

SCENTRE GROUP

5 November 2014

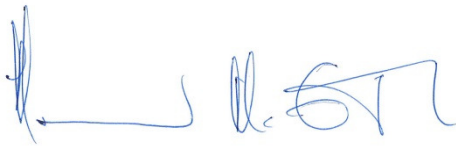
The Manager
Company Announcements Office
ASX Limited
Level 4, Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

SCENTRE GROUP (ASX:SCG)
SCENTRE GROUP 3rd QUARTER OPERATIONAL UPDATE 2014

Attached is the Group's 3rd Quarter Operational Update 2014.

Yours faithfully



Maureen McGrath
Company Secretary

Encl.

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 80 145 743 862 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

5 November 2014

SCENTRE GROUP REPORTS 3RD QUARTER UPDATE WITH 4.2% GROWTH IN SPECIALTY SALES FOR THE QUARTER

Scentre Group (ASX: SCG) today announced its third quarter operational update for the nine months to 30 September 2014 with the Group's operations continuing to perform well.

Recent highlights include:

- Opening of \$400 million development at Westfield Garden City on 11 October 2014
- First stage opening of \$475 million development at Westfield Miranda on 16 October 2014
- Completion of \$440 million Macquarie Centre design and construction project for AMP Capital
- Comparable specialty sales in Australia up 4.2% for the September quarter and 3.7% for the last nine months

Mr Peter Allen, CEO, said "We have seen an improving retail sales trend with 15 consecutive months of positive specialty sales growth in Australia with a 4.2% increase in comparable specialty sales for the quarter with good increases in the fashion, footwear, jewellery, leisure and retail services categories."

Operations

The retail sales environment in Australia continues to improve with total retail sales of \$20.2 billion for the 12 months to 30 September 2014. In particular, comparable specialty store sales growth was up 3.7% over the last nine months and up 4.2% for the September quarter. Specialty sales productivity averaged \$10,105 per square metre.

The retail sales environment is also improving in New Zealand, with comparable specialty store sales growth up 2.0% over the last nine months and up 3.7% for the September quarter.

In Australia, the average specialty store rent grew to \$1,551 per square metre at 30 September 2014, up 1.9% from September 2013. For the nine months to 30 September 2014, leasing spreads were 4.2% lower than expiring rents, with lease renewals 1.1% lower and new merchants 7.3% lower, both reflecting an improving trend. Over 2,100 leases have been completed year to date across 267,000 square metres for the portfolio.

For the total portfolio, specialty store occupancy cost was 18.8%, a decrease of 40 basis points from September 2013.

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Development

During October we celebrated the openings of developments at Westfield Garden City and Westfield Miranda. We also completed the design and construction project at Macquarie Centre for AMP Capital.

The completion of the \$400 million development at Westfield Garden City has expanded the centre to approximately 140,000 square metres and includes over 100 new specialty stores, a new 12,000 square metre Myer store, expanded and upgraded dining and fresh food precincts and a new iconic Town Square precinct showcased by a Resort style pool. The centre has over 6,000 car parking spaces, free Wi-Fi, entertainment spaces and interactive digital displays.

The stage one launch at Westfield Miranda included the opening of Woolworths, a 20 store fresh food market, 40 new specialty stores, a new car park along with a new valet service and an innovative ticketless parking system. The stage two opening will occur on 20 November with a grand opening celebration on 27 November which will include approximately 90 additional specialty stores, a new restaurant precinct as well as a refurbished Myer and David Jones. The final stage opening is planned for April 2015, and will incorporate a new rooftop outdoor restaurant precinct and a 10-screen multiplex Event cinema.

Mr Allen said "These new retail transformations reflect the depth of our development platform and our ability to deliver multiple projects simultaneously.

We have achieved our aim to create premium leading retail destinations at Miranda and Garden City by integrating food, fashion, leisure and entertainment and using digital innovation to better connect retailers with consumers. These centres are now more closely aligned to our customers' expectations and aspirations."

Construction continues to progress well at the \$670 million design and construction project for AMP Capital at Pacific Fair.

Financing

Following the debut issue of \$3.0 billion of bonds in Euromarkets in July 2014, Scentre Group issued \$400 million guaranteed notes in Australia during August and in October \$840 million of notes in the United States. Proceeds of these issues are being used to repay borrowings under Scentre Group's \$5.0 billion Bridge Facility.

Outlook

Scentre Group reconfirms its forecast FFO of 10.88 cents per security with a distribution forecast of 10.2 cents per security for the six months ending 31 December 2014.

ENDS

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Scentre Group (ASX Code: SCG) is the owner and operator of Westfield in Australia and New Zealand employing approximately 2,000 staff in Australia and New Zealand. Scentre Group has interests in and operates 47 centres located in Australia and New Zealand, encompassing approximately 12,500 retail outlets and total assets under management of \$39.4 billion.

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.

For further information please contact Anita Sulentic on +61 2 9358 7426.

