

# SCENTRE GROUP

## ASX Announcement

28 February 2020

### Scentre Group (ASX: SCG) Scentre Group Limited Annual General Meeting Notice of Meeting and Proxy Form

Attached are the following documents:

1. Notice of Meeting and Explanatory Notes for the Annual General Meeting (**AGM**) of Scentre Group Limited to be held on Wednesday, 8 April 2020 at the Wesley Conference Centre, 220 Pitt Street, Sydney, New South Wales 2000, commencing at 10:00am.
2. Proxy form for the AGM.

The Notice of Meeting and Explanatory Notes, together with the proxy form, are being despatched to securityholders. The documents can also be accessed at [www.scentregroup.com](http://www.scentregroup.com).

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

Further information:

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**Scentre Group Limited**  
ABN 66 001 671 496

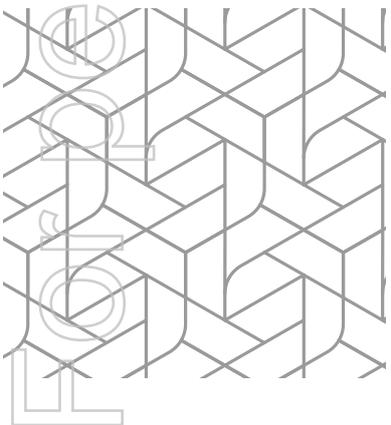
**Scentre Management Limited**  
ABN 41 001 670 579  
AFS Licence No: 230329 as responsible  
entity of Scentre Group Trust 1  
ABN 55 191 750 378 ARSN 090 849 746

**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

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# SCENTRE GROUP

## Notice of meeting & explanatory notes

*Creating extraordinary places, connecting and enriching communities*

### **ANNUAL GENERAL MEETING**

to be held at Wesley Conference Centre  
Lower Ground Floor  
220 Pitt Street, Sydney NSW  
on Wednesday, 8 April 2020  
commencing at 10:00am (Sydney time)

This notice is issued by Scentre Group Limited ABN 66 001 671 496

# SCENTRE GROUP

28 February 2020

Dear Securityholder

## INVITATION TO SCENTRE GROUP LIMITED ANNUAL GENERAL MEETING

On behalf of the Board of Directors, I am pleased to invite you to attend the 2020 Annual General Meeting (**AGM**) of Scentre Group Limited.

The AGM will be held on Wednesday, 8 April 2020 at the Wesley Conference Centre, Lower Ground Floor, 220 Pitt Street, Sydney, NSW commencing at 10:00am (Sydney time). Registration will commence at 9:00am.

The business of the meeting is to consider the Company's 2019 Financial Report, Directors' Report, Remuneration Report and Auditor's Report as well as the election of Directors. We will also be seeking approval to the grant of performance rights to our Managing Director and Chief Executive Officer, Peter Allen, for 2020 as well as a change to the terms of performance rights granted to Peter during 2019, which were approved by securityholders last year.

Board renewal and succession planning is a central component of the Board's role and the Group's overall governance program.

The Board has continued to review the ongoing skills required for our Company and is committed to diversity of Board composition, including in gender, skills and experience. In defining the Board's requirements for new Directors, consideration is given to the skills, experience and background of existing Board members, the Group's strategy and any identified new skills required to supplement the Board's capabilities.

Aliza Knox will be retiring from the Board at the conclusion of the AGM and I look forward to acknowledging Aliza's contribution at the meeting.

Mike Wilkins, who is standing for election as a Director, is a highly experienced non-executive director recognised for his strategic, risk management and operational skills and the Board recommends and unanimously supports his election. Mike's skills, qualifications and experience are detailed in the explanatory notes.

The AGM is an opportunity for securityholders to meet Directors and the Group's senior management team, ask questions and vote on items of business. I hope you will be able to attend.

The meeting will be webcast live on Scentre Group's website at [www.scentregroup.com](http://www.scentregroup.com) and will also be archived on this site for later viewing.

Enclosed with this notice of meeting is a proxy form. If you are unable to attend the meeting, I encourage you to appoint a proxy by completing and returning the proxy form to Computershare Investor Services Pty Limited. More information on voting is contained in this notice.

I look forward to welcoming you to the AGM.



**Brian Schwartz AM**  
Chairman

The Annual General Meeting (**AGM**) of securityholders of Scentre Group Limited (**Company**) will be held at the Wesley Conference Centre, Lower Ground Floor, 220 Pitt Street, Sydney NSW on Wednesday, 8 April 2020 commencing at 10:00am (Sydney time).

Additional information concerning the proposed resolutions to be placed before the meeting is contained in the explanatory notes which accompany and form part of this notice of meeting.

## ITEMS OF BUSINESS

### FINANCIAL STATEMENTS AND REPORTS

1. To consider the Company's Financial Report, Directors' Report and Auditor's Report for the year ended 31 December 2019.

