



Halls Head Central, WA

Perth Investor day and asset tours

7-8 June 2017





Welcome and overview

Angus McNaughton
CEO and Managing Director

Perth Investor day and asset tours

Agenda



| WEDNESDAY 7 JUNE | | THURSDAY 8 JUNE | |
|------------------|---|-----------------|---|
| 12.15 | Welcome and overview Angus McNaughton CEO and Managing Director | 8.00 | Depart Crown Metropol |
| | WA economy Stephen Koukoulas Managing Director, Market Economics | | Asset tour – Mandurah Forum James Fudge Project Director, WA Richard Terhorst RGM Shopping Centres, WA Jacqueline McKenzie Centre Manager |
| | WA portfolio Michael O'Brien Chief Investment Officer | | Asset tour – Halls Head Central Stephen Beer Development Director, WA/SA Richard Terhorst RGM Shopping Centres, WA |
| | Leasing Stuart Macrae EGM Leasing | | Asset tour – Galleria Andrew Weston RGM Development, WA Richard Terhorst RGM Shopping Centres, WA Mike Barrington Centre Manager |
| | Development update Carolyn Viney EGM Development | | Asset tour – Ellenbrook Central Stephen Beer Development Director, WA/SA Richard Terhorst RGM Shopping Centres, WA Graham Hahn Regional Manager, WA |
| | WA developments Mandurah Forum James Fudge Project Director, WA Galleria Andrew Weston RGM Development, WA DFO Perth Stephen Beer Development Director, WA/SA | | Asset tour – DFO Perth Stephen Beer Development Director, WA/SA Sally Ockenden Development Manager, WA |
| 16.30 | Presentations conclude Angus McNaughton CEO and Managing Director | 15.00 | |
| 17.30 | Dinner | | |

Our Strategy: simple and transparent business model with a single sector focus

Creating value and sustainable growth by owning, managing and developing quality Australian retail assets



Group investment principles

Simple and transparent business model, with a single sector focus

Invest in quality Australian assets across the retail spectrum

Focus on long-term value creation and sustainable earnings growth

Strong balance sheet with access to diverse capital sources

Efficient cost structure and low management expense ratio

Key financial objectives ('through cycle' basis)

| Group level | Target |
|-----------------------|------------|
| Total return | >9.0% p.a. |
| Underlying EPS growth | >3.0% p.a. |

| Portfolio level | Target |
|------------------------|--|
| Property level returns | >8.5% p.a. |
| Development returns | Initial yield 6% to 8+% Incremental IRR 10% to 15+% |

85 centres

under management

\$24.5b

assets under management

~8,700

tenants

~3,200

retailer relationships

\$17.8b

moving annual turnover

2.8m sqm

gross lettable area

Note: Data as at 31 December 2016.

Active repositioning reflected in improved key metrics

Delivering on strategy since Vicinity’s formation in June 2015 has driven strong results



Delivered merger synergies and refinancing savings

Improved portfolio quality

Sold interests in 18 assets for \$1.7b

Acquired interests in five assets for ~\$540m

Completed six developments totalling ~\$1b (Vicinity’s share is ~\$500m with average initial yield of >7% and IRR of >11%)

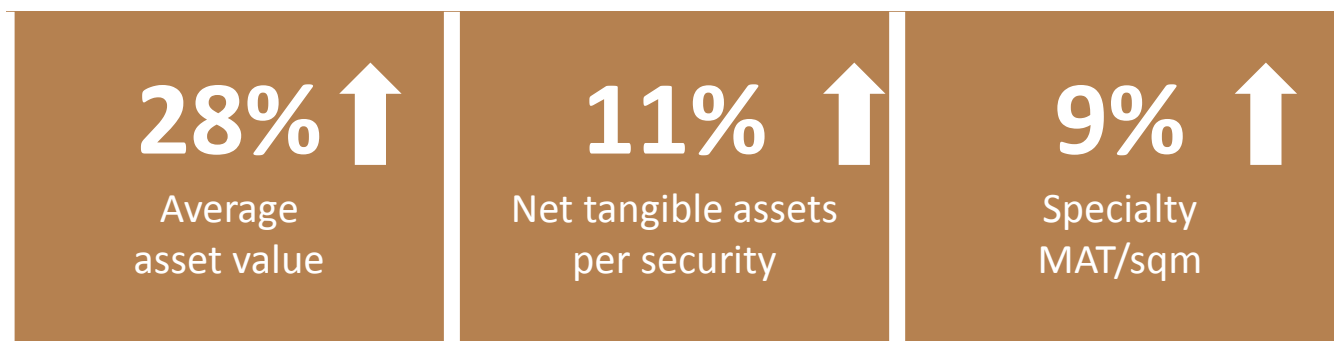
Strengthened balance sheet

Standard and Poor’s increased credit rating to A/stable from A-/stable and Moody’s initiated at A2/stable

Launched inaugural EMTN program with £350m issuance

Extended debt duration from 3 years to ~5 years

Since merger:



| | Dec-16 | Jun-15 |
|---|---------|-----------------|
| Total asset value (\$b) | 14.9 | 14.3 |
| Number of assets | 75 | 88 |
| Average asset value (100%) (\$m) | 306 | 239 |
| Total MAT (\$b) | 16.1 | 16.9 |
| Specialty MAT/sqm (\$) | 9,200 | 8,412 |
| Occupancy rate (%) | 99.4 | 98.9 |
| Specialty occupancy cost (%) | 14.6 | 15.4 |
| WACR (%) | 5.75 | 6.30 |
| NTA (\$) | 2.73 | 2.45 |
| Gearing (%) | 24.0 | 28.0 |
| Debt duration (years) | 4.8 | 3.0 |
| Credit rating - Standard and Poor’s - Moody’s | A A2 | A- not rated |

Retail trends

Structural changes providing opportunities for Vicinity



Technology is changing the shopping centre landscape

Merging physical and digital consumer experiences

Increasing application of operational technology in-centre

Operating, leasing and development decisions to be enhanced by data insights

Consumer demand for better experiences

Consumer demand for lifestyle, services and food driving sales growth in these categories

Opportunities exist to enhance consumers' shopping centre experience

Portfolio-wide connectivity will enable closer relationships with consumers

Divergence in retailer performance

Retailers with well-considered omni-channel strategies to benefit most

Recent retailer administrations providing remixing opportunities

Continued strong demand from international retailers

New international flagships driving strong foot traffic and sales

Some impact on retailers who have not adapted to increased competition



2017 achievements

A productive calendar year to date



Strong balance sheet

S&P have upgraded credit rating to A/stable

Issued \$400m of AMTNs and repaid FY18 expiries

Improving portfolio quality

Acquired the remaining 25% interest in DFO South Wharf and new multi-deck car park completed

Development pipeline continues to enhance portfolio

Construction completed at Chadstone, with majority of backfill tenancies to be opened by the end of this month

Mandurah Forum redevelopment on track, first stage of retail to open end of July 2017

