



<b>Company</b>	<b>Scentre Group Limited</b>
<b>Code</b>	<b>SCG</b>
<b>Meeting</b>	AGM
<b>Date</b>	4 April 2019
<b>Venue</b>	10.00am Wesley Conference Centre, 220 Pitt Street, Sydney
<b>Monitor</b>	John Nesbitt, assisted by Pamela Murray-Jones

<b>Number attendees at meeting</b>	106 shareholders
<b>Number of holdings represented by ASA</b>	406
<b>Value of proxies</b>	\$12.3m
<b>Number of shares represented by ASA</b>	3.063m
<b>Market capitalisation</b>	\$21.268m
<b>Were proxies voted</b>	Yes, on a poll
<b>Pre AGM Meeting</b>	Yes, with Chair Brian Schwartz, COO Greg Miles and Company Secretary Maureen McGrath

## The end of the Lowy era

As in previous years Chair, Brian Schwartz, opened the meeting with a brief overview of the company and its position in the shopping centre market place. The company's portfolio comprises 41 centres in Australia and New Zealand. He went on to outline the key financial results as set out in the annual report. As previously announced to the market the company is forecasting approximately 3% growth in funds from operations (FFO) in 2019. Distributions are forecast at 22.6 cents per security, an increase of 2%. He noted that 7.5% of all retail sales in Australia occur in a Westfield centre.

He went on to introduce a new board member, Steven Leigh and thanked long-serving director Steven Lowy who retired at the close of the meeting. This brings an end to the Lowy era with Steven Lowy leaving the Scentre Group board and Westfield having been merged with the European real estate company Unibail-Rodamco in 2018. Lowy later addressed the meeting in an emotional speech outlining his family's pioneering activities in the development of the modern shopping centre in Australia.

Mr Schwartz also thanked retiring CFO, Mark Bloom and confirmed his replacement as Elliot Rusanow who was previously CFO of Westfield.

The CEO, Peter Allen, then addressed the meeting in greater detail. The strong emphasis in both addresses was the continued focus on innovation and agility in the market place. He said the objective is to create spaces for entertainment, recreation and socialising. He went on to express confidence in Scentre Group ability to cope with the challenges ahead and the changing face of retailing.

Women now represent 41% of all people managers and during the year, the company appointed and promoted women from outside the organisation as well as within it. This included two additional senior women at Executive Committee level in Cynthia Whelan, Chief Strategy and Business Development Officer and Alexis Lindsay, Director of Corporate Affairs. Cynthia has recently been nominated as a Key Management Personnel.

All resolutions were passed though ASA questioned the remuneration report and the granting of performance rights based on the level of remuneration for the CEO. The remuneration report experienced a 10.5% vote against (last year 6% against). As in the previous year when queried after the meeting the Chair said he did not know the source of the dissatisfaction. The grant of performance rights to the CEO recorded an against vote of 5%.

Notwithstanding improvements in remuneration governance in recent years there are several outstanding issues regarding incentives that ASA raised yet again, namely:

- 1) Short term incentives remain delivered as a 70/30 split in cash and shares and not as to 50/50 as per ASA guideline
- 2) Short term incentives for Key Management Personnel should carry at least a 70% weighting of financial incentives, not the current 65%
- 3) Long term incentives are measured over 3 years, not 4 or more years as per ASA guideline
- 4) Omission of Total Shareholder Return as a measure of long- term incentives. The company defends this omission saying that they don't want executives focussed on share price, just profitability, eg return on capital employed (ROCE)

ASA supported the remuneration report but indicated that unless worthwhile progress was made on the outstanding remuneration matters listed below there may be no support next year.

ASA also raised the fact that the Chief Executive's total remuneration stands at 107 times the Australian Full Time Adult Average Total Weekly Earnings. ASA suggested this to be excessive in the light of community expectations.

There was one question from the floor regarding the annual revaluation of assets and another on how ROCE is calculated.

There was subsequent media coverage of the AGM focussed on the retirement of Steven Lowy.