### REMUNERATION REPORT

To consider and, if thought fit, to pass the following resolution as an advisory ordinary resolution of the Company:

2. **THAT** the Company's Remuneration Report for the financial year ended 31 December 2019 be adopted.

### ELECTION OF DIRECTORS

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions of the Company:

3. **THAT** Andrew Harnos who retires in accordance with the Company's Constitution and, being eligible, offers himself for re-election, is re-elected as a Director of the Company.
4. **THAT** Michael Wilkins, AO who being eligible, offers himself for election, is elected as a Director of the Company.

### APPROVAL OF GRANT OF PERFORMANCE RIGHTS TO PETER ALLEN, MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company:

5. **THAT** approval is given for the issue to and acquisition by, Managing Director and Chief Executive Officer Mr Peter Allen of 1,193,275 performance rights under Scentre Group's Performance Rights Plan and the acquisition of Scentre Group stapled securities on vesting of those performance rights on the basis described in the explanatory notes forming part of this notice of meeting.

### APPROVAL OF CHANGE TO TERMS OF GRANT OF 2019 PERFORMANCE RIGHTS TO PETER ALLEN, MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company:

6. **THAT** approval is given for a change to the terms of the grant of 2019 performance rights to the Managing Director and Chief Executive Officer Mr Peter Allen on the basis described in the explanatory notes forming part of this notice of meeting.

### VOTING EXCLUSION STATEMENTS

Items 2, 5 and 6 are resolutions which directly or indirectly relate to the remuneration of key management personnel.

In accordance with the requirements of the Corporations Act 2001 (Cth) (**Corporations Act**), the Company will disregard any vote cast on item 2 by or on behalf of a member of the key management personnel of the Company's consolidated group (**Group**) (or a closely related party of such member) (together, **Excluded Persons**). Additionally, the Company will disregard any vote cast on item 2, 5 or 6 by an Excluded Person acting as proxy, unless the vote is cast:

- by an Excluded Person as proxy for a person entitled to vote on the resolution in accordance with their direction on the proxy form; or
- by the Chairman of the meeting as proxy for a person entitled to vote on the resolution, where the proxy appointment expressly authorises the Chairman to vote undirected proxies as the Chairman sees fit.

If the Chairman is your proxy or is appointed as your proxy by default, and you do not direct the Chairman how to vote on item 2, 5 or 6 on your proxy form, you will be expressly authorising the Chairman to vote on item 2, 5 or 6 as the Chairman sees fit. The Chairman intends to vote undirected proxies in favour of items 2, 5 and 6.

## ENTITLEMENT TO ATTEND AND VOTE AT THE MEETING

All securityholders may attend the AGM. The Board has determined that for the purposes of voting at the meeting, registered holders of Scentre Group stapled securities as at 7:00pm (Sydney time) Monday, 6 April 2020 will be eligible to vote at the meeting.

## ASKING QUESTIONS AT THE MEETING

We welcome securityholders' questions at the meeting. However, in the interests of all present at the meeting, we request that securityholders confine their questions to matters before the meeting that are relevant to securityholders as a whole.

A securityholder entitled to vote at the meeting may also submit written questions relevant to the business of the meeting in advance of the meeting. Questions may also be submitted for the external auditor about the auditor's report to be considered at the AGM or the conduct of the audit. Questions may be lodged as part of the online proxy process. Alternatively, you may send written questions to the share registry at the address set out on the proxy form or email your questions to the Company Secretary at [CSecretary@ScentreGroup.com](mailto:CSecretary@ScentreGroup.com).

Please ensure that written questions are received no later than 5:00pm (Sydney time) on Wednesday, 1 April 2020.

## APPOINTING A PROXY

If you are unable to attend the meeting in person, you are encouraged to complete and return the proxy form which accompanies this notice of meeting.

- A securityholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on behalf of the securityholder at the meeting.
- If a securityholder is entitled to two or more votes, they may appoint two proxies and each proxy must be appointed to represent a specified proportion of the securityholder's voting rights. If you appoint two proxies and do not specify the proportion of the number of votes each proxy may exercise, each of the proxies may exercise half of your votes. If you wish to appoint a second proxy, please write on your proxy form the names of both proxies and the proportion of votes allocated to each in accordance with the instructions on your proxy form.
- A proxy need not be a securityholder and may be an individual or a body corporate.
- If you appoint a body corporate as a proxy, that body corporate will need to ensure that it appoints an individual as its corporate representative to exercise its powers at the meeting and provide satisfactory evidence of the appointment of its corporate representative prior to the commencement of the meeting.
- A corporate securityholder must sign the proxy form in accordance with its constitution or otherwise in accordance with the Corporations Act. Where the proxy form is signed by a duly authorised person or persons of a corporate securityholder, such authorisation must have been sighted by Scentre Group's Share Registrar, Computershare Investor Services Pty Limited.

