16 November 2017

Market Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

**2017 Annual General Meeting of Vicinity Centres - Addresses and presentation**

Please find attached copies of the Chairman's and CEO and Managing Director's addresses and presentation to be delivered at the 2017 Annual General Meeting of Vicinity Limited and meeting of the Unitholders of Vicinity Centres Trust (the Meeting), together Vicinity Centres (ASX:VCX), which are being held concurrently today at Sofitel Melbourne On Collins.

The Meeting is being webcast live from commencement at 11.00am (AEDT), a link to which can be found on Vicinity Centres' website at vicinity.com.au.

Yours faithfully

MHBrady

**Michelle Brady**
Company Secretary

**Vicinity Centres**
National Office
Level 4, Chadstone Tower One
1341 Dandenong Road
PO Box 104
Chadstone VIC 3148

T +61 3 7001 4000
F +61 3 7001 4001
vicinity.com.au

Licensed Agents - Vicinity Real Estate Licence Pty Ltd ABN 39 060 482 635 and Vicinity (Vic) Pty Ltd ABN 47 054 494 352

Vicinity Limited ABN 90 114 757 783 and Vicinity Centres RE Ltd ABN 88 149 781 322 As responsible entity for: Vicinity Centres Trust ARSN 104 931 928

# ASX Announcement

16 November 2017

## 2017 Annual General Meeting addresses

**Chairman's address**
**Mr Peter Hay**

### Simple and transparent business model, with strong focus on portfolio improvement

At Vicinity Centres (Vicinity, ASX:VCX), our business model is simple and transparent, based on a consistent strategy since formation.

We continue to be focused on creating long-term value and sustainable earnings growth, through targeted investment in the best assets across the retail spectrum. This means from time-to-time you will see us sell assets if we do not expect them to meet our investment criteria over the long term.

Since formation, we have been delivering on our focus of continual portfolio quality improvement and this year, we have implemented changes to support the sustainability of earnings over the long term for Vicinity.

We maintain a strong balance sheet, with diverse capital sources, to ensure that we operate with agility through economic and property cycles.

Our scale enables us to continue to drive an efficient cost structure and a low management expense ratio.

We have set clear financial objectives at both the corporate and asset level to assess long-term value creation and sustainable earnings growth, on a through cycle basis.

### A leading owner, manager and developer of Australian retail property

With over $25 billion of assets under management generating $18 billion in retail sales annually, across around 8,300 tenancies, Vicinity's portfolio benefits from its scale and reach.

Earlier this month, we announced the addition of a further three premium centres into our portfolio, all located in Sydney's CBD.

As one of the largest landlords of Australian retail property, we are able to offer our consumers and retailers a diverse range of retail destinations right across the country.

Our scale and reach also mean that we are able to positively impact a large number of communities across Australia, a key focus of our sustainability strategy.

As part of improving the quality of our portfolio, our development pipeline enables us to continue to revitalise our assets, keeping up with changing consumer trends and introducing the latest retail concepts. We have a $2 billion pipeline of identified projects, around half of which is Vicinity's share, and we also continue to progress the planning on a number of additional projects outside of this pipeline.

## Two years of delivering on strategy since forming in June 2015

There has been a significant transformation of our business over the two years since the merger:

- We have divested $1.7 billion of assets, acquired in excess of $500 million of assets and completed $1 billion of developments, with an initial yield of 7% and an internal rate of return of greater than 12%
- We have generated a total return of 14.1% per annum
- Average asset values have grown by a third
- Specialty sales on a per square metre basis are up by more than 12%
- Our occupancy rate has improved 60 basis points to 99.5%
- Our balance sheet has also significantly improved, with reduced gearing and a material extension of our debt duration, all recognised by a rating increase by Standard & Poor's, and
- Advancements in our sustainability program have been acknowledged with Vicinity being ranked number one retail property company across Australia and the Asia Pacific region, by the Global Real Estate Sustainability Benchmark.

This portfolio enhancement has been achieved at the same time that we delivered on the merger integration well ahead of program, and we also exceeded our synergy targets.

## Active capital management supporting future growth

In August 2017, we announced a number of initiatives to further strengthen our capital position and support future growth.

From FY18, Vicinity's primary earnings measure will be revised from underlying earnings to funds from operations (FFO). Under FFO, we will no longer be adding back lost rent into our earnings.

Concurrently, our distribution policy was changed to a payout ratio of between 95% and 100% of adjusted funds from operations (AFFO), which adjusts FFO for regular maintenance capital expenditure and incentives. Both FFO and AFFO are industry standard measures. This change in policy will result in a lower distribution for FY18 but will enhance the sustainability of our distribution over the long term. For FY18, we expect a payout ratio of 100% of AFFO.

We are also targeting $300 million of non-core assets to be sold over FY18 to further improve our portfolio quality.

These initiatives build on our on-market security buy-back program of up to 5% of issued capital which commenced in August this year. This buy-back has already added value to Vicinity securityholders, with over 2% of our issued capital acquired to date at an average price which is 6% below our net tangible assets per security.

Our focus and progress on strategy delivery throughout FY17, together with the initiatives outlined on this slide, position Vicinity strongly going forward.

### CEO and Managing Director transition

Before I hand over to Angus to provide you with an overview of our results for FY17, on behalf of the Board and our securityholders I would like to take this opportunity to thank Angus for his enormous effort and commitment in successfully integrating two iconic Australian retail property groups, whilst delivering on strategy and creating a stronger portfolio and business to go forward with.