Commenced The Glen redevelopment, first stage due to open in late 2017



DFO South Wharf, VIC

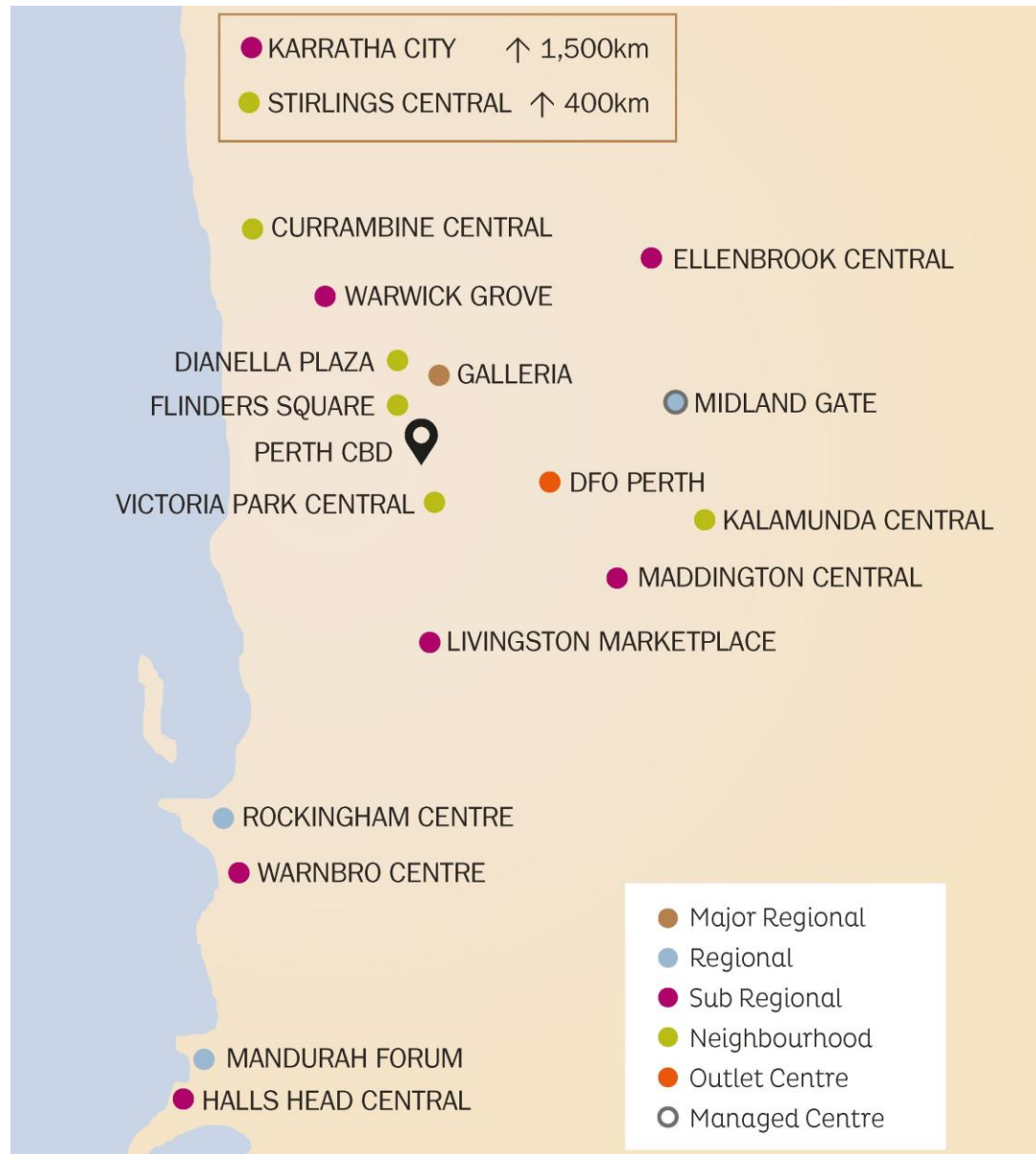


WA portfolio

Michael O'Brien
Chief Investment Officer

WA portfolio overview

Deep and experienced local capability



Long established presence in WA

The largest retail team in WA

Deep and experienced team of ~150 on the ground

Scale benefits with 12 leasing and 11 development executives, and dedicated marketing and tenancy design executives

Broad portfolio

16 assets across the retail spectrum in direct portfolio valued at \$2.1b¹

DFO Perth retail construction commencing mid year

One Regional centre (Midland Gate) owned jointly by a Vicinity wholesale fund and mandate client

Three centres with leasing mandate for a third party

1. Excluding DFO Perth.

WA Regional shopping centre landscape

Planning changes have facilitated development opportunities to service under-supplied retail market



Perth market is under serviced by Regional centres

33% less Regional centre space compared to national average¹

Retail cap was lifted in 2010 and Sunday trading commenced in 2012

A number of projects have been mooted for development

Current Regional centre offer is out dated

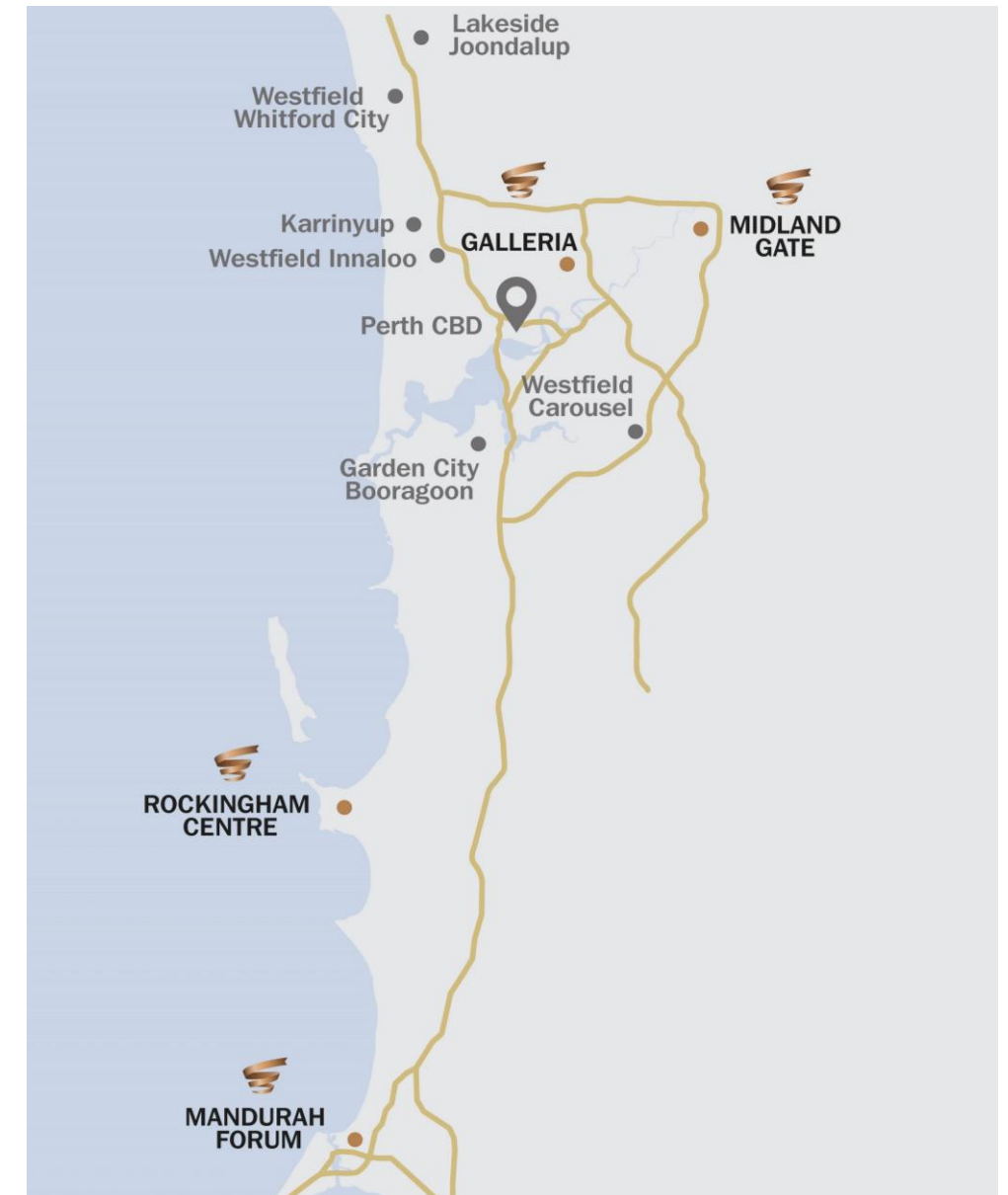
Most centres have high levels of sales productivity

All mooted projects may not be completed in this cycle

Vicinity's assets are uniquely placed

Distinct trade areas

Opportunity to capture greater market share



1. Source: Urbis, 2016.

Ellenbrook Central acquisition

Significant value created through intensive asset management and development



Acquired in December 2015 from ICWA for \$220m¹ at 5.75% capitalisation rate, currently² valued at \$236m

One of the **fastest growing catchments in Australia**

- Population growth forecast at 4.7% p.a. over next 10 years³

Specialty² MAT/sqm of \$8,929 and occupancy cost of 9.5% provide **scope for further rental uplift**

Intensive asset management has driven **strong short term gains**

- Average leasing spread of 6.1% since acquisition
- Strong growth in ancillary income
- Improved tenancy mix and lease terms
- Completed development of Aldi and five Bulky Goods stores for \$15.2m with an initial yield of 7.9%

As anticipated, short term sales impact from opening of Woolworths at Aveley

1. Excluding acquisition costs.
2. At 31 December 2016.
3. Source: MacroPlan Dimasi, 2015.



Opportunities exist for further value creation

Future development potential to broaden centre's offer



Well positioned to take advantage of market opportunity

Further opportunities to improve tenant mix to align to market demand

Future development potential

Five hectares of adjacent vacant land

Expanded offer could include:

- Discount department store
- Mini majors
- Indoor/outdoor food and café offers
- Cinema and entertainment precinct



Leasing

Stuart Macrae
EGM Leasing

Leasing trends

Greater focus on leisure, dining and experience



International retailers continue to expand

New international flagships driving strong foot traffic and sales

Uniqlo, H&M, Zara and Sephora

Some impact on retailers who have not adapted to increased competition

Re-weighting of mid-tier apparel to food, health and wellbeing, general merchandise and services

