

SCENTRE GROUP

ASX ANNOUNCEMENT

22 September 2020

SCENTRE GROUP (ASX: SCG) / (ASX: CDP) VARIATION TO CEO'S SERVICE AGREEMENT

Scentre Group announces variations to the service agreement for the Group's CEO, Peter Allen, and the issue to Mr Allen of Retention Awards, alongside the Retention Awards announced today for other members of the Group's senior executive team.

Service Agreement Variations

Under Mr Allen's service agreement, which was a continuing agreement inherited from the Westfield Group, the notice period (other than for termination by cause) was for Mr Allen, 3 months and the Group, 1 month.

Severance payments for termination by the Group (other than for cause) were 24 months fixed remuneration.

The Board considered the respective notice periods to be insufficient, and together with the severance payment entitlements, out of step with market practice for CEOs of ASX 30 entities. The Board accordingly determined to seek to agree appropriate variations with Mr Allen.

The amended terms now provide for a mutual 12 month notice period and a severance payment equal to 12 months fixed remuneration if Mr Allen meets the Group's retirement conditions (which remain unchanged), if Mr Allen's employment is terminated by the Group (other than for cause), or in the case of death or permanent disability. A summary of Mr Allen's amended service agreement is set out below.

Retention Awards

Mr Allen has been granted Retention Awards under the Retention Award proposals announced today and implemented between the Group and key members of the Group's senior executive team as set out in the accompanying Appendix 3G.

Subject to Mr Allen's satisfaction of all vesting conditions and performance hurdles (including remaining employed with the Group until 15 February 2023), Mr Allen's Retention Awards are due to vest 50% on 15 February 2023 and 50% on 15 February 2024. Further details on the Retention Awards are set out in the Appendix 3G.

The terms of Mr Allen's remuneration package and the components of that package otherwise are unchanged.

The Board has granted the Retention Awards, and sought an extension to Mr Allen's contractual notice periods, in light of the circumstances referred to in the "Rationale for Grant of Retention Awards" on page 13 of the Appendix 3G.

This announcement has been authorised for release by the Chairman of the Board.

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A summary of Mr Allen's amended service agreement is set out below. Please see accompanying Appendix 3G for a further details of the Retention Awards referred to above.

Service Agreement	Term
Contract term	No fixed term
Notice period by employee and employer	Employee: 12 months Employer: 12 months
Details of any post-employment restraints	Where permitted by law, the Group imposes a further requirement that, following retirement, the executive complies with certain continuing non-compete, non-solicitation and confidentiality obligations for two years following termination which, if not satisfied, will result in forfeiture of all unvested rights

Set out below is a summary of termination payments and treatment of the short-term at-risk remuneration plan (STAR) and the long-term at-risk remuneration plan (LTAR) on Mr Allen leaving the Group's employment.

Event	Termination payment	Treatment of STAR (cash)	Treatment of STAR and LTAR (deferred equity)
Resignation and termination for cause	– Accrued statutory entitlements	– Payment of a pro-rata bonus for the relevant year for resignation	– All unvested entitlements under the Group's performance rights plan are forfeited, without payment, on termination
Termination by the Group (other than for cause)	– Accrued statutory entitlements – Payment of 12 months fixed remuneration	– Pro-rata performance bonus to the date of termination	– Where termination occurs more than one year prior to the end of the relevant performance period, a pro-rata vesting applies up to the date of termination. Awards of performance rights which have less than one year to the end of the relevant performance period vest in full (excluding any rights which lapsed because of a failure to satisfy a performance hurdle). Rights that have been granted for less than 6 months lapse
Death or permanent disability	– Accrued statutory entitlements – Payment of 12 months fixed remuneration	– Pro-rata performance bonus to the date of termination	– Full vesting of outstanding performance rights (excluding any rights which lapsed because of a failure to satisfy a performance hurdle)
Retirement An executive must have at least 5 years continuous service, must have reached the age of 55 years or the aggregate of the age of the executive and the number of years in service is equal to or greater than 70. Mr Allen has met these requirements Mr Allen must enter into a 2 year post-employment non-compete agreement (containing additional non-solicitation and confidentiality obligations)	– Accrued statutory entitlements – Payment of 12 months fixed remuneration	– Pro-rata performance bonus to the date of termination	– The executive 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 (excluding any rights which lapsed because of a failure to satisfy a performance hurdle) – In circumstances where continued participation in the plan is not permitted under the terms of the plan, the executive is entitled to a cash payment from the Group equivalent to the amount that would have been received had the executive been permitted to continue in the plan