As previously announced, Angus will be retiring from Vicinity at the end of December 2017. I have enjoyed a great working relationship with Angus, and I wish him all the best in his future endeavours, after some quality downtime.

Following the completion of a global search, we announced in August 2017 that Grant Kelley will be commencing as CEO and Managing Director on 1 January 2018. Grant's diverse global background including real estate investment, corporate strategy, funds management and private equity, spans close to three decades, through to his most recent role running one of Asia's larger independent listed diversified property companies. Grant will bring to Vicinity a strong strategic and analytical perspective on the changes occurring in the property industry globally. Grant's proven ability to manage and adapt to change will be imperative at a time of significant evolution across the global retail landscape.

[The Chairman's address continues following the CEO and Managing Director's address.]

## CEO and Managing Director's address

**Mr Angus McNaughton**

### FY17 summary

In August 2017, we released a solid set of annual results which were driven by benefits from ongoing portfolio enhancement, the consistent underlying performance of our assets and further efficiencies implemented across the business.

Statutory net profit after tax for the period was just under $1.6 billion, underpinned by strong net property valuation gains, which helped deliver a 15.5% total return for the year. Comparable underlying earnings per security grew 4.6% and we paid a distribution of 17.3 cents per security.

This growth was supported by our continued strong focus on efficiencies and a reduction in net corporate overheads of 7.3%.

Gearing at 24.7%, which is just below the lower-end of our target range of 25% to 35%, positions Vicinity's balance sheet well for future investment opportunities.

Strong progress was made on our development pipeline, including the completion in June 2017 of the major redevelopment of Chadstone and in July 2017, we commenced DFO Perth and opened the first stage of Mandurah Forum. While just last month, we opened stage one of The Glen.

Our portfolio metrics were solid for the period reflecting the dedication of our leasing and centre management teams, and also the positive impact from asset divestments, acquisitions and completed developments. Comparable net property income growth was 2.5% and overall portfolio occupancy increased to 99.5%.

### Retail sales performance

These solid results are despite a weaker retail trading environment.

The positive drivers of population, employment and house price growth are being offset by low wages growth and rising costs of living, which is driving subdued consumer confidence.

Specialty store categories of retail services, leisure and food catering are performing strongly, while apparel, general retail and food retail are more challenged. Overall supermarket sales are on the rise but this performance is mixed across the different brands. Mini majors performance is stabilising off high growth over the past couple of years, and the department stores category is evolving with their renewed focus on customer experience and service.

Whilst the outlook for the retail sales environment remains challenging in FY18, we continue to focus on actively remixing our retail offer to higher demand categories and creating a stronger retail mix over the longer term.

### Retail trends continue to evolve

Retail trends continue to evolve and Vicinity is well placed to capture opportunities from the associated structural changes.

Demographics and technology are changing shopping behaviours. Consumers are increasingly spending more on experiences and services in shopping centres, and are expecting a broad and high quality offer in these categories, including the ability to connect on their phones or devices. This has led to a significantly greater focus on creating an attractive retail mix and an engaging retail experience.

Due to the popularity of international brands, international retailers continue to increase their market share in Australia and this is providing challenges for those retailers who have not invested in their brand nor adapted their product offer to meet consumer preferences.

Amazon’s entry into the market has been well publicised. It will raise the service delivery expectations of consumers and increase the importance of offering a compelling omni-channel, that is an integrated physical and digital, experience for both retailers and landlords.

## Our response to changing retail trends

So how are we responding to these changing retail trends?

For our consumers we continue to introduce new and dynamic retailers and innovative concepts. We are significantly re-weighting our retail mix from mid-level women's apparel towards food and services and this trend will continue.

We have also been working more closely with our retailers and are focused on providing a higher level of service.

We have significantly enhanced our digital and data capabilities in-house, at the same time driving more efficiencies right throughout our business through better processes and technology.

These are just some of the ways we are building a more resilient business.

## Swap of premium Sydney retail assets with GIC

We are also focused on owning the most resilient assets over the long term and earlier this month we announced we had entered into contracts to exchange a 49% interest in Chatswood Chase Sydney for 50% interests in three premium Sydney CBD assets, Queen Victoria Building, The Galeries and The Strand Arcade.

This transaction is strategically significant for Vicinity. We gain exposure to, and the management rights of, three high quality and highly productive centres in the strong and growing Sydney CBD, and the transaction expands our existing long-term relationship with GIC from Singapore.

The transaction also enhances our portfolio, adding more than $1.1 billion of high quality centres to our assets under management. It also gives us a strong presence in the Sydney CBD, complementing our existing premium and CBD portfolio of Emporium and Chadstone in Melbourne, The Myer Centre and QueensPlaza in Brisbane and Chatswood Chase in Sydney, providing unrivalled premium and CBD exposure for our retail partners.

The Sydney CBD centres benefit from three consumer segments – office workers, tourists and residents – which are all forecast to grow strongly. The centres are also expected to benefit from the new light rail line under construction on George Street, with a stop planned outside Queen Victoria Building and the new Sydney Metro rail line planned which will have a station adjacent to The Galeries. We have also identified a number of opportunities to create additional value at these centres over time through improving the tenancy mix, driving ancillary income and operational efficiencies.

The transaction remains subject to a number of approvals.

## Queen Victoria Building

Queen Victoria Building is a historically significant federation style building constructed in the late 19th century, replacing the original Sydney markets on the site. Today it is a centrepiece of retail experience in the heart of the Sydney CBD with 33 million visitors every year and very strong sales performance. It is located above Town Hall train station, one of Sydney's busiest. The centre has 164 stores across five levels.