Cosmetics and beauty continues to experience strong sales growth

Customers demand for better experiences

Consumer demand for lifestyle, services and food driving sales growth in these categories



Emporium Melbourne, VIC

Tenant administrations

Remixing opportunities created through retailer administrations



Some retailers more impacted than others in current sales environment

Performance varies across retail categories

Varying retailer performance within categories

Making good progress on sites handed back

Pumpkin Patch stores were being progressively changed over prior to going into administration

All Dick Smith stores have been re-leased

Strong re-leasing outcomes at DFO Outlet Centres and Emporium Melbourne

Limited store impacts from administrations announced in the past three months

Administrations providing leasing opportunities

At >99% occupancy, tenant administrations allow for introduction of more productive retailers

Topshop has prime location at Emporium Melbourne

Close monitoring of underperforming tenants allows for early identification and proactive remixing





Development update

Carolyn Viney
EGM Development

Development achievements

Actively improving portfolio quality through development



Chadstone, VIC



Halls Head Central, WA

6 projects

~\$1 billion¹

>7% initial yield

>11% IRR



Warriewood Square, NSW



DFO South Wharf, VIC



Colonnades, SA

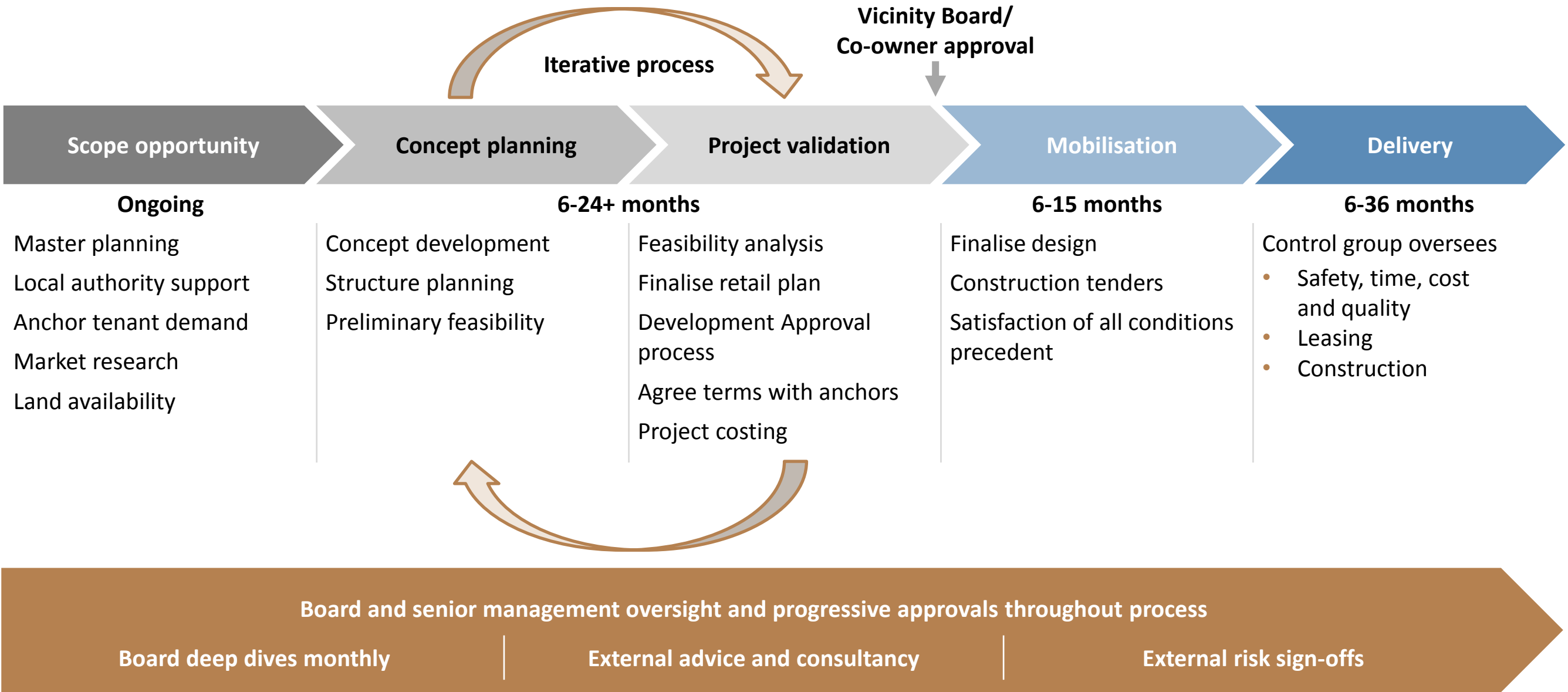


Cranbourne Park, VIC

1. 100% interest (Vicinity's share: ~\$500m). Includes the \$666m (Vicinity's share: \$333m) Chadstone project.

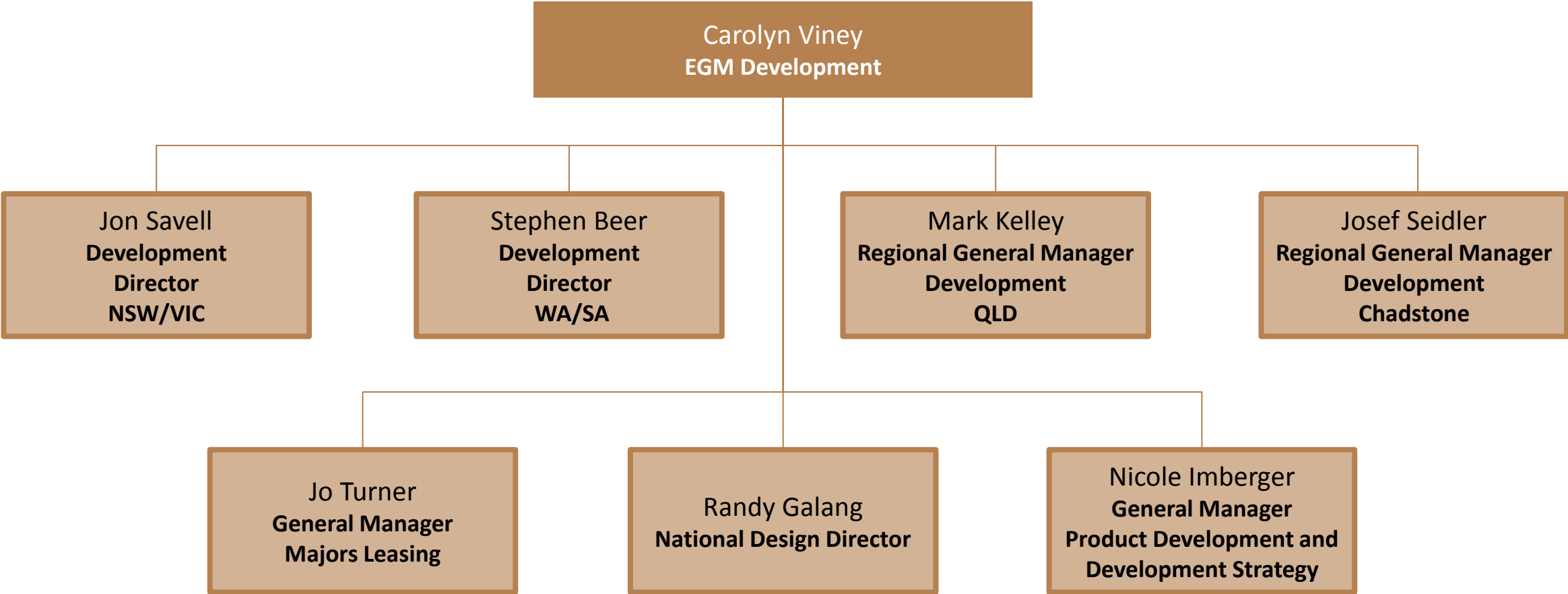
Rigorous controls govern the development planning process

A structured process and consistent approach ensures efficient and successful project delivery



