

SCENTRE GROUP

ASX Announcement

27 June 2019

SCENTRE GROUP DISPOSES SYDNEY CBD OFFICE TOWERS FOR \$1.52BN ANNOUNCES \$800M SECURITY BUY-BACK PROGRAM

Scentre Group (ASX: SCG) today announced that it has disposed its Sydney CBD office towers to certain funds managed by Blackstone (Blackstone) for \$1.52 billion.

Scentre Group CEO Peter Allen said: “We are pleased to have concluded this transaction with Blackstone. Together with the recent joint venturing of Westfield Burwood, Scentre Group has now released \$2.1 billion of capital to further pursue our strategic objectives, creating long-term value for securityholders.”

“As a result of these transactions the Group is also announcing today its intention to commence an \$800 million buy-back of SCG securities. This will allow the Group to enhance its return on equity while maintaining its very strong balance sheet position.

“Our development of the Sydney Office Towers in 2011 and ongoing investment until now has created significant value for securityholders. The transaction price represents almost \$800 million in additional value created compared to our investment cost and has generated an unlevered internal rate of return of over 16% per annum for the Group.”

The disposal will be effected by way of the Group granting a 299-year leasehold interest to Blackstone over the office components located at 100 Market Street, and 77 and 85 Castlereagh Street.

Scentre Group will retain ownership of Westfield Sydney and Sydney Tower.

The proceeds from the transaction will initially be used to repay debt. The transaction is expected to be dilutive to Funds From Operations (FFO) in 2019 by approximately 0.4 cents per security. This dilution does not take into account the redeployment of capital, including the \$800 million security buy-back program.

The forecast distribution for 2019 remains unchanged at 22.60 cents per security.

The security buy-back program will commence post the 2019 Half Year Results announcement, which is expected to be on 22 August 2019.

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