## The Galeries

The Galeries is a four-level 77 tenancy retail precinct built in the year 2000, located adjacent to Queen Victoria Building and Hilton Sydney hotel with 21 million visitors annually driving the centre's strong sales performance.

## The Strand Arcade

The Strand Arcade is a six-level Victorian style arcade built in the late 19th century. Today it houses a range of specialist and boutique tenants along with a number of long-term iconic Sydney retailers. With frontages to Pitt Street Mall and George Street, The Strand attracts 5 million visitors annually driving very strong sales numbers. The centre has 70 retail stores.

These three Sydney CBD assets will be an exciting addition to our portfolio when the transaction is settled, which is expected in early 2018.

## Chadstone's leading position reinforced

As I stated earlier, these high quality assets complement our existing premium and CBD portfolio which includes Australia's number one retail destination Chadstone. We completed the major redevelopment of this asset in June this year which showcases our approach to creating unique and relevant consumer experiences.

This project significantly broadened and enhanced the tenancy mix including:

- The first LEGOLAND® Discovery Centre in the Southern Hemisphere
- A state-of-the-art 13 screen HOYTS cinema complex
- A new 21-tenancy Food Central and 7-restaurant Dining Terrace
- A significantly expanded luxury precinct, and
- The introduction of major international flagship stores.

The asset is trading extremely well with annual retail sales exceeding $1.85 billion at September 2017, with many retailers still not having traded a full year post opening. Foot traffic is up 26%, and same store specialty sales are up 5.0%, an excellent result given the additional specialty space that has been added to the centre.

The centre is now valued at over $5 billion, with Vicinity's interest being 50%.

Chadstone has set a new benchmark for what a retail asset can become in this country and we have a lot more planned.

### Chadstone – the evolution continues

We are in the final stages for selecting an operator of the proposed 4 to 4.5 star 250-room hotel at Chadstone. With limited quality competition in the region, when completed, the hotel is expected to be utilised by business travellers, tourists and visitors to both Chadstone and the nearby Monash precinct in which 75,000 people are employed.

Other opportunities for Chadstone going forward include:

- Further expansion of the luxury precinct which is expected to commence this year
- Redevelopment of the second food court, and
- Additional external dining options as part of the growing demand for better quality dining and overall positioning of Chadstone as both a day time and night time destination.

We also continue the broader masterplanning of future stages.

### Mandurah Forum redevelopment on program

The first retail stage opened on program at Mandurah Forum in July of this year, with a new Target store, upgraded Coles and Kmart and over 60 specialty stores all leased. This stage has been warmly received by consumers and sales performance since opening has been very pleasing.

This transformational $350 million redevelopment remains on schedule for completion in mid 2018.

### The Glen redevelopment progressing well with first stage open

Construction at The Glen commenced in March this year and we opened stage one last month. This stage incorporated a Fresh Food Market Hall, anchored by a new Aldi, the latest format Woolworths and a Coles supermarket, and over 60 specialty stores.

This slide shows an image of the first stage, and those of you who know the centre will be able to see the significant transformation that has taken place.

The next stage is a new contemporary food gallery which overlooks the Dandenong ranges and this opens in early 2018.

With a railway station located nearby and the build-up of the Glen Waverly town centre, The Glen lends itself to a mixed use development. During the year, we entered into a contract for the sale of residential air rights for the construction of over 500 apartments across three towers.

The retail development remains on track to open in stages through to 2020.

### DFO Perth construction progressing well

Construction of Perth's first DFO commenced in July this year, and as you can see on the slide, great progress is being made.

Leasing is progressing well and the project remains on track to complete in 2018 which will expand our DFO or factory outlet centre portfolio to six assets.

## A focus on creating shared value for Vicinity and our stakeholders

I am proud to say that we have been making great progress on implementing our sustainability strategy and this has been recognised by a number of sustainability rating organisations.

The Global Real Estate Sustainability Benchmark assessed 850 property companies globally this year. In the retail sector, it ranked Vicinity as number one in Australia and across the Asia Pacific region which is a strong endorsement that our approach to sustainability is market leading.

We also improved our Dow Jones Sustainability Index score compared to 2016 despite more stringent criteria and remain included in three of their leadership indices.

These strong results are being underpinned by our solid sustainability achievements including:

- Improving our Green Star Performance portfolio rating to 3 Stars for our managed portfolio, up from 2 Stars in FY16
- Reducing our carbon intensity (measured on a per square metre basis) by 8% and reducing our energy intensity by 6% over FY17,
- As well as making tangible progress on our community initiatives focused on alleviating youth disengagement and unemployment in our communities.

That concludes my presentation today, my last as the CEO. As I reflect on the achievements of the team, with the merger and all of its challenges, their efforts are shown in the strong set of results and progress made in FY17, which sets Vicinity up well for the future.

Australian retail is an exceptionally dynamic environment. There are new opportunities, fast moving trends and external conditions all of which need to be navigated.

As the business turns to 2018, I have every confidence in the strategy, and Grant and the team continuing to drive the future growth of the business.

Before I hand you back to Peter, we have a short video here on ‘A day in the life of Vicinity’ which I think captures the excitement of working at Vicinity and why we are well prepared for the challenges ahead.

Thank you for your support.

**Chairman's address (continued)**
**Mr Peter Hay**

## FY17 in review

In summary, in FY17 we delivered solid underlying earnings and our net profit was underpinned by strong valuations, despite a soft retail sales environment.