Demonstrated development capability

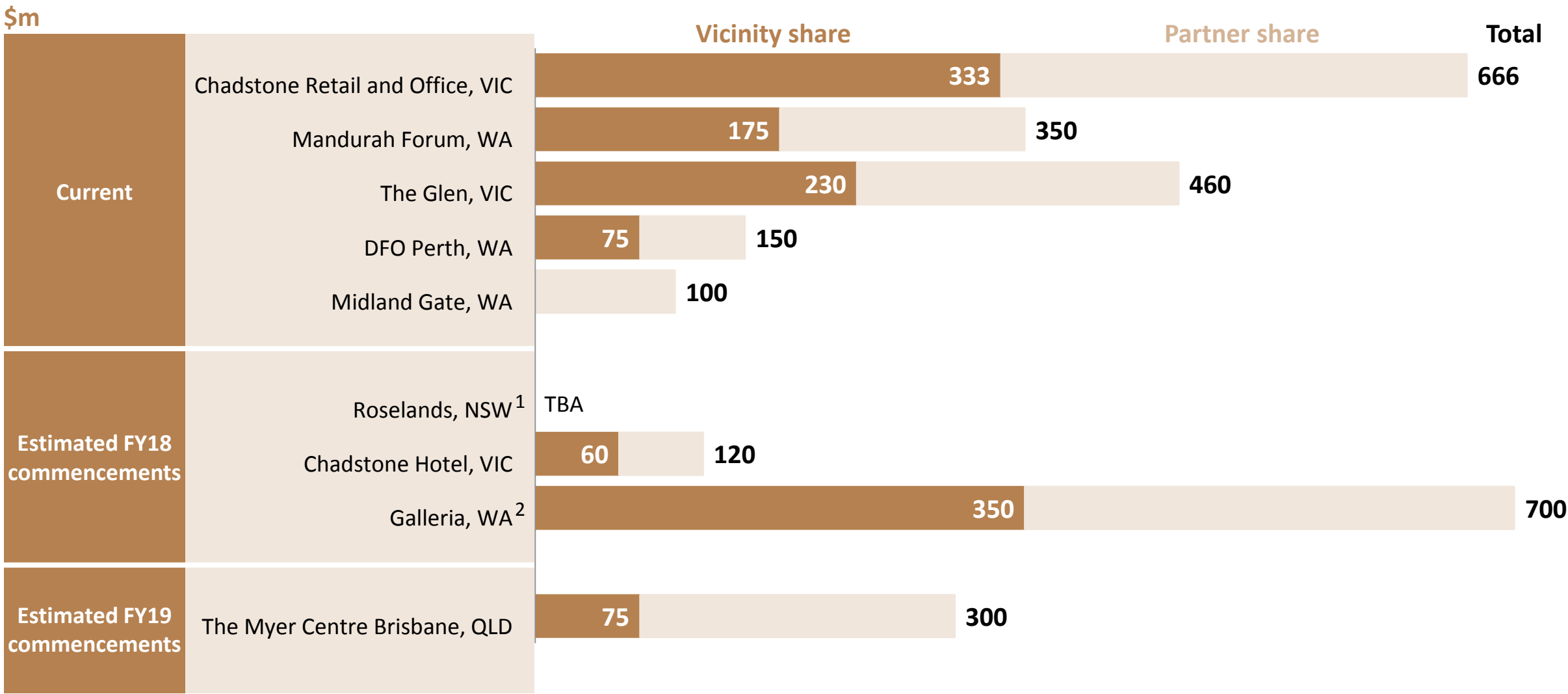
Structured to support strategy execution



- 37 development executives

Investing to create long-term value

Extensive \$2.8b development pipeline (Vicinity share: \$1.3b) provides significant opportunities



Note: Timing and costs of identified projects are indicative only and may change as projects advance.

- 1. Master planning continues.
- 2. Progressing through project validation phase, with total project cost expected to be <\$700m.



The Glen redevelopment underway

Major redevelopment to capitalise on high income trade area and capture escape expenditure

Key metrics

| | |
|-------------------|--------|
| Cost ¹ | \$460m |
| Initial yield | >6% |
| Expected IRR | >10% |

+18,900 sqm
GLA

2020
target
completion

\$460m¹ major redevelopment

First stage fully leased and due to open in late 2017

- Introduction of Aldi and relocated Woolworths to anchor fresh food market hall with Coles and over 60 specialty stores

Latest format David Jones and new contemporary food gallery with casual dining hub and an outdoor dining precinct

Complete refurbishment of existing centre

Strong trade area

Above average incomes, low levels of household debt and above average apparel expenditure

Residential developer appointed

Contract for sale of residential air rights entered into, redevelopment costs ¹ reduced from \$490m to \$460m

Over 500 apartments across three towers, construction expected to commence in early to mid-2019 and complete within 24 months

1. 100% interest. Vicinity's share is 50%.



