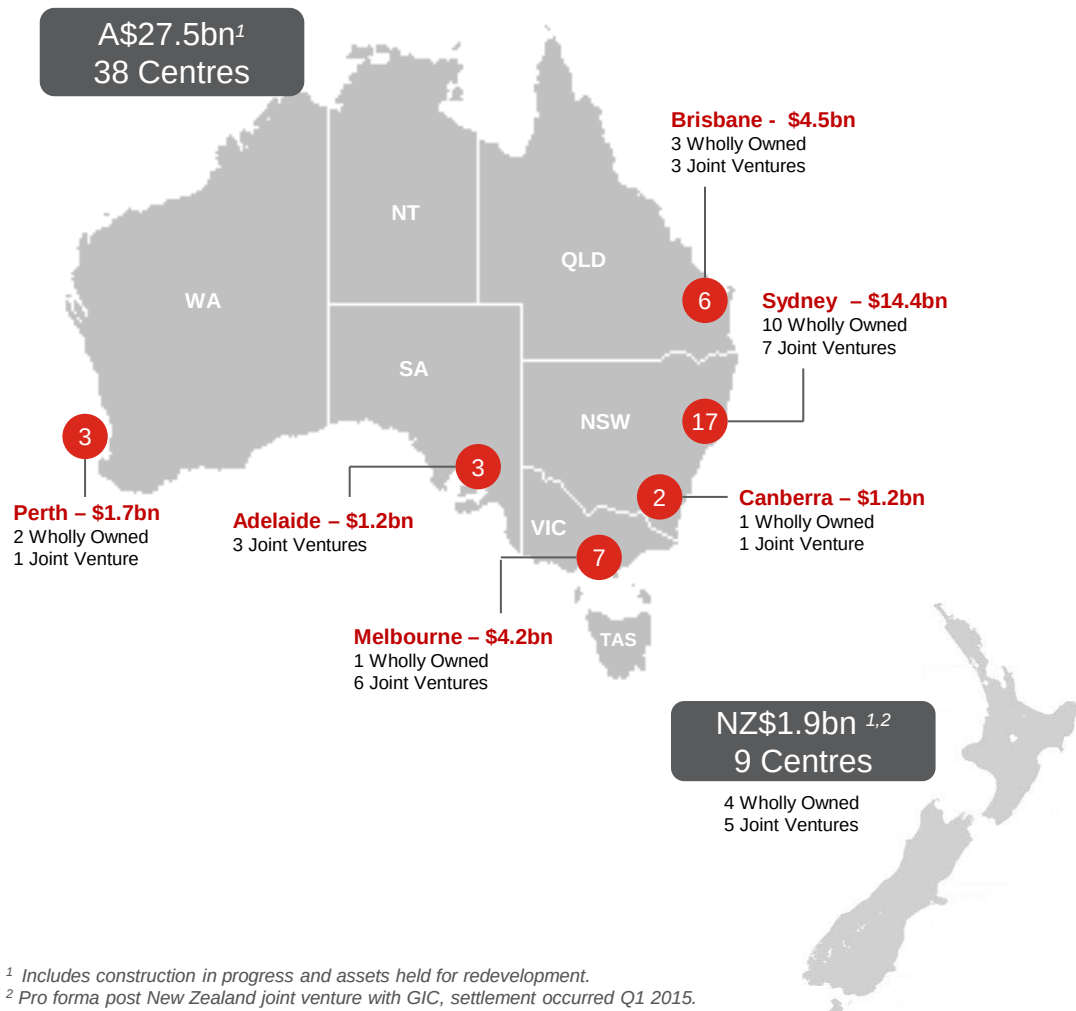
1ST QUARTER HIGHLIGHTS

SCENTRE GROUP REPORTS 5.8% GROWTH IN SPECIALTY SALES FOR THE QUARTER

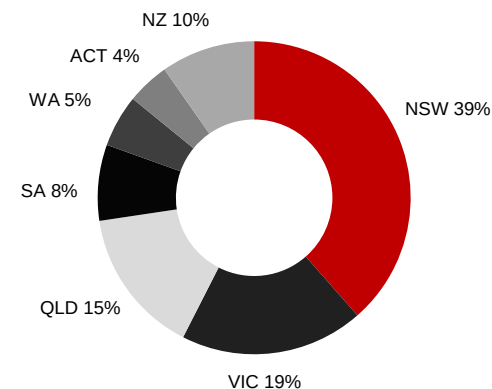
- Comparable specialty retail sales growth in Australia of 5.8% for the 1st quarter and a 4.0% increase for the last 12 months
- Comparable specialty store rent in Australia continues to grow, up 2.4% for the last 12 months
- \$505 million of new developments commenced in 2015 at Chatswood, North Lakes, Hurstville, Kotara and Casey Central
- Miranda third stage successfully opened with a new cinema and rooftop restaurant precinct
- In April, Scentre Group launched a nationwide network of 1,200 custom designed Smart Screen digital displays to create an in-house digital advertising network, which combined with our existing large-format digital 'spectacular' screens, will provide Scentre Group's retail and brand partners with a new, sophisticated channel to connect with the Westfield shopper
- Continued progress on the roll out of state-of-the-art Wi-Fi networks at 26 shopping centres. The service will be fast, free, easy to use and available to all shoppers, providing them with a new level of digital connectivity
- Issued \$2.1 billion of senior unsecured bonds, extending the Group's maturity profile
- Forecast Funds from Operations (FFO) guidance for 2015 is maintained at 22.5 cents per security (representing 3.5% growth) and a distribution of 20.9 cents per security