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3RD QUARTER UPDATE

5 NOVEMBER 2014

SCENTRE GROUP

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

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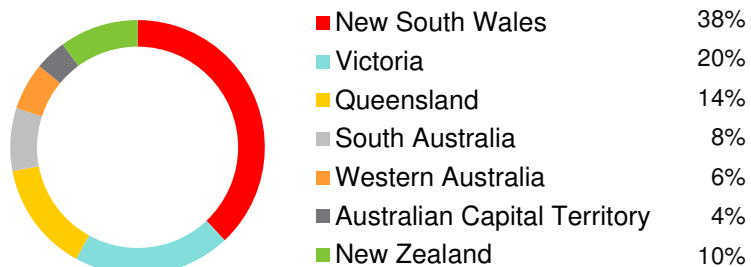
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Note: All figures within this presentation are on a proportionate basis and are presented in Australian dollars unless otherwise stated

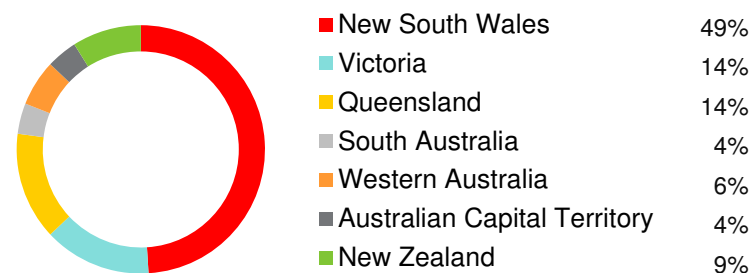
PORTFOLIO SUMMARY

At 30 June 2014	Australia	New Zealand	Total
Centres	38	9	47
Retail Outlets	11,075	1,410	12,485
GLA (m sqm)	3.4	0.4	3.8
SCG Interests (bn)	\$26.5	NZ\$2.9	\$29.2
JV Partner Interests (bn)	\$10.2	-	\$10.2
Assets Under Management (bn)	\$36.7	NZ\$2.9	\$39.4
SCG Share of AUM	72%	100%	74%

GROSS LETTABLE AREA



ASSET VALUE ¹



¹ Based on SCG's share of shopping centre assets excluding development projects and construction in progress at 30 June 2014.

SHOPPING CENTRE OPERATING PERFORMANCE

As at 30 September 2014	Portfolio Leased	Specialty Occupancy Cost	Specialty Retail Sales (MAT)	Specialty Retail Sales Growth ¹	Lease Deals Completed YTD (Number/Area)	Average Specialty Store Rent	
						Amount	Growth YOY
Portfolio	>99.5%	18.8%			2,138 267,790 sqm		
Australia			\$10,105psm	3.6%		\$1,551 psm	1.9%
New Zealand			NZ\$8,685psm	1.7%		NZ\$1,140 psm	0.7%

¹ 12 months to 30 September 2014

RETAIL SALES

Retail Sales	Period to 30 September 2014			
	Moving Annual Turnover (MAT)	MAT Growth	Comparable Change	
			12 months	9 months
Australia				
▪ Majors			0.1%	(0.5)%
▪ Mini Majors			(0.2)%	(0.8)%
▪ Specialties			3.6%	3.7%
Total	\$20.2bn	0.8%	1.8%	1.6%
New Zealand				
▪ Majors			1.1%	1.3%
▪ Mini Majors			(6.5)%	(5.0)%
▪ Specialties			1.7%	2.0%
Total	NZ\$2.0bn	0.3%	0.6%	1.0%

SPECIALTY RETAIL SALES BY REGION

By Region	Period to 30 September 2014	
	Comparable Change	
	12 months	9 months
NSW	4.7%	4.8%
QLD	2.0%	1.6%
VIC	3.7%	4.3%
SA	3.7%	3.9%
WA	1.8%	2.0%
ACT	0.0%	(0.2)%
Australia	3.6%	3.7%
New Zealand	1.7%	2.0%

COMPARABLE CHANGE RETAIL SALES BY CATEGORY – AUSTRALIA

	Period to 30 September 2014	
	12 months	9 months
Majors - Total:	0.1%	(0.5)%
▪ Department Stores	0.8%	1.1%
▪ Discount Department Stores	(3.6)%	(4.9)%
▪ Supermarkets	2.9%	2.1%
Cinemas:	(2.4)%	(3.4)%
Mini-Majors:	(0.2)%	(0.8)%
Specialties - Total:	3.6%	3.7%
▪ Fashion	2.4%	2.6%
▪ Food Catering	1.1%	0.8%
▪ Food Retail	1.4%	1.5%
▪ Footwear	4.1%	3.4%
▪ General Retail	2.6%	2.6%
▪ Homewares	0.4%	0.8%
▪ Jewellery	9.9%	11.1%
▪ Leisure	7.1%	6.3%
▪ Retail Services	2.9%	3.1%

DEVELOPMENT AND CONSTRUCTION ACTIVITY

- \$2.0bn of projects currently under construction (SCG share \$0.6bn, of which \$0.5bn incurred to date)

	Total Project	SCG Share	Project Yield	Anticipated Completion
Scentre Group				
▪ Garden City	\$400m	\$400m	6.75% -7.25%	2014
▪ Miranda	\$475m	\$238m	6.50% - 7.00%	2014 / 2015
Third Party				
▪ Macquarie	\$440m	-		2014
▪ Pacific Fair	\$670m	-		2016
Total	\$2.0bn	\$0.6bn		

MAJOR DEVELOPMENT OPPORTUNITIES

- The Group is undertaking pre-development activity on \$3bn (SCG share:\$2bn) of future development opportunities, with between \$1.5bn and \$2.0bn of developments expected to commence over the next 3 years

Australia		New Zealand
<ul style="list-style-type: none">▪ Carousel (WA)▪ Chatswood (NSW)▪ Chermside (QLD)▪ Knox (VIC)▪ Kotara (NSW)▪ Marion (SA)	<ul style="list-style-type: none">▪ North Lakes (QLD)▪ Plenty Valley (VIC)▪ Tea Tree Plaza (SA)▪ Tuggerah (NSW)▪ Warringah (NSW)▪ Whitford City (WA)	<ul style="list-style-type: none">▪ Albany (NZ)▪ Newmarket (NZ)▪ St Lukes (NZ)