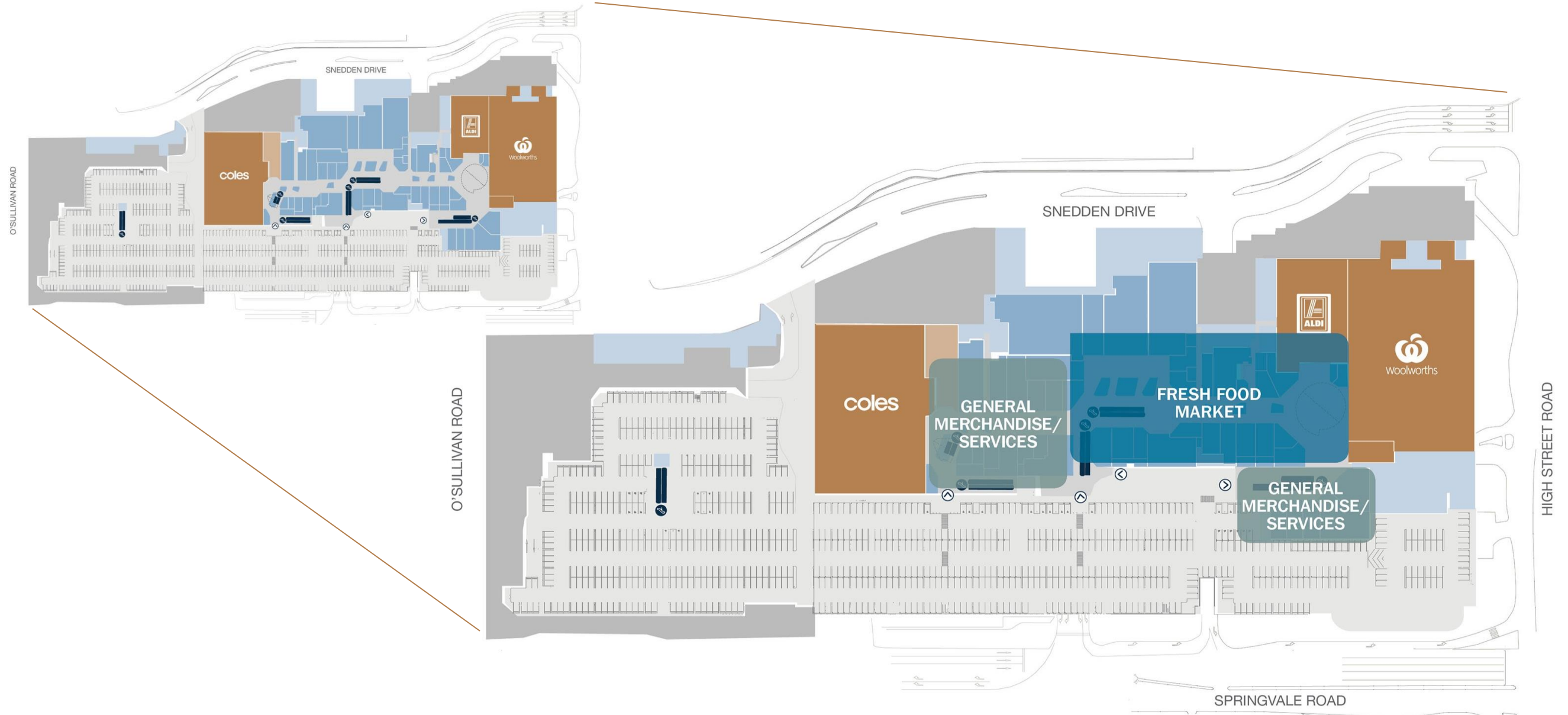
Artist's impression



Artist's impression

Lower ground level precinct plan

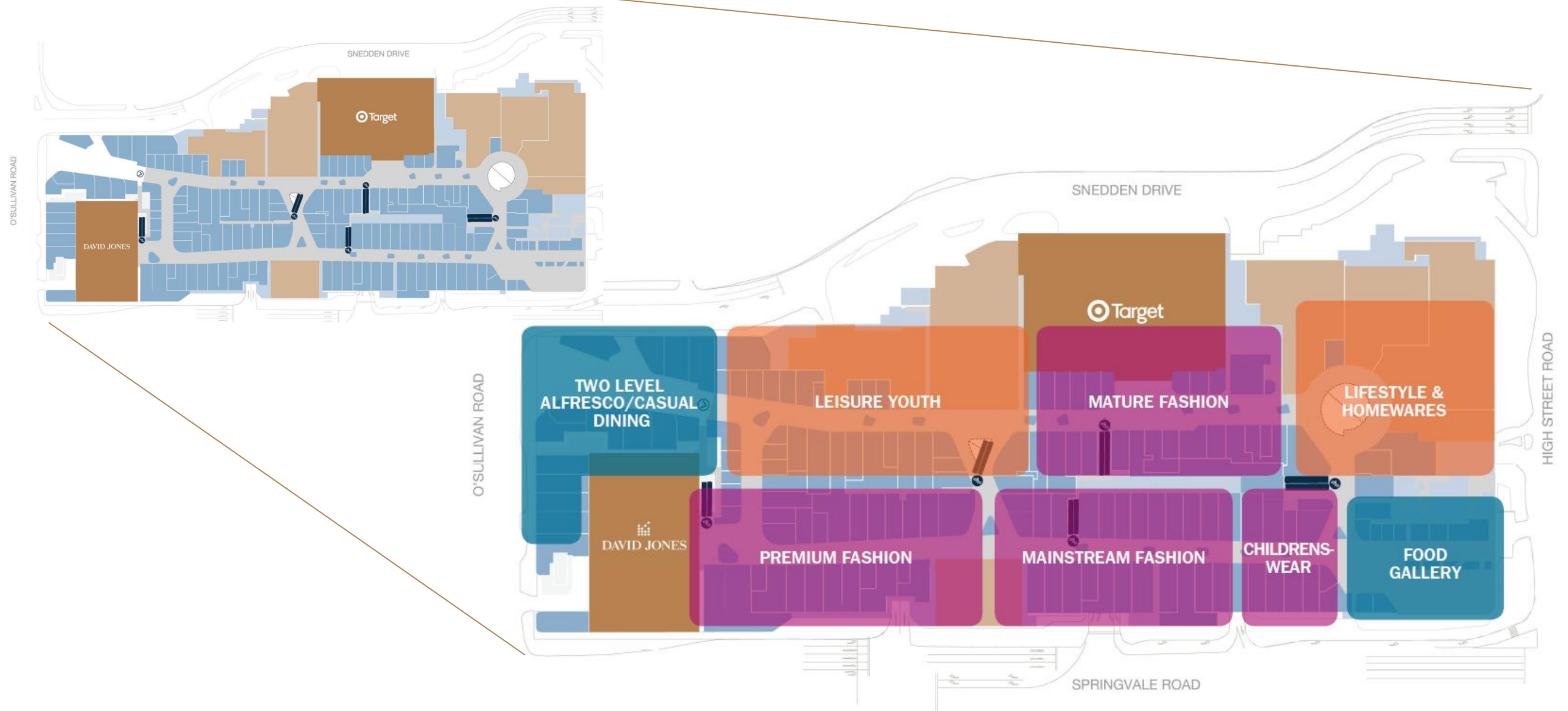
Introduction of Aldi and relocated Woolworths to anchor fresh food market hall with Coles and a number of specialty stores



Ground level precinct plan

New format David Jones, contemporary food gallery, lifestyle and fashion

The Glen





Chadstone retail and office development

Delivering a world-class retail, dining and entertainment experience



Australia's leading retail offer strongly embraced by consumers

Largest luxury precinct in Australia

Leading international flagship stores – H&M, Sephora, Uniqlo and Zara

Victoria's number one performing HOYTS

Annual visitations up 17%¹

MAT up 14%¹

Maintained highest MAT for an Australian shopping centre for 16 consecutive years

Annual sales >\$1.6b¹ with only partial year sales for the expanded centre

LEGOLAND® Discovery Centre opened in April 2017

Flagship attraction

Attracts high traffic volumes especially on weekends

Majority of backfill tenancies to be opened this month

Further opportunities to create value through master planning

1. For the 12 months to 30 April 2017.



Chadstone – the evolution continues

High quality hotel offer to service business and tourist markets



Artist's impression

Estimated development cost \$120m
(Vicinity share: \$60m)

Targeting 4 to 4.5 stars with full service amenity and conference facilities

Proposal for 250 rooms over 13 levels

Focused on business and tourist markets

Discussions underway with hotel operators

Target commencement in FY18



Chadstone – the evolution continues – proposed hotel

Prime location at Chadstone Shopping Centre, close to Melbourne's business, education and health science precincts



Artist's impression



Mandurah Forum

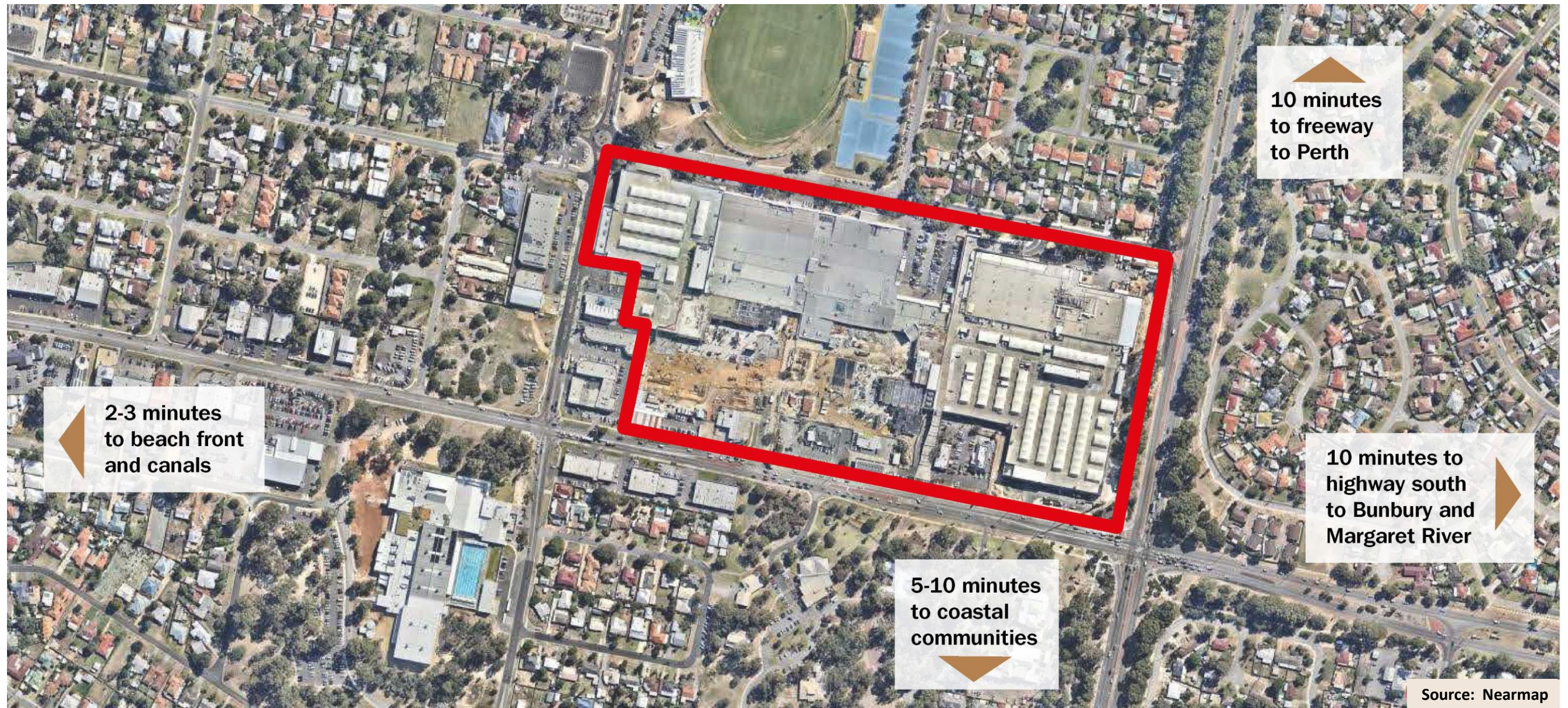
James Fudge
Project Director, WA

Artist's impression

Mandurah Forum

Well located centre in one of Australia's fastest growing catchments

Mandurah Forum





The opportunity

Transform Mandurah Forum into one of WA's leading Major Regional shopping centres

Dominant ~40,000 sqm Regional centre in a captive market being expanded to 64,500 sqm Major Regional centre

Mandurah's total trade area **population growth remains high** at 2.6%, compared to WA average of 1.0% and national average of 1.4%¹