We further enhanced our portfolio quality through acquisitions, divestments and continuing to remix our retail offer.

We made strong progress on our development pipeline including completing the well-received development at Chadstone, and more recently with the opening of the first stages of Mandurah Forum and The Glen, and commencing construction of the future DFO Perth.

Our balance sheet is very strong and we have made good progress on our on-market buy-back.

We also announced a change to our primary earnings measure and distribution policy, which lowers our distribution for FY18 but is more sustainable over the longer term and will support the future growth of Vicinity.

## FY18 guidance and focus

Despite our expectations that the retail environment will remain challenging over the coming year, our portfolio remains well positioned to create long-term value and sustainable growth.

We will continue to improve portfolio quality with $300 million of divestments targeted this year, along with our ongoing focus on enhancing the tenancy mix across our portfolio and driving efficiencies throughout our business.

FFO guidance for FY18 is 18.0 to 18.2 cents per security, with a target distribution payout ratio of 100% of AFFO.[1]

We are also well progressed in ensuring a smooth transition to our new incoming CEO and Managing Director, with Grant recently spending time in Australia with management and an exchange of information has been ongoing since his appointment was confirmed.

---

[1] Assumes ~$300 million of asset divestments and includes the impact of rent lost from major remixes at Chadstone and QueensPlaza, and assumes no material deterioration to existing economic conditions.

**Board renewal**

You may recall that the Board committed at last year's annual general meeting to reduce its overall number of Directors over a two year period. In support of this commitment, Mr Charles Macek and Ms Debra Stirling will both retire with effect from the conclusion of today's meeting and will not stand for re-election. I would like to thank Charles and Debra for their commitment to Vicinity's securityholders and their contribution to the Board throughout their tenure.

The Board has invited Ms Janette Kendall to commence as a Director in December 2017 as part of an ongoing process to ensure that Vicinity has Directors with relevant, contemporary experience and to round off the skills of the Board to include a technology and digital focus. As Janette's appointment date falls after the date of the meeting, she will stand for election at the 2018 annual general meeting.

Finally, I would also like to thank all of our stakeholders and you, our securityholders, for your continuing support of Vicinity Centres.

**ENDS**


**For further information please contact:**

**Penny Berger**

Head of Investor Relations

T +61 2 8229 7760

E penny.berger@vicinity.com.au


**About Vicinity Centres**

Vicinity Centres (Vicinity or the Group) is one of Australia's leading retail property groups with a fully integrated asset management platform, and over $25 billion in retail assets under management across 82 shopping centres, making it the second largest listed manager of Australian retail property. The Group has a Direct Portfolio with interests in 74 shopping centres (including the DFO Brisbane business) and manages 34 assets on behalf of Strategic Partners, 26 of which are co-owned by the Group. Vicinity is listed on the Australian Securities Exchange (ASX) under the code 'VCX' and has over 24,000 securityholders. Vicinity also has European medium term notes listed on the ASX under the code 'VCD'. For more information visit the Group's website vicinity.com.au, or use your smartphone to scan this QR code.

# 2017 Annual General Meeting

16 November 2017

VICINITY CENTRES

# Chairman's address

Peter Hay


Chadstone, VIC

# Agenda

**Chairman's address** – Peter Hay

**CEO and Managing Director's address** – Angus McNaughton

**Formalities of the Meeting** – Peter Hay

**Close of Meeting**

# Your Board

**Peter Hay** (Chairman)

**Charles Macek**

**David Thurin**

**Debra Stirling**

**Karen Penrose**

**Peter Kahan**

**Tim Hammon**

**Trevor Gerber**

**Wai Tang**

**Angus McNaughton**
(CEO and Managing Director)

# Simple and transparent business model, with strong focus on portfolio improvement

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


Emporium Melbourne, VIC

**Invest in quality Australian assets across the retail spectrum**

**Focus on long-term value creation and sustainable earnings growth**

**Maintain strong balance sheet with access to diverse capital sources**

**Efficient cost structure and low management expense ratio**

**Clear financial objectives set at the corporate and asset level**

# A leading owner, manager and developer of Australian retail property

## Scale benefits and active management enhance the consumer and retailer experience

**Assets under management**

**$25.3 billion**

**Annual retail sales**

**$17.9 billion**

**Development pipeline**

**$2.0 billion[1]**

**Gross lettable area**

**2.8 million sqm**

**Tenants**

**~8,300**

DFO Homebush, NSW

Note: Data relates to total assets under management as at 30 June 2017.

1. Vicinity's share is $0.9b.

# Two years of delivering on strategy since forming in June 2015

## Portfolio enhancement strategy significantly advanced and capital position strengthened

### Successful delivery of merger synergies and integration

**$1.7b of divestments**

Interests in 19 assets sold at ~2.1% premium to book value[1]

**~$540m of acquisitions**

Interests in six assets acquired, up 7.1% since acquisition[2]

**~$1b of development projects completed**

Six projects, Vicinity's share ~$500m with average initial yield >7% and IRR >12%

$1.1b currently under construction (Vicinity's share: ~$480m)

**Capital position materially strengthened**

Standard & Poor's credit rating upgraded to A/stable

Gearing reduced and debt duration materially extended

### Improvement in metrics over past two years[3]

| | | |
|---|---|---|
| 14.1% | | Total returns delivered per annum[4] |
| 33.8% | ↑ | Average asset value to $320m |
| 12.1% | ↑ | Specialty MAT[5] to $9,429 per sqm[6] |
| 60 bps | ↑ | Occupancy rate to 99.5% |
| 330 bps | ↓ | Gearing at 24.7%[7] |
| #1 | | Retail property company in sustainability in Australia and Asia Pacific[8] |

