SCENTRE GROUP

ASX ANNOUNCEMENT
8 April 2021

Scentre Group (ASX: SCG)
Scentre Group Limited Annual General Meeting – Address to Securityholders

Attached are copies of the addresses to be given at today's Annual General Meeting by:

- Mr Brian Schwartz AM, Chairman; and
- Mr Peter Allen, Chief Executive Officer.

This announcement has been authorised for release by the Company Secretary.

Further information:

Company Secretary	**Investor Relations**	**Corporate Affairs/Media**
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SCENTRE GROUP

CHAIRMAN'S ADDRESS
SCENTRE GROUP LIMITED
ANNUAL GENERAL MEETING

HELD ON THURSDAY, 8 APRIL 2021 AT 10:00AM

Good morning everyone and welcome to the Annual General Meeting of Scentre Group Limited.

I am Brian Schwartz, the Chairman of Scentre Group.

The Company Secretary has informed me that a quorum is present, and I therefore declare the meeting open.

In doing so, I would like to acknowledge the Gadigal people of the Eora Nation as the traditional custodians of the land I am on. Recognising that many of us are on different lands of different traditional custodians, I would like to pay my respects to each of their Elders, past, present and emerging.

Our AGM is, for a second year, being held online because of ongoing COVID-19 considerations.

I am conducting this meeting from the Wesley Centre and would like to welcome my fellow Non-Executive Directors here with me today: Mike Ihlein, Chair of our Audit and Risk Committee, , Steven Leigh, Mike Wilkins, Carolyn Kay, Margie Seale and Guy Russo. Andrew Harmos, Chair of our Human Resources Committee, is participating by Zoom from Auckland.

Carolyn and Margie are each standing for re-election today and Guy is standing for election.

Also with me today is our CEO, Peter Allen, our CFO Elliott Rusanow and our Company Secretary, Maureen McGrath. Megan Wilson, representing the Group's auditors EY, is also present. Other executives of the Group are participating in the meeting from our Sydney support office at 85 Castlereagh Street.

[Procedural matters addressed]

I will now deliver my formal address.

Good morning fellow securityholders and guests.

On behalf of the Board of Scentre Group, thank you for participating in today's online AGM.

I hope you and your families remain safe and well.

We appreciate your understanding as we continue to consider the COVID-19 pandemic in planning events.

Needless to say 2020 was a disrupted year.

Despite this we were proactive and decisive in supporting our customers, our retail partners and our people and in enhancing long-term value for securityholders.

The Board was actively engaged with management in overseeing our response to the challenging operating environment.

We met frequently during the year - 23 times as compared to the 10 meetings originally scheduled for the period.

Committees including Human Resources, Audit and Risk and Nomination also met more frequently to consider key impacts and decisions.

We are proud of our people and their ability to remain agile and focused throughout the period. We thank them for their efforts and contribution.

Our priority was to ensure our customers, retail partners and our people remained safe, connected and engaged throughout a period that was challenging on multiple fronts.

Unfortunately, some of our people were impacted by redundancy, stand-by or reduced hours as part of our cost reduction measures.

Despite this our employee engagement remains strong when one considers key talent retention, low levels of voluntary turnover, high candidate Net Promoter Score and exit data which confirms that more than 96 per cent of our people would recommend Scentre Group as an employer.

Throughout the year, we played a leadership role in our industry through the Shopping Centre Council of Australia of which Peter is Chairman to support government engagement and public policy development.

We focused our case-by-case support on those that most needed our help which were our small to medium sized or ‘mum and dad’ retail partners.

We did not claim or receive any financial support from the Australian or New Zealand governments including the JobKeeper program.

Our ability to make decisions through the cycle has underpinned investor confidence and support from debt capital markets when we needed it.

We acted quickly to secure additional funding, ensuring we were in a strong financial position to see the Group through and beyond the volatile period.

Our capital management actions were focused on preserving value for the long-term and we did not seek equity from our securityholders.

Our long-term objective to create sustainable returns for our securityholders is consistent with our approach to being a responsible, sustainable business.

During 2020, we announced our target to achieve net zero carbon emissions by 2030 and committed to the Task Force for Climate-related Financial Disclosures.

Our standalone Responsible Business Report and our first Modern Slavery Statement were released on the 31st of March 2021 and are available online.

The Board and the Human Resources Committee, chaired by Andrew Harmos, has invested much time on the topic of remuneration.

While the poll on the remuneration report for item 2 has not yet been taken, based on proxy votes already received, we expect a substantial vote against it.

We are disappointed given the time and focus the Board devoted to these important issues on your behalf and the consideration we have given to the outcomes the Group and management delivered in the most uncertain and complex operating environment.

I would like to make some comments on how, as you would expect, the Board exercised judgement and addressed the issues raised.

There has been a very substantial reduction in earnings for our team.