Located in **one of the fastest growing catchments** in Australia

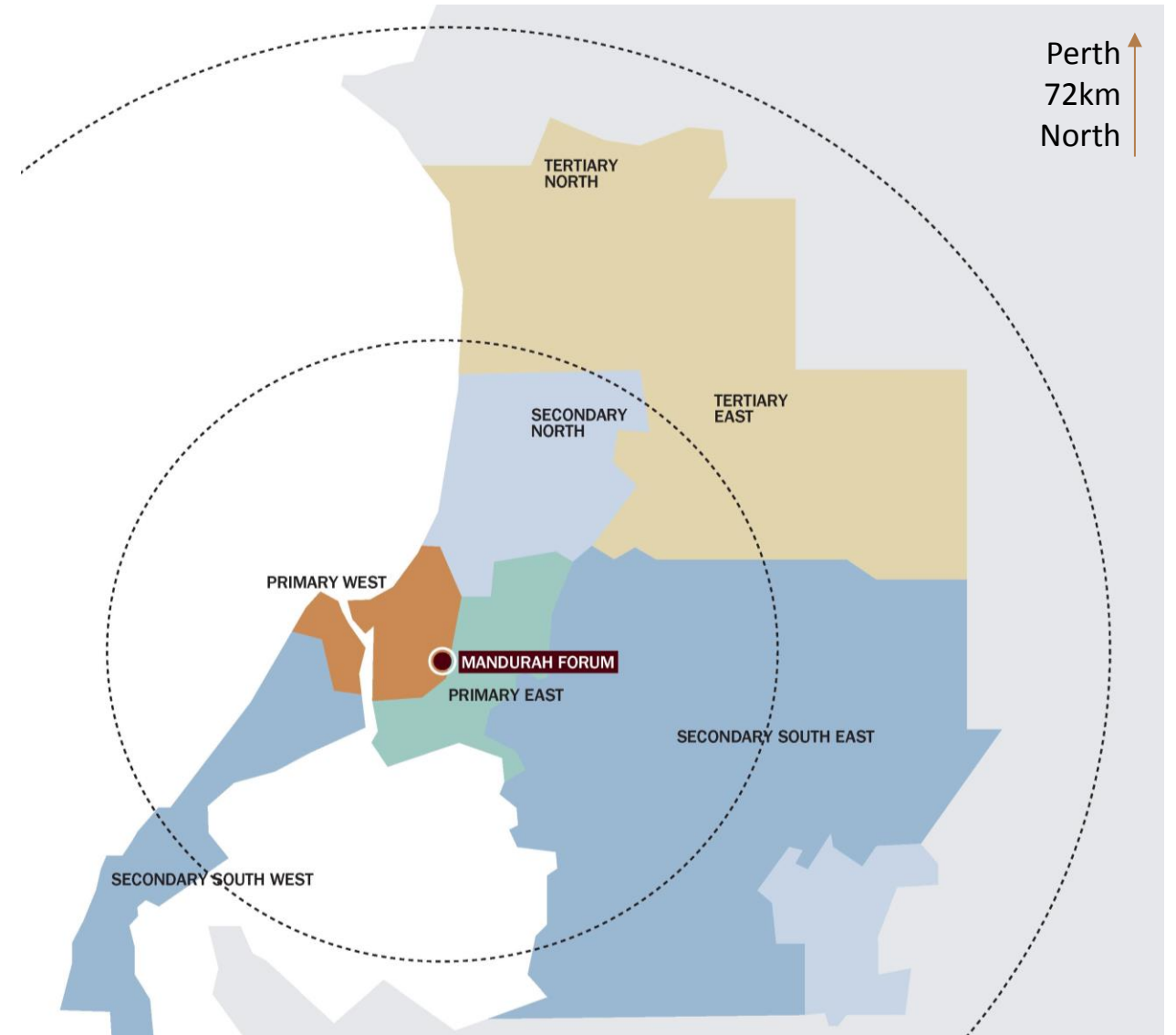
No.1 for total MAT in 'Little Guns' survey since 2003²

Last redeveloped in 1995

Existing centre traded strongly, 36% above comparable centres³

Sales leakage due to limited retail offer and out-dated presentation

Redevelopment to capture growth opportunity and sales leakage through introduction of department store and improved retail offer



1. 12 months to 30 June 2016.
2. Up to development commencement at 31 December 2015.
3. Specialty sales per sqm, compared to Urbis comparable centre average.



The market

Strong population and retail spending growth



Leading market position

19.1% market share of trade area¹



Strong population growth

~95,800 people in trade area, forecast to grow at 2.8% p.a. through to 2028¹



Excellent transport infrastructure

Serviced by Kwinana freeway and suburban rail line from Perth



Sizeable tourist market

Over 1.4m visitor nights and 1.9m day trippers annually¹



Strong trade area retail spending growth

Forecast to grow at ~6% p.a. through to 2028¹

1. Source: Urbis, 2014. Trade area refers to Main Trade Area.



Artist's impression



The project

Development positioned to capture additional segments of the trade area

Key metrics

| | |
|-------------------|--------|
| Cost ¹ | \$350m |
| Initial yield | >6% |
| Expected IRR | >10% |

+26,000 sqm
GLA

Mid-2018
project
completion

New 850 space multi-deck car park opened in December 2016

- Centre to have >3,000 spaces on completion

First retail stage to open end of July 2017, on track to be fully leased

Completion remains on schedule for mid-2018

Construction on program

Complete centre transformation

- GLA increases to 64,500 sqm
- Expanding from a Sub Regional to Regional shopping centre
- Brand new David Jones and Target
- Upgraded Coles and Kmart
- Total stores to increase by 80 to over 220 on completion
- New food court with adjoining play area, fresh food market hall and alfresco dining precinct

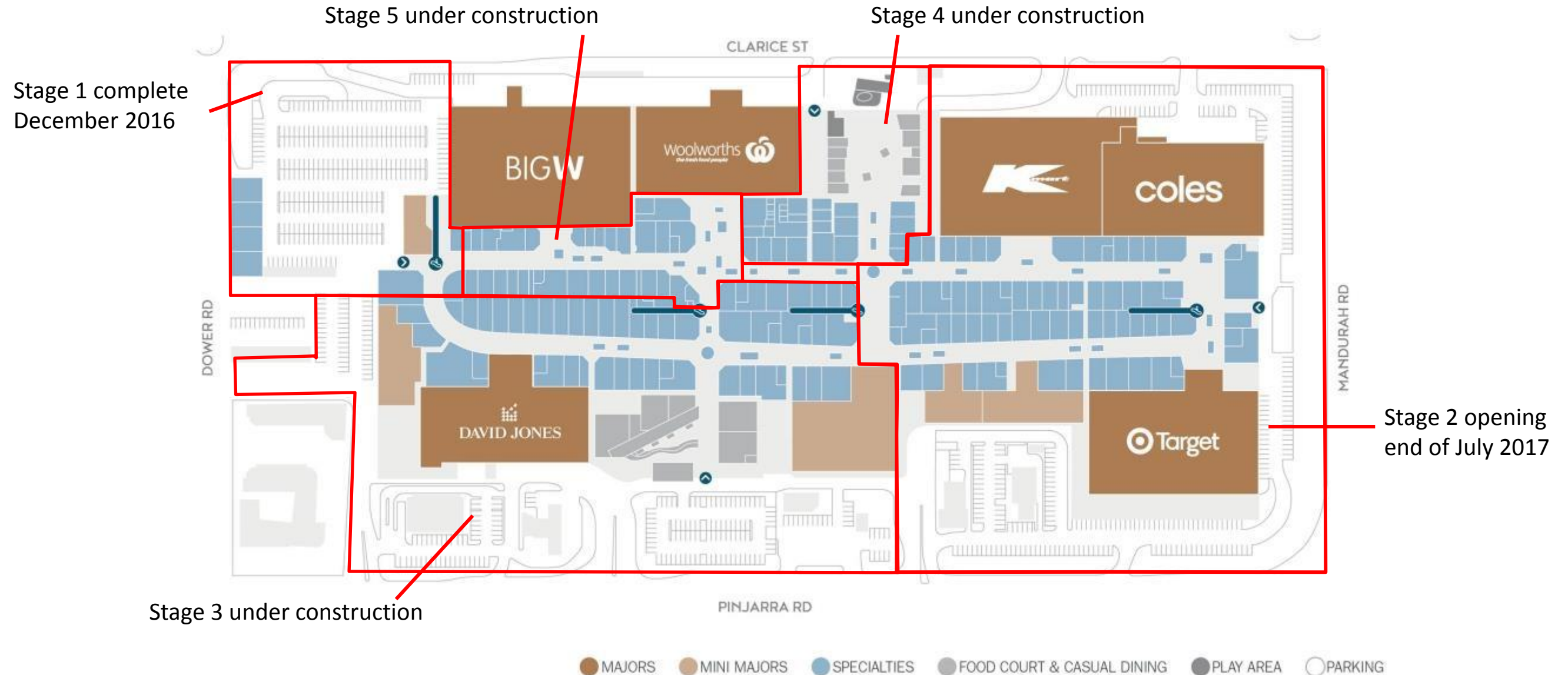


1. 100% interest. Vicinity's share is 50%.