1. Includes contracts exchanged for the sale of Terrace Central, NSW which is expected to settle in late November 2017.
2. Calculated as : June 2017 valuation compared to acquisition price (excluding acquisition costs).
3. Change in metrics from 30 June 2015 to 30 June 2017.
4. Calculated as: (Change in net tangible assets (NTA) during the period + distributions declared)/opening NTA.
5. Moving annual turnover.
6. Comparable. Excludes divestment and development-impacted centres in accordance with Shopping Centre Council of Australia Guidelines.
7. Calculated as: Drawn debt net of cash/Total tangible assets excluding cash, derivative financial assets and finance lease assets.
8. Sustainability performance in 2017 Real Estate Assessment by Global Real Estate Sustainability Benchmark (GRESB).

# Active capital management supporting future growth

## FFO and AFFO adopted as principal policy measures effective from FY18

**Funds from operations (FFO) to be adopted as primary earnings measure from FY18**

FFO measure excludes lost rent from undertaking developments

**Revised distribution policy based on adjusted funds from operations (AFFO)**

Payout ratio of 95% to 100% of AFFO (100% targeted for FY18)[1]

**Change in policy will result in a lower distribution for FY18, though more sustainable over the long term and will support future growth**

**~$300m of assets targeted for divestment in FY18**

**On-market buy-back of up to 5% of securities on issue**

$230m of securities (~2.2% of issued securities) acquired to date representing a 6.0% discount to NTA[2]


Ellenbrook Central, WA

1. Assuming no material deterioration to existing economic conditions.
2. As at 15 November 2017.


# CEO and Managing Director’s address

Angus McNaughton

# FY17 summary

## Solid result reflecting implementation of strategy

| | |
|---|---|
| **$1,583.6m**<br>Statutory net profit after tax | **15.5%**<br>Total return[1] |
| **4.6%**<br>Underlying EPS growth[2] | **17.3 cps**<br>Distribution |
| **24.7%**<br>Gearing[3] | **5.3 years**<br>Debt duration[4] |
| **2.5%**<br>Net property income (NPI) growth[2] | **99.5%**<br>Portfolio occupancy |

**Solid operating and financial results**

**Strong asset valuation gains of $853m, up 6.0%**

**Completed major redevelopment at Chadstone**

**Continued portfolio enhancement**

**Balance sheet in a strong position**

Note: Metrics as at 30 June 2017 and growth is FY17 compared to FY16.

1. Calculated as: (Change in NTA + distributions declared during FY17)/NTA at 30 June 2016.
2. On a comparable basis. Adjusted for divestments and acquisitions made over the prior 24 months.
3. Calculated as: Drawn debt net of cash/Total tangible assets excluding cash and derivative financial assets.
4. Based on facility limits.

# Retail sales performance

## Ongoing active tenancy remixing to higher demand categories, whilst retail sales environment remains challenging

### Retail sales environment

Sales growth driven by population, employment and house price growth

Subdued consumer confidence, low wages growth and rising costs of living, largely offsetting growth drivers

Retail environment to remain challenging in FY18

### Specialty stores

Retail services, leisure and food catering the strongest performers

Apparel, general retail and food retail are more challenged

### Supermarkets

Improving sales overall, but performance varies across brands

### Mini majors

Stabilising post the opening of a number of major stores in prior periods

### Department stores and discount department stores

Continued mixed performance as new strategies are implemented


**Chatswood Chase Sydney, NSW**

# Retail trends continue to evolve

## Capturing opportunities from structural changes

Chadstone, VIC

### Changing consumer preferences

Driven by demographic shifts and technological change

Shift in spending towards experiences

Physical stores enabling delivery of unique and relevant experiences

### Strong demand from international retailers

International fast fashion retailers increasing market share

Continued store roll out and demand for retail space

Contributing to divergence in retailer performance

### Online sales growth continues

Amazon likely to take a material share of online sales

Physical stores will continue to comprise the vast majority share of retail sales but needs to deliver a compelling experience

# Our response to changing retail trends

## Building a resilient portfolio and a focus on enhancing the retail experience

**Our consumers – creating unique and relevant experiences**

Introducing the latest retail concepts and responding to changing consumer needs

**Our retailers – delivering compelling value for their success**

Partnering with and providing better services to our retailers

**Our business – striving for excellence**

Driving efficiencies through scale, technology and better processes


Emporium Melbourne, VIC

# Swap of premium Sydney retail assets with GIC

## Vicinity adds three strongly performing Sydney CBD assets to portfolio

### Strategic exchange of premium Sydney centres

49% interest in Chatswood Chase Sydney divested for $562.3m[1] to GIC

50% interests in Queen Victoria Building, The Galeries and The Strand Arcade (CBD assets) acquired for $556.0m

Vicinity to assume management of the three CBD assets being acquired

### Expands existing relationship with long-term strategic partner GIC

### Enhances portfolio quality and provides exposure to the strong growing Sydney CBD[2]

Specialty sales for the three CBD assets averages $23,890 per sqm

Adjusting for the three CBD assets, Vicinity specialty sales would increase by 5.3% from $9,417 to $9,916 per sqm

Increases Vicinity's direct exposure to City Centre assets from 11% to 15%

### Strong future potential from customer growth, new transport infrastructure and opportunities to add value

### Settlement expected in early 2018, subject to approvals[3]

Queen Victoria Building, NSW; Source: IPOH Pty Ltd.

