



DFO Perth, WA

September 2018 quarterly update

31 October 2018



Executing on strategy over the quarter

Portfolio quality enhanced and active approach to capital management



Advancing portfolio enhancement

Up to \$1b divestment program progressing well, 11 non-core assets sold for \$631m in October 2018, three months ahead of schedule

DFO Perth and The Glen stage 3 both opened fully leased October 2018 and trading strongly

Improving sales performance

Specialty store productivity¹ of \$10,531 per sqm, up 3.9% over the quarter

Specialty and mini majors MAT² growth¹ of 2.1%, up from 1.6% at June 2018

Buy-back recommenced

Buy-back recommenced in October 2018 utilising divestment proceeds

17.6m securities (0.5% of issued capital) acquired for \$46.2m, at an average price of \$2.62 reflecting an 11.8% discount to net tangible assets per security at June 2018

FY19 guidance reiterated

Funds from operations (FFO) per security guidance of 18.0 to 18.2 cents^{3,4}

Reflects comparable FFO⁵ per security growth of 3.4% to 4.6%

Distribution payout ratio expected to be at the upper end of target range of 95% to 100% of adjusted FFO (AFFO) or 85% to 90% of FFO⁴



The Glen, VIC

1. Comparable. Excludes divestments and development-impacted centres in accordance with Shopping Centre Council of Australia (SCCA) guidelines. Includes Chadstone same-store sales and excludes 11 non-core asset divestments announced on 3 October 2018.
2. Moving Annual Turnover.
3. Assumes average settlement date of 31 December 2018 for \$2b of planned asset sales.
4. Assumes no material deterioration to existing economic conditions.
5. Adjusting for all divestments from 1 July 2017 to 30 June 2019.

Significant progress toward owning market-leading destinations

Divestment of \$631m of non-core assets enhancing portfolio quality



11 assets sold

Non-core asset divestments

\$631m of non-core asset sales completed of up to \$1b targeted for FY19

+15%

Average asset value of \$412m¹ in current portfolio

Reflects the sale of Neighbourhood and Sub Regional assets since June 2018

Average asset value is up 72% since merger

+3.9%

Specialty store MAT/sqm of \$10,531 in current portfolio

Over the quarter, driven by improvements in both underlying sales and portfolio quality

	Sep-18		Jun-18
	Destination portfolio ²	Current portfolio ³	
Number of retail assets	~50	62	74
Specialty store MAT/sqm ⁴	\$10,932	\$10,531	\$10,133
SS + MM ⁵ MAT growth ⁴	2.6%	2.1%	1.6%
Average asset value (100%) ¹	\$473m	\$412m	\$358m
Specialty occupancy costs ⁴	15.2%	15.1%	14.7%
Occupancy rate	99.5%	99.5%	99.7%
Capitalisation rate ¹	5.21%	5.31%	5.36%

1. Based on valuations as at 30 June 2018.

2. A portfolio of approximately 50 market-leading destinations assuming up to \$1b of non-core assets planned to be sold in FY19, and the proposed establishment of a wholesale fund to be seeded with \$1b of assets from Vicinity's balance sheet.

3. September 2018 excludes Flinders Square, WA and 11 non-core asset divestments announced on 3 October 2018.

4. Comparable. Excludes divestments and development-impacted centres in accordance with SCCA guidelines and includes Chadstone same-store sales.

5. SS: Specialty stores; MM: Mini majors.

Destination portfolio¹

Strength of destination portfolio metrics reinforce strategy



Destination portfolio statistics

\$10,932

Specialty store MAT/sqm²

Driven by strong results across the flagship assets

+2.6%

Specialty and mini major MAT growth²

Up from 2.2% at June 2018

Excluding pre-development centres³, MAT growth is 3.4%

15.2%

Specialty store occupancy costs²

Provides scope for rental upside

+1.6%

Customer traffic annual growth⁴

Compares to 1.1% growth for the current (Sep-18) portfolio

Sep-18		Specialty MAT ² (\$/sqm)	SS + MM ^{2,5} MAT growth (%)	Occupancy costs ² (%)
FLAGSHIP	Chadstone ⁶	18,891	+7.1	16.1
	CBDs	18,152	+2.1	17.7
	DFOs	10,122	+6.3	11.1
High potential (HP)		9,146	+0.3	15.8
HP (ex pre-devt)		8,714	+2.7	15.3
Destination portfolio¹		10,932	+2.6	15.2
Sep-18 portfolio⁷		10,531	+2.1	15.1

1. A portfolio of approximately 50 market-leading destinations assuming up to \$1b of non-core assets planned to be sold in FY19, and the proposed establishment of a wholesale fund to be seeded with \$1b of assets from Vicinity's balance sheet.
2. Comparable. Excludes divestments and development-impacted centres in accordance with Shopping Centre Council of Australia (SCCA) guidelines and includes Chadstone same-store sales.
3. Pre-development centres: Bankstown Central, Chatswood Chase Sydney and Galleria.
4. For centres with traffic counters for the past 24 months.
5. SS: Specialty stores; MM: Mini majors.
6. Includes same-store retailers only.
7. Excludes 11 non-core asset divestments announced on 3 October 2018.