### *Lodgement of proxies*

To be valid, the proxy form and any power of attorney or other authority (if any) under which it is signed (or a certified copy of it) must be received no later than 10:00am (Sydney time) on Monday, 6 April 2020 (**Proxy Deadline**).

Proxy forms received after this time will be invalid.

Proxy forms may be lodged using any of the following methods:

### *Online proxy*

You may submit your proxy online at [www.investorvote.com.au](http://www.investorvote.com.au) which can also be accessed via [www.scentreGroup.com](http://www.scentreGroup.com).

You will need your Security Holder Reference Number (**SRN**) or Holder Identification Number (**HIN**) and your allocated Control Number as shown on your proxy form.

You will be taken to have signed the proxy form if you lodge your proxy in accordance with the instructions on the website. A proxy cannot be appointed electronically if they are appointed under a power of attorney or similar authority. The online proxy facility may not be suitable for securityholders wishing to appoint two proxies with different voting directions. Please read the instructions for online proxy submissions carefully before you lodge your proxy.

Custodians and other intermediaries may submit their proxy online by visiting [www.intermediaryonline.com](http://www.intermediaryonline.com) (subscribers only).

**Proxy delivery**

In addition to online proxy submissions, proxies may be given by post, fax or delivery. A proxy form and a reply-paid envelope are enclosed.

A completed proxy form and any power of attorney or other authority (if any) under which it is signed (or a certified copy of it) must be received by the Proxy Deadline by one of the following means: posted to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne VIC 3001; hand delivered to Computershare Investor Services Pty Limited at Level 3, 60 Carrington Street, Sydney NSW 2000; or by fax to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

Proxy forms may also be hand delivered to Scentre Group, Level 30, 85 Castlereagh Street Sydney NSW 2000 or by fax to +61 2 9358 7241.

**CORPORATE REPRESENTATIVE**

If your holding is registered in a company name, a corporate securityholder may appoint a person to act as its representative to attend the meeting by providing that person with the appropriate 'Certificate of Appointment of Corporate Representative' (available from the Share Registrar or [www.investorcentre.com](http://www.investorcentre.com)).

The above evidence of appointment must be produced prior to the commencement of the AGM.

**UNDIRECTED PROXIES**

The Chairman of the meeting intends to vote undirected proxies in favour of all resolutions.

**VOTING BY POLL**

Voting on all resolutions at the AGM will be conducted by poll. Further details of the poll will be provided at the AGM.

By Order of the Board of Scentre Group Limited.



**Maureen McGrath**

Company Secretary

Sydney, 28 February 2020

## EXPLANATORY NOTES

### ITEM 1 FINANCIAL STATEMENTS AND REPORTS

As required under section 317 of the Corporations Act, the Financial Report, Directors' Report and Auditor's Report (collectively **Reports**) of the Company and the consolidated entity for the financial year ended 31 December 2019 will be placed before the AGM. These Reports are in the Company's 2019 Annual Financial Report which is available at <https://www.scentregroup.com/investors/annual-reports>.

There is no requirement for a formal resolution on this item. Accordingly, there will be no formal resolution put to the AGM. Securityholders will be provided with the opportunity to ask questions about the Reports during discussion on this item.

### ITEM 2 REMUNERATION REPORT

The Remuneration Report is included in the Directors' Report in Scentre Group's 2019 Annual Financial Report.

The Remuneration Report sets out the Group's remuneration policy and the remuneration arrangements in place for Directors and certain senior executives whose remuneration arrangements are required by law to be disclosed. Securityholders are being asked to adopt the Remuneration Report.

The Corporations Act requires listed companies to put the Remuneration Report for each financial year to a resolution of securityholders at the Company's AGM. The vote is advisory only and does not bind the Directors or the Company. As outlined in the Voting Exclusion Statements, the Group's key management personnel (including Directors) are not permitted to vote on this resolution except in the circumstances described in the Voting Exclusion Statements.

**The Board recommends that you vote in favour of adopting the Remuneration Report.**

### ITEM 3 AND ITEM 4 ELECTION OF DIRECTORS

The Company's constitution and the ASX Listing Rules provide for the rotational retirement and re-election of Directors. In accordance with these requirements, Andrew Harnos is retiring at the end of the AGM and will be offering himself for re-election.

The Board undertakes an annual review of its performance. The Board considers the results of this review in determining its endorsement of the Directors standing for re-election at the AGM. The Board considers that Andrew Harnos is an independent Director.

The Group also undertakes appropriate background checks before a new candidate is recommended for election. These include checks as to a person's experience, educational qualifications, character, criminal record and bankruptcy history. Such checks have been undertaken in respect of Mike Wilkins. The Board considers Mike Wilkins will be an independent Director.