PORTFOLIO OVERVIEW

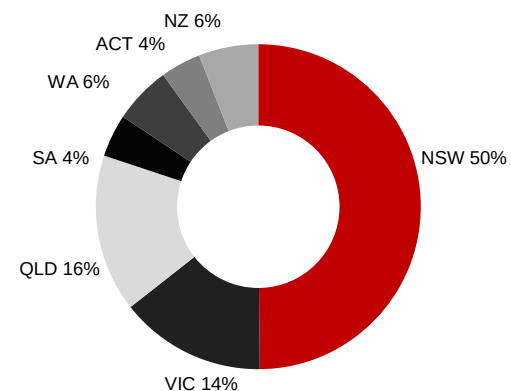
As at 31 December 2014



Portfolio by GLA



Portfolio by Asset Value (SCG share)²



¹ Includes construction in progress and assets held for redevelopment.

² Pro forma post New Zealand joint venture with GIC, settlement occurred Q1 2015.

PORTFOLIO SUMMARY

As at 31 December 2014	Australia	New Zealand ¹	Total ²
Centres	38	9	47
Retail Outlets	11,289	1,410	12,699
GLA (m sqm)	3.5	0.4	3.9
SCG Interests (bn) ³	\$27.5	NZ\$1.9	\$29.3
JV Partner Interests (bn) ³	\$10.6	NZ\$1.0	\$11.6
Assets Under Management (bn) ³	\$38.1	NZ\$2.9	\$40.9

¹ Pro forma post New Zealand joint venture with GIC, settlement occurred Q1 2015.

² Period end exchange rate AUD/NZD 1.0472 at 31 December 2014.

³ Includes construction in progress and assets held for development.

OPERATING PERFORMANCE

12 months to 31 March 2015	Australia	New Zealand	Total
Moving Annual Turnover (incl. GST) (bn)	\$20.7	NZ\$2.3	\$22.9
Specialty Retail Sales (incl. GST) (psm)	\$10,315	NZ\$10,216	\$10,266
Specialty Store Rent (psm)	\$1,564	NZ\$1,143	\$1,512
Comparable Specialty Retail Sales growth	4.0%	2.8%	3.8%
Comparable Specialty Store Rent growth	2.4%	1.0%	2.3%

Period to 31 March 2015	Total
Portfolio Leased	>99.5%
Specialty Occupancy Cost ¹	18.2%
Lease Deals Completed Number ²	492
Lease Deals Completed Area (sqm) ²	78,563

¹ 12 months to 31 March 2015.

² 3 months to 31 March 2015.