The fixed remuneration for senior management and base Board fees were reduced by 20 per cent at the height of the pandemic and remained at that reduced level for three months. No increases were given to management, in fact, our CEO has not had an increase since taking on the role in 2014.

The short-term at risk remuneration reduced substantially for senior management and the long term at risk remuneration for the years relating to 2018, 2019 and 2020 lapsed. That is, there will be zero payouts for those three years, thereby eliminating our long-term retention strategy.

Our existing remuneration structure was not designed to cater for the unprecedented circumstances we faced.

The Board considered the changing operating environment and exercised its judgement to build a remuneration structure for 2020 that responded and allowed us to adapt to the continuing complexity and uncertainty.

Key to our ongoing success is attracting and retaining high-performing people and retention is a key element of our long-term at risk remuneration plan.

Given the loss of our retention strategy, the Board determined it was in the best interests of securityholders to mitigate the risk of losing our very well credentialled key senior executives during very different times and to retain the best management team to lead our business through this uncertain period and beyond.

We have spent a lot of time talking with many of our major investors and they understand the issues we faced during this unprecedented period and the complexity of the issues the Board needed to consider in determining our approach. The Board believes we appropriately responded to the circumstances and achieved the best outcome for the Group and you, its investors, with this pandemic specific remuneration structure.

As a result, and as announced to the ASX in September 2020, the Board made a one-off issue of equity-based retention awards to members of the senior leadership team, including the CEO and CFO, whose services are integral to the Group's response to the pandemic and beyond, steering a course through recovery and accelerating initiatives to support future growth.

These awards will vest in the next two to three years subject to executives remaining and achieving individual performance requirements.

These awards were not intended as, and did not come close to, compensating executives for the zero vesting of three years of long term awards – and they serve a different purpose to the short term at risk remuneration which is intended to recognise current year performance and outcomes.

The Board remains committed to regular and critical review of our remuneration philosophy and framework on an ongoing basis and as such, has considered a number of factors when determining FY21 long term at risk remuneration hurdles.

For FY21, we have retained a reduced ROCE hurdle of 50% and introduced a relative total shareholder return hurdle (30%) and a strategic measure hurdle (20%).

We will continue to review the LTAR hurdles as the economic recovery continues to ensure STAR and LTAR continue to meet our remuneration principles.

We value the views of our securityholders and the Board will consider all investor feedback as we make our decisions in 2021.

The Board is committed to continuing to ensure that we appoint directors with an appropriate mix of skills, knowledge, experience and diversity, including gender.

We are in the process of addressing further representation of women on our Board and hope to be in a position in the first half of the year to make a further appointment.

During the year we were pleased to welcome Michael Wilkins and Guy Russo to the Board. Carolyn Kay and Margie Seale are standing for re-election and Guy Russo will stand for election, all with the full support of the Board.

In addition to Board succession, there is a substantial process underway including external advisers to assist us with assessing and further developing the skills of our people to ensure that when the time is right, we have appropriate senior management succession in place including looking outside the organisation.

Thank you for your continued support of Scentre Group. I would now like to introduce our CEO Peter Allen to deliver his address.

-ENDS-

SCENTRE GROUP

CHIEF EXECUTIVE OFFICER'S ADDRESS
SCENTRE GROUP LIMITED
ANNUAL GENERAL MEETING

HELD ON THURSDAY, 8 APRIL 2021 AT 10:00AM

Thank you Chairman. And good morning everyone.

I too would like to thank securityholders for participating in today's hybrid AGM.

I would especially like to thank our people for their commitment to our customers throughout a disrupted year, and for their contribution to our results.

I am very proud of our team, particularly how we kept adapting to the conditions, keeping our centres safe and open for the communities we serve. We continue to remain flexible.

The restrictions imposed by governments during 2020 to address COVID–19 made for an unprecedented operating environment.

Our team remained focused on balancing the health and safety of our customers, retail partners and people with business continuity and economic activity.

We are pleased that all our 42 Westfield Living Centres remained open, safe and trading during the year despite these restrictions.

We had more than 450 million customer visits across our portfolio, including an average of 46 million per month for the last quarter, highlighting how important our centres are to our customers and communities.

This scale of visitation and average dwell time of more than one and a half hours demonstrates that our Westfield Living Centres are a 'third place' for our customers after their home and workplace.

It also reflects the currency of our customer strategy and Our Plan to create the places more people choose to come, more often, for longer.

During the year, leadership of the industry and of our company remained a priority.

We were proactive and deliberate in the decisions we made with a view not just to the short term, but the long-term ramifications of those decisions.

Our capital management measures were focused on strengthening the Group's financial position and preserving value for the long term for our securityholders by not raising dilutive equity.

The Group executed $10.1 billion of new and extended funding, including $3.6 billion of bank facilities, $2.4 billion of long-term bonds and $4.1 billion of subordinated notes. The subordinated hybrid notes issue was complex and has been viewed as unique and extremely innovative by the market.