1. Sale price includes a 49% interest in the holding structure for Chatswood Chase Sydney for $539.0m and ancillary properties for $23.3m.
2. Data as at September 2017.
3. Approvals required by Sydney City Council, RailCorp and Foreign Investment Review Board.

# Queen Victoria Building

Annual retail sales

**$276.7 million**

Specialty MAT/sqm

**$25,393**

Annual consumer visitation

**33.0 million**

Gross lettable area

**13,668 sqm**

Retail stores

**164**

Note: Data as at September 2017.


Source: IPOH Pty Ltd.

# The Galeries

**Annual retail sales**

**$189.8 million**

**Specialty MAT/sqm**

**$20,212**

**Annual consumer visitation**

**21.3 million**

**Gross lettable area**

**14,849 sqm**

**Retail stores**

**77**

Note: Data as at September 2017.


Source: IPOH Pty Ltd.

# The Strand Arcade

**Annual retail sales**
**$123.9 million**

**Specialty MAT/sqm**
**$25,030**

**Annual consumer visitation**
**5.0 million**

**Gross lettable area**
**5,797 sqm**

**Retail stores**
**70**


Source: IPOH Pty Ltd.

Note: Data as at September 2017.

# Chadstone's leading position reinforced

## A world-class retail, dining and entertainment destination

**Major $666m redevelopment[1] completed in June 2017**

Significantly broadened and enhanced retail mix

Introduced first LEGOLAND® Discovery Centre in southern hemisphere

**Well embraced by consumers and retailers[2]**

Annual consumer visitation up 26% to over 22m

Total centre MAT growth of 29% to $1.85b, still reflecting only part-year sales for many retailers post development completion

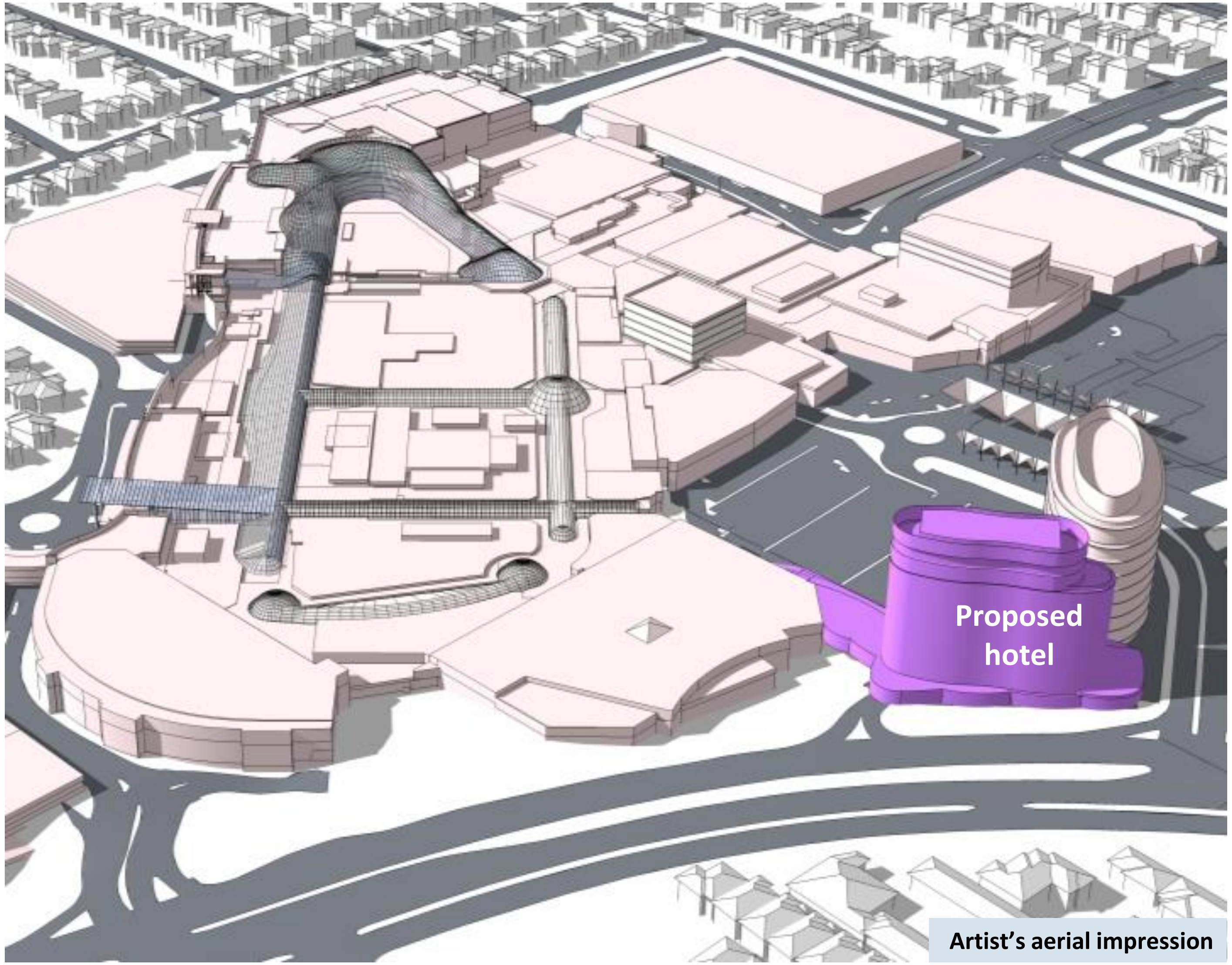
Same-store specialty MAT growth of 5.0%, with sales productivity of $17,192 per sqm

**Remains Australia's #1 retail asset valued at $5.35b[1,3]**


1. 100% interest. Vicinity's share is 50%.
2. Consumer visitation and sales as at 30 September 2017.
3. Valuation as at 30 June 2017.