Portfolio sales by store type

Improving sales growth across the majority of store types



	Actual ¹		Comparable ² growth		
	MAT Sep-18 (\$m)	Proportion of portfolio (%)	Sep-18 (%)		Jun-18 (%)
			Destination ³	Current ¹	
Specialty stores	6,484	41	2.4	1.8	0.9
Mini majors	2,105	13	3.5	3.4	4.1
Specialties and mini majors	8,589	54	2.6	2.1	1.6
Supermarkets	3,842	25	2.0	1.9	1.3
Discount department stores	1,460	9	2.5	1.8	1.8
Other retail ⁴	1,108	7	2.1	1.7	(0.5)
Department stores	804	5	(0.7)	(0.7)	(2.0)
Total portfolio	15,804	100	2.3	1.9	1.2

Broad increase in portfolio sales

Driven by improvement in both underlying sales and portfolio quality

Specialty stores MAT growth up 90 bps to 1.8% (0.9% at Jun-18)

Destination portfolio showing stronger growth across all categories

Destination portfolio specialty MAT growth of 2.4%

Note: Totals may not sum due to rounding.

1. Excludes 11 non-core asset divestments announced on 3 October 2018.

2. Excludes divestments and development-impacted centres in accordance with SCCA guidelines. Includes Chadstone same-store sales.

3. A portfolio of approximately 50 market-leading destinations assuming up to \$1b of non-core assets planned to be sold in FY19, and the proposed establishment of a wholesale fund to be seeded with \$1b of assets from Vicinity's balance sheet.

4. Other retail includes cinemas, travel agents, auto accessories, lotteries and other entertainment.

Portfolio sales by store type

Sales growth benefitting from enhanced portfolio quality



Specialty store and mini majors Comparable MAT growth (%) ¹	Sep-18		Jun-18
	Destination ²	Current ³	
Apparel	1.0	0.5	(0.4)
Food catering	4.1	3.3	2.6
General retail ⁴	1.5	1.6	1.8
Retail services	6.3	5.2	6.1
Jewellery	3.2	1.5	(1.2)
Food retail	(1.8)	(1.0)	(1.1)
Leisure	5.8	5.1	5.2
Homewares	5.1	4.4	5.1
Mobile phones	4.4	3.5	(1.3)
Total	2.6	2.1	1.6

Destination portfolio² has significantly stronger growth across a number of categories

Apparel, food catering and jewellery notably stronger

Excluding pre-development centres⁵, specialty store and mini majors MAT growth was 3.4%, compared to 2.6%

Improving specialty and mini major sales trends³

Retail services (hairdressing/beauty +6.5% and optometrists +4.4%), leisure (books +4.1% and sporting goods +9.7%) and food catering (cafes and restaurants +4.6%) continue to perform strongly

Apparel improving, particularly women's apparel, while men's apparel remains strong (+4.1%)

Jewellery (+1.5%) and mobile phones (+3.5%) showing stronger growth

Note: Totals may not sum due to rounding.

1. Excludes divestments and development-impacted centres in accordance with SCCA guidelines and includes Chadstone same-store sales.
2. A portfolio of approximately 50 market-leading destinations assuming up to \$1b of non-core assets planned to be sold in FY19, and the proposed establishment of a wholesale fund to be seeded with \$1b of assets from Vicinity's balance sheet.
3. Current (Sep-18) portfolio excludes 11 non-core asset divestments announced on 3 October 2018.
4. General retail includes giftware, pharmacy and cosmetics, pets, discount variety, tobacconists, florists and toys.
5. Bankstown Central, Chatswood Chase Sydney and Galleria.

DFO Perth – \$150m¹ development completed

WA's first DFO Outlet Centre - opening weeks' trading exceeding expectations



Opened fully leased October 2018

113 retailers, with 100% open on day 1

350-seat dining precinct

Reinforces Vicinity's leadership in Outlet Centres

Strong performance to date

Over 240,000 customer visits in first three weeks

Overwhelmingly positive feedback from retailers, with many exceeding their opening month budget within the first fortnight

High quality tenant mix

First to WA stores – Coach, Furla, Kate Spade, Polo Ralph Lauren, Tommy Hilfiger and Under Armour

Other popular DFO brands – Lacoste, Nautica, The North Face, Diesel, Calvin Klein, Hugo Boss, M.J Bale, Mimco, Orotan, Guess, Lorna Jane, Superdry and Ben Sherman

Perth Airport precinct expanding

Including introduction of Costco, bringing additional potential consumers to the site