**The Board supports and recommends (with Mr Harnos abstaining) that you vote in favour of the re-election of Andrew Harnos as a Director.**

**The Board also recommends and unanimously supports the election of Mike Wilkins as a Director.**

### ITEM 3 RE-ELECTION OF ANDREW HARNOS



Age 60

Andrew Harnos is a non-executive Director and was appointed as a Director of the Company on the establishment of Scentre Group in June 2014. He is also the Chairman of the Group's Human Resources Committee and a member of the Nomination Committee. Andrew is one of the founding directors of Harnos Horton Lusk Limited, an Auckland based specialist corporate legal advisory firm, where he specialises in takeover advice and structuring, securities offerings, company acquisitions and disposals and strategic Board and transaction advice. Andrew holds a Bachelor of Commerce and a Bachelor of Laws (Honours) from The University of Auckland. He is a Director of AMP Limited, AMP Bank Limited and AMP Life Limited and The National Mutual Life Association of Australasia Limited. He chairs the Risk Committees of AMP Limited and AMP Bank Limited and the Risk and Audit Committees of AMP Life Limited and The National Mutual Life Association of Australasia Limited. Andrew was formerly a non-executive Director of Westfield Retail Trust and Chairman of the New Zealand Stock Exchange.

## ITEM 4 ELECTION OF MICHAEL WILKINS, AO



### Age 63

Mike Wilkins is an experienced non-executive director with more than 30 years' executive experience in financial services in Australia and Asia, including insurance and investment management. He is currently the non-executive Chairman of QBE Insurance Limited and a non-executive Director of Medibank Private Limited.

Mike has more than 20 years' experience as CEO for ASX 100 companies. He is the former Managing Director and CEO of Insurance Australia Group Limited (IAG), former Managing Director and CEO of Promina Group and former Managing Director of Tyndall Australia Limited.

Mike has also served as a director of Maple-Brown Abbott Limited, The Geneva Association, the Australian Business and Community Network and Alinta Limited. Most recently, Mike was a Director of AMP Limited (2016-2020) including acting as Interim Executive Chairman and Acting CEO for a period in 2018. He was a member of the Australian Government's Financial Sector Advisory Council for five years and a member of the Business Council of Australia for eight years. Mike is a Fellow of Chartered Accountants Australia and New Zealand. He was made an Officer of the Order of Australia in 2017 for distinguished service to the insurance industry, particularly to improved corporate social responsibility standards, to the building of natural disaster resilience and safer communities, and to workplace diversity.

## ITEM 5 APPROVAL OF GRANT OF PERFORMANCE RIGHTS TO PETER ALLEN, MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Under his employment agreement, Mr Allen's remuneration consists of:

1. Fixed remuneration; and
2. At risk remuneration, being:
  - Short-term at-risk remuneration (STAR), 30% of which is deferred remuneration and delivered in performance rights which vest after 3 years; and
  - Long-term at-risk remuneration (LTAR), all of which is deferred remuneration and delivered in performance rights which vest in two tranches at the end of year 3 and year 4 subject to achieving performance hurdles.

Under the Group's Performance Rights Plan (**PR Plan**), on vesting, a participant is entitled to receive for no further consideration Scentre Group securities or a cash equivalent (at the election of the Group).

It is proposed that Mr Allen be awarded performance rights under the PR Plan in respect of his 2019 grants under the STAR (which represents the 30% deferred element of Mr Allen's STAR) and his 2020 grants under the LTAR. This proposal is consistent with the Group's remuneration framework and Mr Allen's remuneration arrangements since his appointment as CEO and as previously disclosed to securityholders.

The Group's remuneration framework, philosophy and how they link to business strategy and performance are explained in our Remuneration Report which forms part of the Scentre Group 2019 Annual Report available at [www.scentre.com/investors/annual-reports](http://www.scentre.com/investors/annual-reports).

### *Why is securityholder approval being sought?*

Scentre Group is not required to seek securityholder approval to the grant of performance rights to Mr Allen as the Group settles the rights with securities that have been acquired on market. However, the Board has determined to seek securityholder approval to the grant of performance rights to be satisfied by the transfer of securities to Mr Allen.

Under the terms of the Plan the Board may, in its discretion, decide to satisfy its obligations on vesting of performance rights by the Group making a cash payment to Mr Allen of an amount equivalent in value to the number of securities he would otherwise be entitled to on vesting of the performance rights. This discretion is not affected by the proposed resolution.

If approved by securityholders, Mr Allen's vested performance rights will continue to be settled by the Group transferring securities acquired on-market to Mr Allen unless, in a particular case, the Board elects to exercise its discretion and settle the performance rights in cash.

If approval is not obtained, it is intended that Mr Allen's performance rights will be satisfied in cash, subject to performance and service conditions.

### *What are the STAR and LTAR?*

STAR is at risk annual remuneration delivered through a combination of cash and performance rights. The amount of STAR each year is determined by the level of Mr Allen's performance against key performance indicators (**KPIs**). Mr Allen's KPIs are based on a mixture of financial and non-financial measures. Underperformance or failure to achieve KPIs results in a reduction of STAR rewards.