# Chadstone – the evolution continues

## High quality hotel and significant additional remix opportunities




### Hotel development ($120m)[1] planned to start in FY18

In final stages of selection process for hotel operator

Proposal for 250 rooms over 13 levels with 4 to 4.5 star rating

Targeting business travellers, tourists and visitors to Chadstone and the nearby Monash precinct

### Remix and reconfiguration opportunities

Luxury precinct to be remixed and expanded further

Redevelopment of second food court planned

External dining expansion in planning

Master planning of future stages continues

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

# Mandurah Forum redevelopment on program

## Improving product offer and experience, first retail stage opened

**$350m major redevelopment[1]**

**First retail stage opened in July 2017**

New Target store and over 60 specialty stores

Same-store specialty sales averaged over 7% growth in August and September 2017, compared to same months in 2016

**Complete centre transformation on program to complete in mid-2018**

New David Jones to open in 2018

New Target and upgraded Coles and Kmart now open

New food court with adjoining play area, fresh food market hall and alfresco dining precinct

Total stores to increase by 80 to over 220 on completion


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

# The Glen redevelopment progressing well with first stage open

## Major redevelopment to capitalise on high income trade area

**$460m major redevelopment[1]**

Latest format David Jones

New contemporary food gallery with casual dining hub and an outdoor dining precinct

Complete refurbishment of existing centre

Over 500 apartments to be built on site by third party Golden Age

**First stage opened in October 2017**

New Aldi and new latest-format Woolworths in a fresh food market hall with Coles

Over 60 specialty stores including a number of casual dining operators

**The next stage, Food Gallery, to open in early 2018**

**Development remains on program to complete in 2020**


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

# DFO Perth construction progressing well

## Developing Perth's first DFO

**$150m project[1]**

Joint venture to develop Perth's first DFO centre

120 specialty stores and over 1,500 car spaces

**Construction and leasing progressing well**

Ground services and slab works well advanced

Installation of steel structure and trusses has commenced

**Located adjacent to Perth Airport on major arterial roads**

**Reinforces Vicinity's market leadership position in Outlet Centres**

**Development on program to complete in 2018**


Artist's impression


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

# A focus on creating shared value for Vicinity and our stakeholders

## Our sustainability progress has been globally recognised

| | |
|---|---|
| #1 | **Retail property company in Australia and Asia Pacific[1]** |
| 3 stars | **Green Star Performance portfolio rating** (FY16: 2 Stars) |
| 8% ↓ | **Reduction in carbon intensity[2]** |
| 6% ↓ | **Reduction in energy intensity[2]** |
| 36% | **Waste diverted from landfill** |

**Sustainability leader in Australia and Asia Pacific[1]**

#1 retail property company in Australia and Asia Pacific region

#4 retail property company globally

#1 unlisted retail property fund for Vicinity Retail Partnership

**Improved DJSI[3] score despite more stringent criteria**

Included in DJSI World, Asia Pacific and Australia leadership indices

**Climate performance rated as 'Leadership' by CDP[4]**

Rated 'A-' for climate performance reflecting focus on climate resilience

**Shaping better communities**

Established Beacon Foundation partnership to help deliver our focus on unemployed and disengaged youth

Social procurement contributing to job creation

**Vicinity's low-carbon target currently being established**

Note: Latest performance reporting, metrics and achievements can be found on our website vicinity.com.au

1. Sustainability performance in 2017 Real Estate Assessment by Global Real Estate Sustainability Benchmark (GRESB).
2. FY17 compared to FY16 on a per sqm basis.
3. Dow Jones Sustainability Index.
4. Formerly known as Carbon Disclosure Project.

# A day in the life of Vicinity
## Video

QueensPlaza, QLD

# Chairman's address (continued)

Peter Hay

# FY17 in review

## Another active period

**Solid underlying earnings**

**Strong valuation gains**

**Enhanced portfolio quality**

**Maintained strong balance sheet**

**On-market buy-back of up to 5% of securities announced and ~2.2% acquired to date[1]**

**Earnings measure and distribution policy change[2] from FY18**

Warriewood Square, NSW

1. Announced post 30 June 2017 and amount acquired as at 15 November 2017.
2. Announced post 30 June 2017.

# FY18 guidance and focus

## Our focus remains on building quality and strength across our business

**Well positioned to create long-term value and sustainable growth**

**Retail environment expected to remain challenging over the next 12 months**

**Ongoing focus on improving portfolio quality and driving efficiencies through the business**

**FY18 FFO per security guidance of 18.0 to 18.2 cents inclusive of asset divestments in the period and major remixes[1,2]**

**Distribution payout ratio for FY18 is expected to be 100% of AFFO[1]**

**Smooth transition to new CEO and Managing Director**

QueensPlaza, QLD

1. Assuming no material deterioration to existing economic conditions.
2. Assumes ~$300m of asset divestments and includes the impact of rent lost from major remixes at Chadstone and QueensPlaza.

# Questions


Halls Head Central, WA

# Formalities of the Meeting

Peter Hay


Mandurah Forum, WA

# 1. Financial Reports

| To receive and consider | Financial reports |
|---|---|

Securityholders are asked to receive and consider the financial reports of Vicinity Centres (comprising the Company and the Trust) and the reports of the Directors and Auditor for the year ended 30 June 2017.