As a result of these actions, we have available liquidity of over $6 billion, sufficient to cover all debt maturities to early 2024.

We maintain an “A” grade credit rating from all three ratings agencies.

Cash collection has been a priority for our team.

We achieved gross operating cash flows of $2.3 billion and net operating cashflows grew by 95.7 per cent in the second half of 2020, resulting in a cash surplus of $771 million for the 12-month period.

Cashflow momentum has continued into 2021 with gross rental cash inflow for the 3 months to 31 March being in excess of $600 million.

Operating Profit and FFO for 2020 were approximately $765 million or 14.7 cents per security. This included a credit charge of $304 million relating to the financial impact of the pandemic.

Importantly, we did not seek or receive funds from the Australian or New Zealand government including under its JobKeeper scheme.

All suppliers continued to be paid on 30-day terms to ensure their cash flow, consistent with our commitment to the Australian Supplier Payment Code.

Supporting our retail partners was a key focus for the team during the year, particularly our small to medium sized retailers – or SMEs - who bore the brunt of the cashflow shock with limited access to other capital.

We reached commercial arrangements with 3,398 retail partners including 2,456 SME retailers in line with the Code of Conduct.

Throughout the year, we saw continued demand for space by our retail partners with occupancy at 98.5 per cent. We introduced 217 new retail brands to Westfield across all categories.

Notably, the structure of our leases has not changed and remains based on the mutual agreement to pay a fixed base rent, a position fully supported by our debt and equity investors who do not want to see us take on retailer risk.

Notwithstanding the turbulence during 2020, we continued to evolve the Westfield ecosystem, creating new opportunities for interaction between Scentre Group, our customers, and our retail partners and brands.

We have a solid platform with approximately 20 million people living in close proximity to a Westfield Living Centre.

We seized the opportunity to introduce and progress strategic initiatives during the year including Westfield Direct and Westfield Plus.

Westfield Plus is our membership program and we now have approximately 1.5 million members. This provides the opportunity to engage more personally with our customers.

To support our retail partners through the height of the pandemic, we trialled Westfield Direct, a new drive-through, contactless click and collect service.

These initiatives have positioned us to accelerate growth as consumer confidence continues to pick up.

The most successful retailers are multichannel retailers with productive physical store networks.

Our Westfield Living Centres remain a central part of their business strategies given the quality of our centres and their proximity to customers.

We continue to invest in our portfolio and during the year completed a number of developments including a new dining precinct at Westfield Doncaster in Melbourne, introducing 14 new restaurants to the centre.

In December 2020, we were appointed by Cbus Property to design and construct the residential and commercial tower on the site of the former David Jones menswear store on the corner of Market and Castlereagh streets in Sydney's CBD.

These outcomes were achieved while the Group also maintained its focus on being a responsible, sustainable business and delivering on key initiatives across our four pillars of community, people, environment and economic performance.

Community engagement with our Westfield Local Heroes community grants and recognition program continues to grow with more than 140,000 people voting for our 2020 Heroes. Over the past three years, we have granted $3.62 million to programs that directly benefit local communities.

Our diversity and inclusion strategy continues to be a key driver of our culture and we're proud of our inclusion in the Bloomberg Gender-Equality Index for the second year running as well as continued recognition as an Employer of Choice by the Workplace Gender Equality Agency and Silver status in the Australian Workplace Equality Index Awards.

On the environment, we announced our net zero emissions by 2030 target and have established a roadmap to inform initiatives. We reduced our energy use by 10 per cent year-on-year, of which 4 per cent was continued asset operational efficiency. We publicly supported the Taskforce for Climate-related Financial Disclosures recommendations in 2020 and our climate resilience approach and reporting against the TCFD continues to improve. It was pleasing to improve our performance in key investor surveys, CDP and GRESB.

Highlights of our financial performance were referenced earlier, noting it has been a trademark of our leadership team to balance short-term responses with long-term consequences for the business. Supply chains have also been a key focus throughout the year as we developed our first Modern Slavery Statement to assess and address risks in our direct operations and supply chain.

Both our Responsible Business Report and Modern Slavery Statement were released on the 31st of March and are available online.

Whilst COVID-19 uncertainty remains in 2021, subject to no material change in conditions, the Group expects to distribute at least 14.00 cents per security for 2021.

The Distribution is expected to continue to grow in future years. The Group plans to retain earnings to cover operating and leasing capital expenditure, fund strategic initiatives and reduce net debt.

What we learnt from last year is that regardless of the economic cycle, we must keep moving and innovating to deliver the most efficient platform for our partners to connect with customers.

We operate a business that is unparalleled in terms of scale and proximity to where people live and work. This is our competitive advantage.

We have a number of strategic initiatives underway that will drive our customer strategy in 2021 and beyond, delivering on Our Purpose – creating extraordinary places, connecting and enriching communities.

We believe Scentre Group is well positioned to deliver long term growth for securityholders.

I will now hand back to the Chairman.

-ENDS-