Floor plan and construction staging

Desirable 'race track' configuration to improve customer experience and navigation



Precinct plan

Well precinctd layout to enhance the customer experience





Galleria

Andrew Weston
RGM Development, WA

Artist's impression

The dominant Major Regional centre of north east Perth

Strongly trading, well-located centre in growing catchment

Trade area is large and growing (22% of Perth's population)

Total trade area forecast to increase 2.0% p.a. from 453,000 (2016) to 553,000 (2026)¹

Strong trading performance of existing centre²

Specialty MAT/sqm of \$10,996

Limited retail competition from Perth CBD

Strong long-term fundamentals

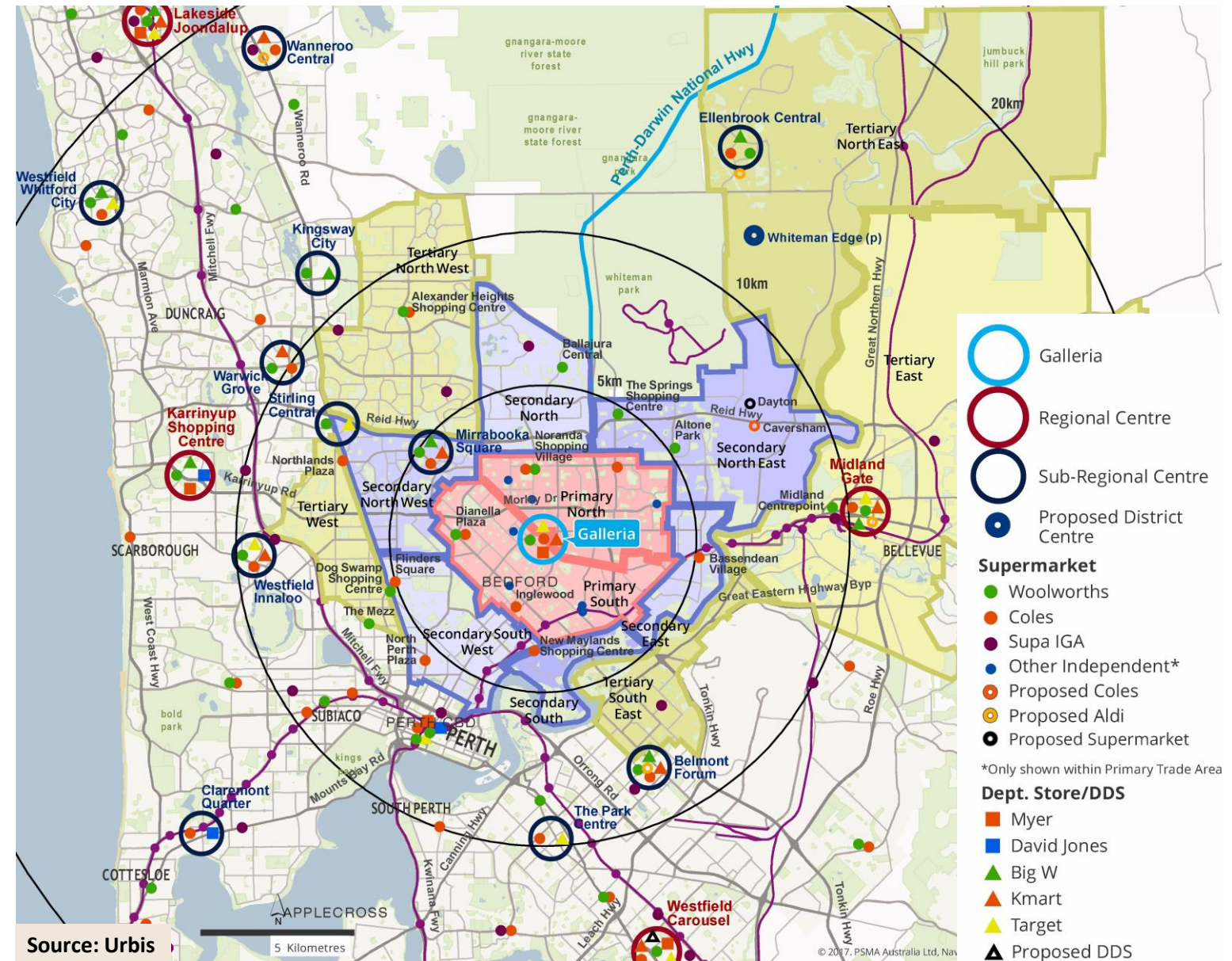
Well-defined catchment with limited competition

Closest Regional centre to affluent inner north eastern suburbs

Centre profile

- 80,800 sqm Major Regional centre
- 8km north east of Perth
- Myer, Kmart, Target, Coles, Woolworths and Greater Union, and over 170 specialty stores
- Last redeveloped in 2008

1. Source: Urbis, 2016.
2. At 31 December 2016.





The opportunity

Galleria has a large, diverse trade area with strong demand from families

Opportunity to increase market share with expanded and more modern offer

Council **supportive of increasing the residential density** in the immediate surrounds of the centre

Sufficient land to expand centre

Customers view the **Perth retail offer as generic**

Current DA approval allows **significant expansion over time**

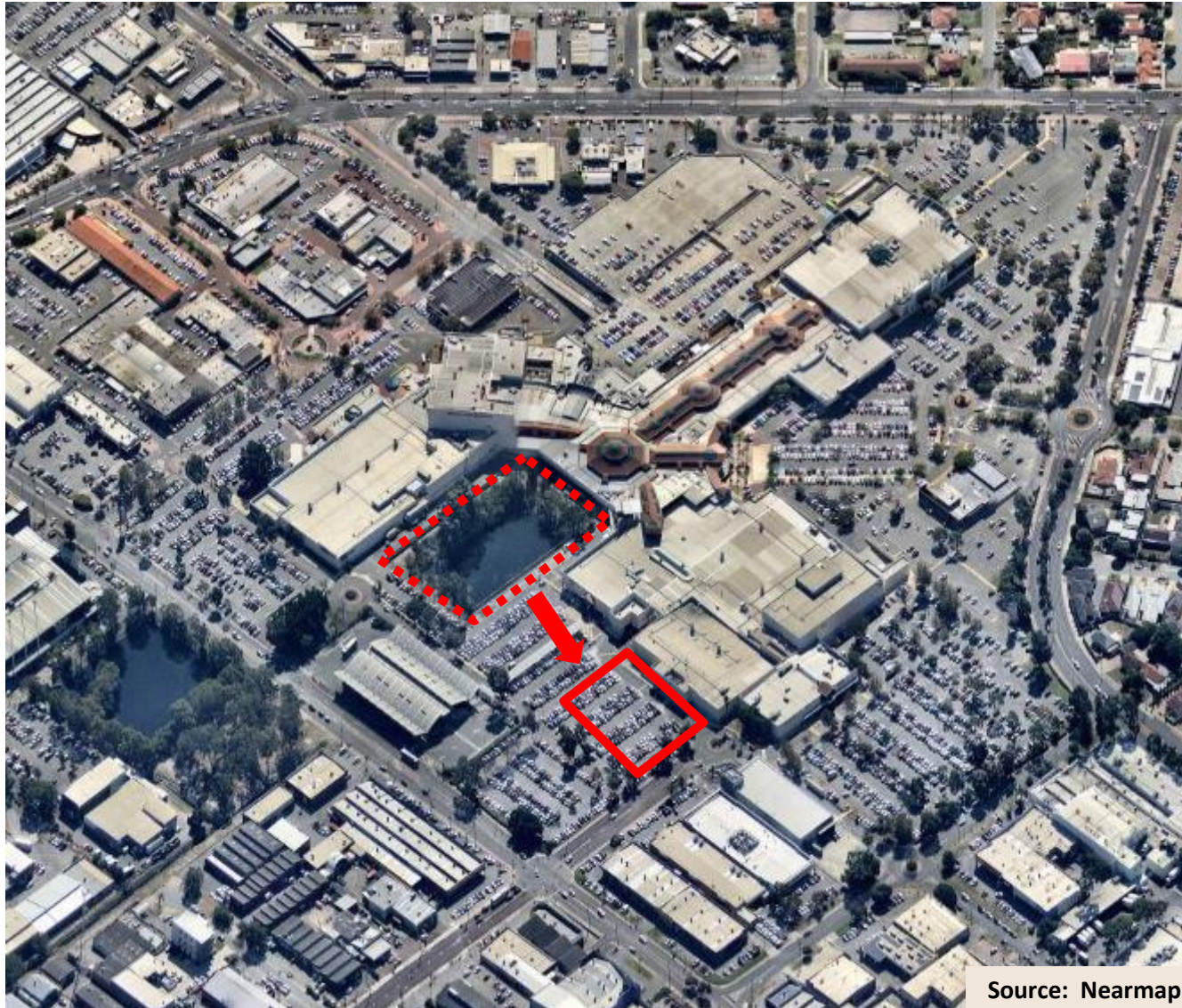


Source: Nearmap

Progressing through project validation phase

Transform Galleria to become one of the leading retail destinations in Perth

Galleria



\$700m
redevelopment¹

DA approval
obtained

FY18
target commencement

Agreement reached to relocate stormwater basin

Unlocks more desirable layout and design options to expand and improve the development footprint

Proposed major redevelopment to **reinforce Galleria as the leading retail destination** in north east Perth

DA approval obtained

Progressing through **project validation phase**

1. Progressing through project validation phase, with overall project cost expected to be <\$700m (100% interest, Vicinity's share is 50%).