Forecast development yield² of >11% and IRR of >16%

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

2. Represents stabilised yield.



The Glen – Stage three of \$430m¹ major redevelopment opened

Stage three opened October 2018 including UNIQLO and H&M



Stage three opened fully leased October 2018

Includes UNIQLO, H&M, homewares, lifestyle and apparel

Stage one (fresh food precinct) and stage two (casual dining precinct) trading strongly since opening in October 2017 and March 2018 respectively

Stage 4 to open late 2019

New-format 8,000 sqm David Jones, 60 specialty stores and alfresco dining

Remains on program to complete in stages through to 2020

Over 500 apartments to be built by 2021

Third party developer to pay \$60m for residential air rights
Introduces over 500 new households on-site

Forecast development yield² of >7% and IRR of >13%

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

2. Represents stabilised yield.



The evolution of Chadstone continues - Australia's leading retail, dining and leisure destination



Introduction of Australia's first full range Victoria's Secret flagship, new casual dining options and hotel

Victoria's Secret and atrium dining

\$50m¹ redevelopment

Introduction of Victoria's Secret flagship store

- First time the full product range will be sold in Australia

Introduction of contemporary lower ground Dining Atrium

Includes new casual dining options, expanded youth fashion precinct and sporting goods specialty stores

To be completed by December 2018

Forecast development yield² of >6% and IRR of >10%



Hotel

\$130m¹ redevelopment

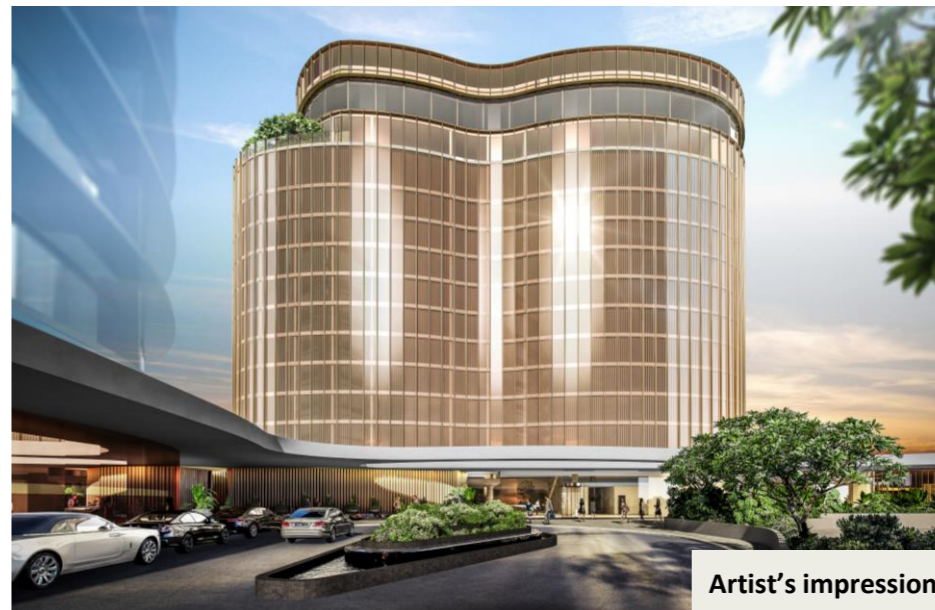
Construction commenced in June 2018 and on track to be delivered on time and on budget

Premium features catering for tourists to Melbourne, business travellers to Monash region and visitors to Chadstone

Accor to operate under premium brand MGallery by Sofitel

Project completion expected in late 2019

Forecast development yield² of >8% and IRR of >10%



1. 100% interest. Vicinity's share is 50%.
2. Represents stabilised yield.

Leading approach to sustainable value creation

Vicinity continues to be recognised globally for sustainability



Launched stage 2 of solar investment program

Total commitment to solar investment now \$73m across 22 centres and will generate ~40% of these centres' power needs

Installed ~550kWh battery at Castle Plaza, SA, the largest at an Australian shopping centre

Will deliver an initial yield of 15% and an IRR of 12%

Vicinity ranked #1 Australian company and #19 globally in Forbes 2018 'World's Best Employers' global ranking

From 2,000 corporations evaluated globally

DJSI¹ recognised Vicinity as the third most sustainable real estate company in the world

Up from eighth in 2017



Solar battery installed at Castle Plaza, SA

1. Dow Jones Sustainability Indices.

Key dates

Investor calendar



Key dates

2018 Annual General Meeting	1 November 2018
Ex-distribution date for December 2018 distribution	28 December 2018
Record date for December 2018 distribution	31 December 2018
FY19 interim results	15 February 2019
December 2018 distribution payment	4 March 2019
Ex-distribution date for June 2019 distribution	27 June 2019
Record date for June 2019 distribution	28 June 2019
FY19 annual results	14 August 2019

Note: These dates are indicative only and may be subject to change.

Contact details and disclaimer



For further information please contact:

Penny Berger
Head of Investor Relations
T +61 2 8229 7760
E penny.berger@vicinity.com.au

Troy Dahms
Senior Investor Relations Manager
T +61 2 8229 7763
E troy.dahms@vicinity.com.au

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