COMPARABLE RETAIL SALES GROWTH

	Period to 31 March 2015	
	12 months	3 months
Australia		
▪ Majors	(0.4%)	1.0%
▪ Mini Majors	0.9%	8.7%
▪ Specialties	4.0%	5.8%
Total	1.7%	3.8%
New Zealand		
▪ Majors	2.4%	4.9%
▪ Mini Majors	(1.5%)	2.8%
▪ Specialties	2.8%	5.9%
Total	2.1%	5.1%

COMPARABLE SPECIALTY RETAIL SALES BY REGION

By Region	Period to 31 March 2015	
	12 months	3 months
NSW	5.1%	7.3%
QLD	1.1%	1.5%
VIC	6.5%	10.5%
SA	2.9%	2.1%
WA	(0.1%)	(1.2%)
ACT	0.3%	2.2%
New Zealand	2.8%	5.9%
Total	3.8%	5.8%

COMPARABLE SALES BY CATEGORY – AUSTRALIA

Retail Sales ¹	Period to 31 March 2015	
	12 months	3 months
Department Stores	0.3%	2.0%
Discount Department Stores	(2.5%)	0.8%
Supermarkets	1.1%	0.8%
Cinemas	3.4%	25.8%
Fashion	2.7%	4.8%
Footwear	4.5%	7.9%
Jewellery	9.1%	7.2%
Leisure	2.2%	4.8%
General Retail	1.3%	4.2%
Homewares	6.2%	27.5%
Telecommunications ²	21.8%	12.2%
Retail Services	2.1%	1.2%
Food Retail	0.3%	2.2%
Food Catering	1.2%	3.0%
Total	1.7%	3.8%

¹ Includes Mini Majors and Specialties

² This category was not previously disclosed

DEVELOPMENT AND CONSTRUCTION ACTIVITY

	Total Project	SCG Share	Project Yield Range	Anticipated Completion
Scentre Group				
▪ Miranda	\$475m	\$238m		2014 / 2015
▪ Chatswood	\$110m	\$110m		2015 / 2016
▪ North Lakes	\$80m	\$40m		2015 / 2016
▪ Hurstville	\$105m	\$53m		2015
▪ Kotara	\$55m	\$55m		2015
▪ Casey	\$155m	\$155m		2016
	\$980m	\$651m	7.00% - 7.50%	
Third Party				
▪ Pacific Fair	\$670m	-		2016
Total	\$1,650m	\$651m		

NEW DEVELOPMENTS



HURSTVILLE

- Myer's decision to vacate its space upon expiry of its lease in early 2015 created an opportunity to undertake a comprehensive upgrade of the entire centre that will introduce a number of new fashion retailers, a new Woolworths supermarket, Big W and JB Hi Fi
- Replacement of Toys R Us with a new mini major and downsizing of the existing Kmart store allowing for the addition of Rebel
- Expansion of the cinema complex with the addition of VMax and opening of a new alfresco dining precinct adjoining the cinema entry
- Comprehensive internal ambience upgrade and a ticketless car park system



KOTARA

- Construction of a new outdoor Entertainment & Leisure Precinct (ELP) comprising ten restaurants and a new Events Cinema that will introduce the premier cinema offering to the Newcastle region including a Vmax Auditorium, two Gold Class Auditoriums and five General Auditoriums.

NEW DEVELOPMENTS



CASEY

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

The redevelopment of Casey Central includes:

- Construction of a new shopping centre comprising northern and southern pavilions linked by a retail mall
- A new full line Coles supermarket with a fresh food precinct, new Woolworths supermarket, new format Target Discount Department Store, Aldi, mini majors and 78 new specialty stores.
- Expanded Liquorland pad site and a new Shell Petrol station
- Casual dining and seating in a 350 seat food court adjacent to an external kids play and seating area.

The completed centre will comprise approximately 28,700sqm GLA

DEVELOPMENT OPPORTUNITIES

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

Australia

- Carousel (WA)
- Chermside (QLD)
- Knox (VIC)
- Marion (SA)
- North Lakes (QLD)

- Plenty Valley (VIC)
- Tea Tree Plaza (SA)
- Tuggerah (NSW)
- Warringah (NSW)
- Whitford City (WA)

New Zealand

- Albany (NZ)
 - Newmarket (NZ)
 - St Lukes (NZ)
-