Note: Securityholders are not required to vote on the financial reports and the reports of the Directors and Auditors.

# 2. Non-binding advisory vote on Remuneration Report

| Item 2 | Non-binding advisory vote on Remuneration Report |
|---|---|

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

*That the Remuneration Report for the Company for the financial year ended 30 June 2017 as contained in the Annual Report of Vicinity for the year ended 30 June 2017 be adopted*.

The Board unanimously recommends that Securityholders vote in favour of this non-binding resolution.

# 2. Proxy votes

| Item 2 | Non-binding advisory vote on Remuneration Report |
|---|---|

**3,278,209,136 valid proxy votes have been lodged for this resolution with the following voting instructions**

| For | | Open | | Against | |
|---|---|---|---|---|---|
| 3,244,441,117 | 98.97% | 5,512,639 | 0.17% | 28,255,380 | 0.86% |

✔ The Chairman intends to vote all undirected proxies in favour of this non-binding resolution.

Note: A voting exclusion applies to this item of business, as set out in the Notice of Meeting.

# 3. Re-election of Directors of the Company

| Item 3(a) | Re-elect Mr Peter Kahan as a Director of the Company |
| --- | --- |

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

> *That Mr Peter Kahan being a Director who retires with effect from the conclusion of the Meeting and, being eligible, offers himself for re-election, is re-elected as a Director of the Company.*

The Board (other than Mr Kahan) unanimously recommends that Securityholders vote in favour of the re-election of Mr Kahan.

# 3. Proxy votes

| Item 3(a) | Re-elect Mr Peter Kahan as a Director of the Company |
|---|---|

**3,297,219,127 valid proxy votes have been lodged for this resolution with the following voting instructions**

| For | | Open | | Against | |
|---|---|---|---|---|---|
| 3,105,337,001 | 94.18% | 5,514,657 | 0.17% | 186,367,469 | 5.65% |

✔ The Chairman intends to vote all undirected proxies in favour of this resolution.

# 3. Re-election of Directors of the Company

| Item 3(b) | Re-elect Ms Karen Penrose as a Director of the Company |
| --- | --- |

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

*That Ms Karen Penrose being a Director who retires with effect from the conclusion of the Meeting and, being eligible, offers herself for re-election, is re-elected as a Director of the Company.*

The Board (other than Ms Penrose) unanimously recommends that Securityholders vote in favour of the re-election of Ms Penrose.

# 3. Proxy votes

| Item 3(b) | Re-elect Ms Karen Penrose as a Director of the Company |
|---|---|

**3,299,074,618 valid proxy votes have been lodged for this resolution with the following voting instructions**

| For | | Open | | Against | |
|---|---|---|---|---|---|
| 3,266,677,987 | 99.02% | 5,497,543 | 0.17% | 26,899,088 | 0.82% |

The Chairman intends to vote all undirected proxies in favour of this resolution.

# 4. Proposed equity grant to incoming CEO and Managing Director

| Item 4 | Approval of proposed equity grant to incoming CEO and Managing Director |
|---|---|

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

> *That, for the purposes of ASX Listing Rule 10.14 and all other purposes, approval be given for the grant of performance rights to the incoming CEO and Managing Director of Vicinity Centres, Mr Grant Kelley, in accordance with the terms of the Vicinity Centres Long Term Incentive Plan and on the terms summarised in the Explanatory Memorandum to this Notice of Meeting.*

✔ The Board (other than Mr McNaughton) unanimously recommends that Securityholders vote in favour of this resolution.

# 4. Proxy votes

| Item 4 | Approval of proposed equity grant to incoming CEO and Managing Director |
|---|---|

**3,281,385,145 valid proxy votes have been lodged for this resolution with the following voting instructions**

| For | | Open | | Against | |
|---|---|---|---|---|---|
| 3,246,274,687 | 98.93% | 5,326,828 | 0.16% | 29,783,630 | 0.91% |

The Chairman intends to vote all undirected proxies in favour of this resolution.

Note: A voting exclusion applies to this item of business, as set out in the Notice of Meeting.

# Close of Meeting

# 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

**Disclaimer**

This document is a presentation of general background information about the activities of Vicinity Centres (ASX:VCX) current at the date of lodgement of the presentation (16 November 2017). It is information in a summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice, when deciding if an investment objective is appropriate.

This presentation contains certain forecast financial information along with forward-looking statements in relation to the financial performance and strategy of Vicinity Centres. The words ‘anticipate’, ‘believe’, ‘expect’, ‘project’, ‘forecast’, ‘estimate’, ‘outlook’, ‘upside’, ‘likely’, ‘intend’, ‘should’, ‘could’, ‘may’, ‘target’, ‘plan’ and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings, financial position, performance and distributions are also forward-looking statements. The forward-looking statements included in this presentation are based on information available to Vicinity Centres as at the date of this presentation. Such forward-looking statements are not representations, assurances, predictions or guarantees of future results, performance or achievements expressed or implied by the forward-looking statements and involve known and unknown risks, uncertainties, assumptions and other factors, many of which are beyond the control of Vicinity Centres. The actual results of Vicinity Centres may differ materially from the anticipated results, performance or achievements expressed, projected or implied by these forward-looking statements and you should not place undue reliance on such forward-looking statements.

Except as required by law or regulation (including the ASX Listing Rules), Vicinity Centres disclaims any obligation to update these forward-looking statements.