70% of the actual STAR is paid in cash with 30% delivered as performance rights. The performance rights vest after 3 years, creating a longer term and retention focus.

The at risk LTAR is structured to reward long term performance. LTAR is delivered as performance rights which vest in two tranches at the end of year 3 and year 4 if performance hurdles are achieved.

The performance hurdles for 2020 (both of which are measured at the end of 2022) are a return on contributed equity hurdle (**ROCE hurdle**) (with an 85% weighting) and a development return hurdle (**DR hurdle**) (with a 15% weighting).

## What are the LTAR hurdles?

Question	Commentary
What is the ROCE hurdle?	<ul style="list-style-type: none"><li>– ROCE is an important two-factor measure of how returns on securityholder equity are generated through a combination of improving earnings and capital management. How ROCE is calculated is set out in the next question “How is ROCE calculated?”</li><li>– The ROCE hurdle enables the Board to reward the performance of management having regard to the level of returns generated on securityholder equity through a combination of improving earnings and capital management.</li><li>– The ROCE hurdle operates on a graduated scale which is approved by the Board prior to rights being granted under the plan.</li><li>– Achievement of the ROCE component of the 2020 LTAR will be measured at the end of 2022 and published in the 2022 annual report. The Group does not publish details of the ROCE hurdle prior to the year in which it is tested (year 3) as this would result in the disclosure of commercially sensitive information in connection with the Group’s forecast of growth in FFO and the projected amount of contributed equity.</li></ul>
How is ROCE calculated?	<ul style="list-style-type: none"><li>– ROCE is calculated by applying Funds from Operations (<b>FFO</b>) for the relevant financial year as a percentage of the Group’s weighted average contributed equity during the year.</li><li>– In August 2017, the Group announced a change to its distribution pay-out ratio to grow distributions at a lower rate than earnings growth. This enabled the Group to invest additional retained earnings into the business. As a result, from August 2017 ROCE was adjusted for additional retained earnings (by increasing the amount of contributed equity for this purpose).</li><li>– Since announcing the change to the distribution pay-out ratio, the Group has enhanced the methodology by which contributed equity is adjusted for retained earnings. During 2019, the methodology was updated to take into account the full amount of retained earnings. In previous periods (2018 and 2017), contributed equity was adjusted for retained earnings after operating and leasing capital expenditure.</li></ul>
How is the ROCE hurdle achieved?	<ul style="list-style-type: none"><li>– The ROCE hurdle will be achieved at 100% if the target ROCE is met.</li></ul>
What is the range of vesting?	<ul style="list-style-type: none"><li>– The ROCE hurdle operates on a target and graduated scale of vesting, allowing for increases and decreases, depending on actual achieved ROCE.</li><li>– Under the ROCE hurdle, a 0.21% reduction below target ROCE will result in 50% vesting. Any greater reduction over 0.3% will result in zero vesting. A 0.5% increase in ROCE will result in vesting at the cap of 125%.</li></ul>
Can the hurdles be adjusted?	<ul style="list-style-type: none"><li>– The Board reserves the right to adjust performance hurdles under the LTAR plan to reflect the impact of any capital transaction occurring during the performance period (for example: a significant equity issue, buy-back or the sale or joint venture of one or more material assets in the portfolio).</li></ul>
When is the actual number and value of securities to be delivered under the LTAR calculated?	<ul style="list-style-type: none"><li>– Given the percentage vesting is based on achievement of performance hurdles, the actual number of securities which Mr Allen will be entitled to acquire under the LTAR cannot be determined until the end of the performance periods. The actual value cannot be determined until the end of the vesting periods and will depend on the actual security price at those times.</li></ul> <p>The maximum number of securities which could be delivered on vesting is capped at 125% of the number of rights issued on grant.</p>
What is the DR hurdle?	<ul style="list-style-type: none"><li>– The Group’s development program is a significant driver of growth for the Group through both adding to the scale and enhancing the quality of the portfolio.</li><li>– The hurdle is designed to measure the actual incremental yield that has been generated through the completion of major developments (over \$50 million) compared to Board approved feasibilities.</li><li>– The Board has determined to retain the two hurdles (ROCE and the DR hurdle) for 2020 LTAR awards (measured in December 2022) with the planned commencement of the redevelopment of Westfield Knox in Melbourne and the development at Market Street, Sydney which will expand Westfield Sydney as a world class retail destination and the city’s home of luxury.</li><li>– These projects will have Board approved feasibilities including the annual cash flow impact of the forecast incremental net operating income (NOI).</li><li>– The forecast 2022 incremental NOI for these projects will be aggregated and a yield calculated based on the Board approved development cost for the projects.</li><li>– At the end of 2022, the actual incremental NOI from these projects will be aggregated and a yield calculated based on the actual development cost. These two yields will then be compared and, based on a graduated table, the percentage of LTAR that will vest will be calculated.</li></ul>
How is the DR hurdle achieved?	<ul style="list-style-type: none"><li>– The DR hurdle will be achieved at 100% if the forecast yield is met.</li></ul>