DFO Perth

Stephen Beer
Development Director, WA/SA

Artist's impression



The project

Retail construction to commence in the coming weeks

Key metrics

| | |
|-------------------|--------|
| Cost ¹ | \$150m |
| Initial yield | >10% |
| Expected IRR | >15% |

24,000 sqm
GLA

2018
target
completion

Joint venture to develop the first DFO in Perth

- 120 specialty stores
- Over 1,500 car spaces

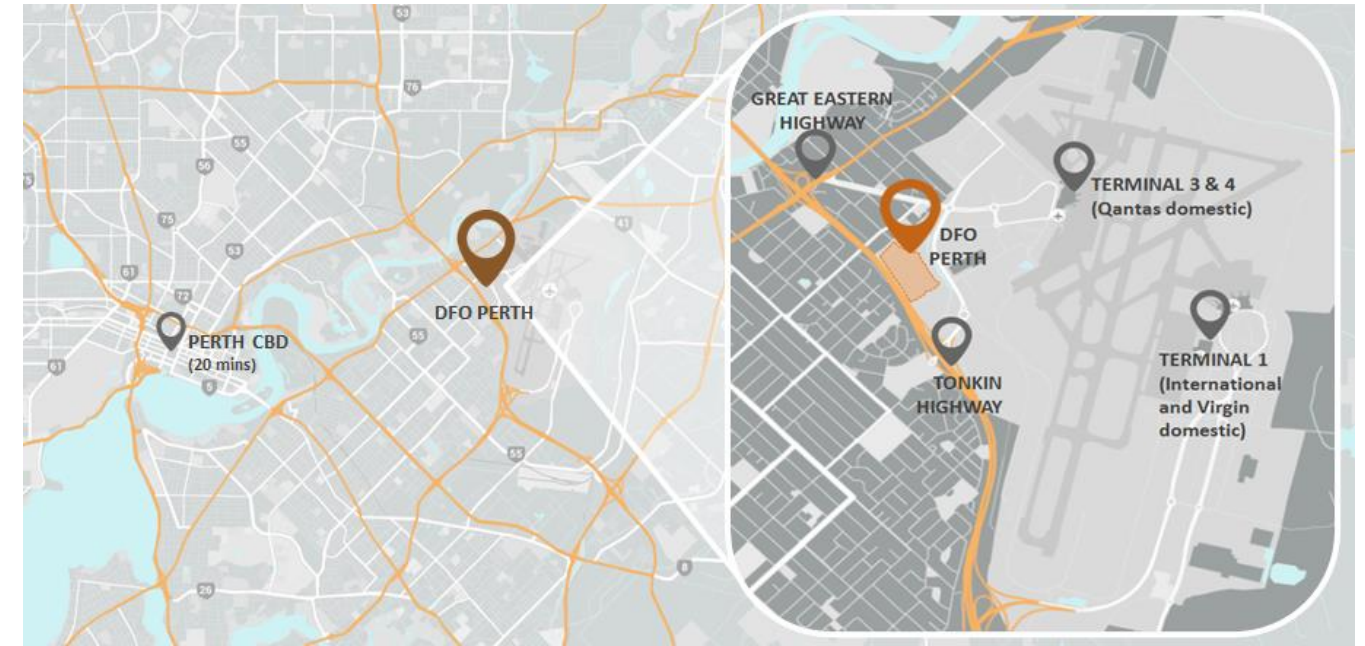
Reinforces Vicinity's market leadership position in Outlet Centres

Centrally located adjacent to Perth Airport and near major arterial roads

Greenfield development enables optimisation of design and construction

Site works due to complete mid June 2017

Leasing demand strong, leveraging extensive retailer relationships



Artist's impression

1. Total cost including a lump sum rental payment. Vicinity's share is approximately \$75m.



Prime location

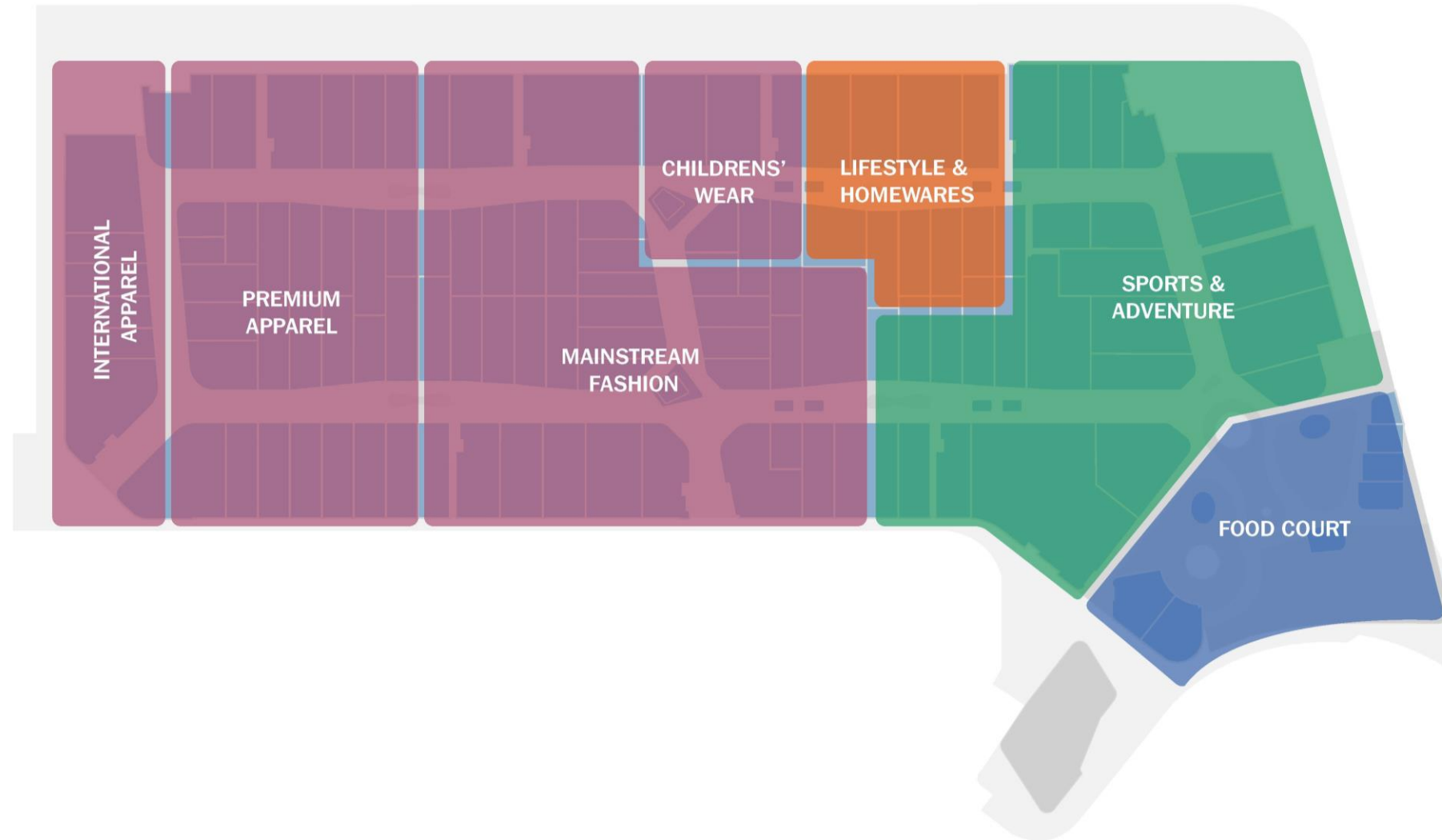
Excellent exposure adjacent to main north/south highway and airport entry





Optimal centre design supports strong precinct layout

Well-known brands offering quality stock at discounted prices and a significant food offer





Vibrant and engaging mall design

Inspired by location and surrounding natural environment



Artist's impression

Significant food offer

Contemporary food and dining options for DFO customers and Airport passengers and workers



Artist's impression

Contact details and disclaimer



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