Question	Commentary
What is the range of vesting?	<ul style="list-style-type: none"> <li>– As with the ROCE hurdle, the DR hurdle operates on a target and graduated scale of vesting, allowing for increases and decreases, depending on actual achieved yield.</li> <li>– Achievement below forecast yield will result in a reduction of the percentage of vesting. Vesting will be reduced by 10% for each incremental 0.2% lower than target yield until 85% of the target yield. Where the development return is below 85% of target yield, there will be zero vesting.</li> <li>– Vesting will increase by 5% for every incremental 0.2% above target yield, with a cap of 125% vesting.</li> </ul>

***How is the number of performance rights calculated?***

The actual number of performance rights to be allocated to Mr Allen under the STAR in respect of a particular remuneration year cannot be determined until the end of that year. The number depends on Mr Allen's performance against his KPIs and the trading price of Scentre Group stapled securities used at the time for calculating the number of performance rights to be issued.

In respect of the 2019 remuneration year Mr Allen's STAR was \$2,346,000 with \$703,800 (30%) to be delivered as performance rights in 2020.

The number of performance rights to be allocated to Mr Allen under the LTAR is determined as a percentage of his fixed remuneration and, in respect of the 2020 grant, is \$3,100,000, being 155% of his 2020 fixed remuneration. The number of performance rights issued depends on the trading price of Scentre Group stapled securities used at the time of calculating the number of performance rights to be issued.

The number of performance rights to be granted to Mr Allen is determined by dividing his rights under the STAR (\$703,800) and LTAR (\$3,100,000) by the grant price determined by the Group. For this purpose, the grant price is the volume weighted average price of a stapled security over 10 ASX trading days ended 13 December 2019, being \$3.8453. The number of rights is adjusted upwards for an estimated value (based on the Group's published one-year forecast) of distributions that may be paid on stapled securities during the vesting periods.

The number of rights to be granted to Mr Allen is 1,193,275 being 216,271 under the STAR and 977,004 under the LTAR.

The range of vesting under the LTAR is set out out above under "*What are the LTAR hurdles?*". The maximum number of securities that could be delivered on vesting of the 2020 LTAR is 1,221,255 (being 125% of 977,004 rights).

***When will the performance rights be granted?***

The proposed grant of performance rights to Mr Allen will be made as soon as practicable after securityholder approval is obtained. The grants will have an effective date of 1 January 2020.

***What happens if Mr Allen leaves the Group?***

In the event of:

- voluntary resignation (other than for retirement, see below): the performance rights will be forfeited.
- death or permanent disability: the performance rights will vest in full.
- redundancy: where redundancy or termination (other than for cause) occurs earlier than one year prior to the end of the relevant performance period, a pro-rata vesting applies up to the date of termination. Performance rights which have less than one year to the end of the relevant performance period vest in full. Performance rights that have been granted for less than 6 months lapse.
- retirement: Mr Allen will continue in the plans until the date of vesting in respect of performance rights granted at least 6 months prior to the date of termination (subject to any performance hurdles).

***What happens if there is a change of control?***

Performance rights do not vest automatically as a consequence of a control transaction or a corporate restructuring. In relation to control transactions, the Board retains the discretion to accelerate the vesting date for performance rights issued under the plans in such circumstances.

***Are there any clawback or cancellation provisions for at risk remuneration?***

The PR Plan contains provisions for the lapsing of unvested performance rights in a number of circumstances including if an executive engages in any act or omission constituting serious misconduct or where the Group forms the opinion, based on reasonable grounds, that the participant has committed any fraud, dishonesty or defalcation in relation to the Group.

***Are there any other forfeiture events?***

Unvested performance rights will also lapse in the event of a participant:

- being terminated for cause;
- becoming bankrupt or committing an act of bankruptcy; or
- failing to comply with a "Competition and Confidentiality Condition" (being standard confidentiality, non-compete and non-solicitation conditions).

***What is the Group's performance rights hedging policy?***

Participants in the PR Plan are prohibited from entering into hedging arrangements in respect of unvested performance rights (or performance rights the subject of a holding lock) in any plan.

**The Board recommends (with Mr Allen abstaining) that you vote in favour of this resolution. Mr Allen makes no recommendation in view of his personal interest in the matter.**

## ITEM 6 APPROVAL OF CHANGE TO TERMS OF GRANT OF 2019 PERFORMANCE RIGHTS TO PETER ALLEN, MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

At the 2019 AGM, securityholders approved the grant of 1,130,140 performance rights to Mr Allen being 210,537 rights under the STAR and 919,603 rights under the LTAR.

This proposal does not impact the rights granted to Mr Allen under the STAR. It relates only to the rights granted under the 2019 LTAR.

Vesting of rights under the 2019 LTAR was subject to two hurdles: ROCE, with a 75% weighting and a development return hurdle, with a 25% weighting. Both hurdles were to be measured in 2021.

The mechanics of the hurdles are outlined above in the explanatory notes to item 5. The development return hurdle component of the 2019 LTAR related to developments commencing in 2019 to be measured in year 3, 2021.

### *Why is securityholder approval being sought?*

Securityholder approval is sought to change the terms of the 2019 LTAR grant to Mr Allen. That approval is required because the terms on which Mr Allen's 2019 LTAR were granted were approved by securityholders at the 2019 AGM. The changes, if approved, will result in:

- ROCE being the sole performance hurdle, recognising there is no development being undertaken in respect of the 2019 LTAR grant and a correction to a typographical error on the vesting cap made in the explanatory notes in the 2019 notice of meeting
- The alignment of the methodology for calculating ROCE (as set out in the explanatory notes to item 5, ("*How is ROCE calculated?*") to the methodology used in the 2019 LTAR grants for all other participants in the LTAR plan. That is, ROCE will be calculated by contributed equity being adjusted to take into account the full amount of retained earnings.

There is no change to the number of performance rights, the maximum number of rights that could be delivered on vesting or to the 2021 measurement date in relation to the proposed changes. The changes are of a correctional nature only and are not intended or expected to confer any additional benefit on Mr Allen.

Further details of the changes are set out below.

### *Removing the development return hurdle*

The development for the purposes of the 2019 development return hurdle was the proposed redevelopment of Westfield Stirling in Perth, Western Australia.

The proposed redevelopment of Westfield Stirling was deferred in light of the Group's acquisition of a 50% interest in Westfield Booragoon in late 2019, its future development potential and realignment of the Group's Perth portfolio. Consequently, no major developments for the purpose of the development return hurdle for the 2019 LTAR awards commenced during 2019.

In the absence of any major development, the development return hurdle is not applicable. Accordingly, the Board reviewed the hurdles and determined that ROCE should be the sole hurdle under the 2019 LTAR with 100% weighting.

As securityholder approval in respect of Mr Allen's 2019 LTAR grant of performance rights related to the two hurdles, securityholder approval is being sought to permit vesting of the 919,603 performance rights to subject to a sole hurdle of ROCE in 2021 with a 100% weighting. There is no change to the number of performance rights or to the 2021 measurement date.

### *Aligning the method of calculating ROCE*

As noted, ROCE (the methodology for which is outlined in the explanatory notes to item 5) will be the sole hurdle for Mr Allen's 2019 LTAR with 100% weighting.

The ROCE hurdle operates on a target and graduated scale of vesting, allowing for increases and decreases depending on actual achieved ROCE, and the range of vesting is as outlined above with a cap at 125% of vesting. Under the ROCE hurdle, a 0.21% reduction below target ROCE will result in 50% vesting. Any greater reduction over 0.3% will result in zero vesting. A 0.5% increase in ROCE will result in vesting at the cap of 125%.

With effect from and including FY2019, the cap on vesting under the ROCE target was reduced from 150% to 125% to align it with the cap on vesting under the development return hurdle. As a result of the change in the cap, there was a consequential reduction in the increase in ROCE required to achieve the reduced cap from 0.7% (150% cap) to 0.5% (125% cap).

In the 2019 notice of meeting, a typographical error appeared in that it was incorrectly stated that a 0.7% increase in ROCE will result in vesting at the reduced cap of 125%. The correct percentage increase, which was approved by the Board as applicable to all participating executives, including Mr Allen for the 2019 LTAR, is 0.5%.

The maximum number of securities that could be delivered on vesting of the 2019 LTAR is 1,149,504 (being 125% of 919,603 rights). There is no change to the maximum number of securities that could be delivered on vesting.

ROCE will be calculated by contributed equity being adjusted to take into account the full amount of retained earnings (being that part of FFO that is not distributed to securityholders in respect of the 2019, 2020 and 2021 years) and as outlined in the explanatory notes to item 5 "*How is ROCE calculated?*". This methodology is the methodology used for calculating ROCE for Mr Allen's 2020 LTAR grants and which applied to the 2019 LTAR granted to all other executives in the LTAR plan.

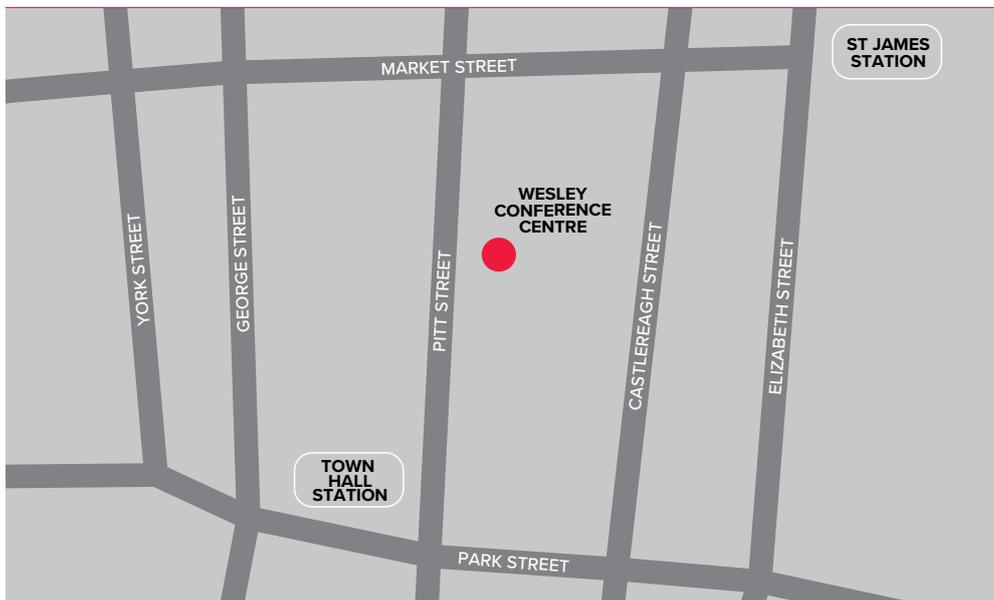
The provisions outlined in the explanatory notes to item 5 in relation to Mr Allen leaving the Group, clawback or cancellation provisions, change of control, forfeiture events and hedging policy continue to apply to his 2019 LTAR rights.

If approval is not obtained, it is intended that Mr Allen's performance rights will be satisfied in cash, subject to performance and service conditions.

**The Board recommends (with Mr Allen abstaining) that you vote in favour of this resolution. Mr Allen makes no recommendation in view of his personal interest in the matter.**

## DIRECTIONS TO THE MEETING

The Wesley Conference Centre is centrally located at 220 Pitt Street, Sydney and is within easy walking distance of Town Hall, train stations and bus stops. The Meeting will be held on the Lower Ground Floor of the Conference Centre.



For personal use only

For personal use only

SCENTRE GROUP

# SCENTRE GROUP

SCENTRE GROUP LIMITED ABN 66 001 671 496  
SCENTRE MANAGEMENT LIMITED ABN 41 001 670 579 AFSL 230329  
(as responsible entity of Scentre Group Trust 1 ARSN 090 849 746)  
RE1 LIMITED ABN 80 145 743 862 AFSL 380202  
(as responsible entity of Scentre Group Trust 2 ARSN 146 934 536)  
RE2 LIMITED ABN 41 145 744 065 AFSL 380203  
(as responsible entity of Scentre Group Trust 3 ARSN 146 934 652)

SCG

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Need assistance?



### Phone:

1300 730 458 (within Australia)  
+61 3 9946 4471 (outside Australia)



### Online:

[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00am (Sydney time)** on **Monday, 6 April 2020**.

# Proxy Form

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### APPOINTMENT OF PROXY

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

## SIGNING INSTRUCTIONS FOR POSTAL FORMS

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

## ATTENDING THE MEETING

**If you are attending in person, please bring this form with you to assist registration.**

### Corporate Representative

If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

## Lodge your Proxy Form:

XX

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number: 999999**

**SRN/HIN: I999999999**

**PIN: 99999**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### In Person:

Computershare Investor Services Pty Limited  
Level 3, 60 Carrington Street,  
Sydney NSW 2000  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

## Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Scentre Group Limited (the "Company") hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at the Wesley Conference Centre, Lower Ground Floor, 220 Pitt Street, Sydney, NSW on Wednesday, 8 April 2020 at 10:00am (Sydney time) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 2, 5 & 6 (except where I/we have indicated a different voting intention below) even though Items 2, 5 & 6 are connected directly or indirectly with the remuneration of a member of key management personnel.

**Important Note:** If the Chairman of the Meeting is your proxy (or becomes your proxy by default) you can direct the Chairman to vote for or against or abstain from voting on Items 2, 5 & 6 by marking the appropriate box in step 2 below.

## Step 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
2 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Andrew Harmos as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Election of Michael Wilkins as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval of grant of performance rights to Peter Allen, Managing Director and CEO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Approval of change to terms of grant of 2019 performance rights to Peter Allen, Managing Director and CEO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his voting intention on any resolution, in which case an ASX announcement will be made.

## Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1  Securityholder 2  Securityholder 3  / /  
 Sole Director & Sole Company Secretary Director Director/Company Secretary Date

### Update your communication details (Optional)

Mobile Number  Email Address   
 By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

