



## Investor day

8 June 2016



## Welcome and overview

Angus McNaughton

# Investor day

## Agenda



MORNING	<b>Welcome and overview</b> <b>Angus McNaughton</b> CEO and Managing Director Page 2	AFTERNOON	<b>Development overview</b> <b>Michael O’Brien</b> Chief Investment Officer and Acting EGM Development Page 43
	<b>Brand and digital</b> <b>Simone Carroll</b> EGM Digital, Marketing, People & Culture Page 9		<b>Mandurah Forum</b> <b>James Fudge</b> Project Director Page 48
	<b>Leasing</b> <b>Stuart Macrae</b> EGM Leasing Page 22		<b>The Glen</b> <b>Barnaby Giudice</b> Project Director Page 62
	<b>Intensive asset management</b> <b>Justin Mills</b> EGM Shopping Centres Page 28		<b>Roselands</b> <b>Jon Savell</b> Director – Development Page 80
	<b>Outlet Centres</b> <b>Michael O’Brien</b> Chief Investment Officer and Acting EGM Development Page 36		<b>Asset tour – Chadstone</b> <b>Mark Kelley</b> Project Director <b>Stuart Macrae</b> EGM Leasing
	<b>Asset tour – DFO South Wharf</b> <b>Justin Blumfield</b> RGM Shopping Centres (DFOs, TAS, SA, ACT) <b>Michael Quinn</b> Area Centre Manager, DFO South Wharf		<b>Wrap up</b> <b>Angus McNaughton</b> CEO and Managing Director

# Strategic focus is clear

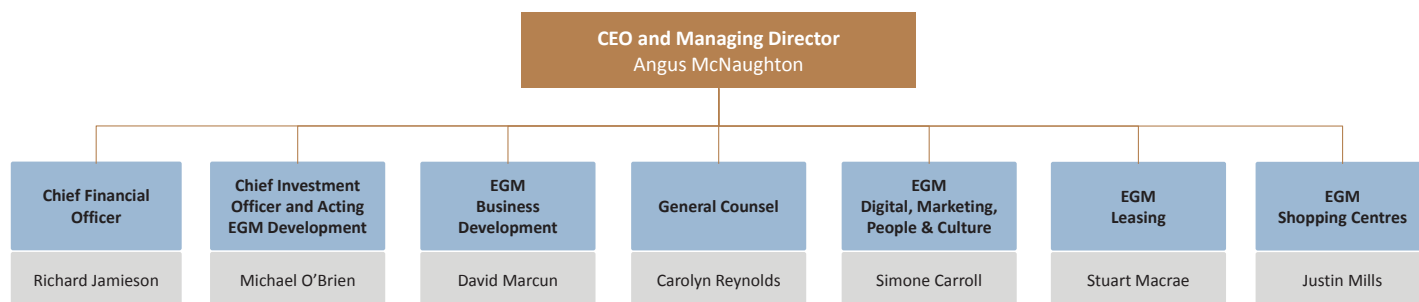
Create value and sustainable growth by owning, managing and developing quality Australian assets across the retail spectrum



Purpose		Enriching community experiences			
Vision		Delivering the leading retail property and lifestyle experience in Australia			
Strategic focus		Create value and sustainable growth by owning, managing and developing quality Australian assets across the retail spectrum			
Strategic platform	Value drivers	Investment	Development		Intensive asset management
	Enablers	Capital and Strategic Partnerships	Operational excellence	People	Digital

## Organisational chart

Structured to support strategy execution



## Group investment principles

Focused on long-term value creation and delivering sustainable earnings growth through the cycle



**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**

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

**Efficient cost structure**

**Key financial objectives ('through cycle' basis)**

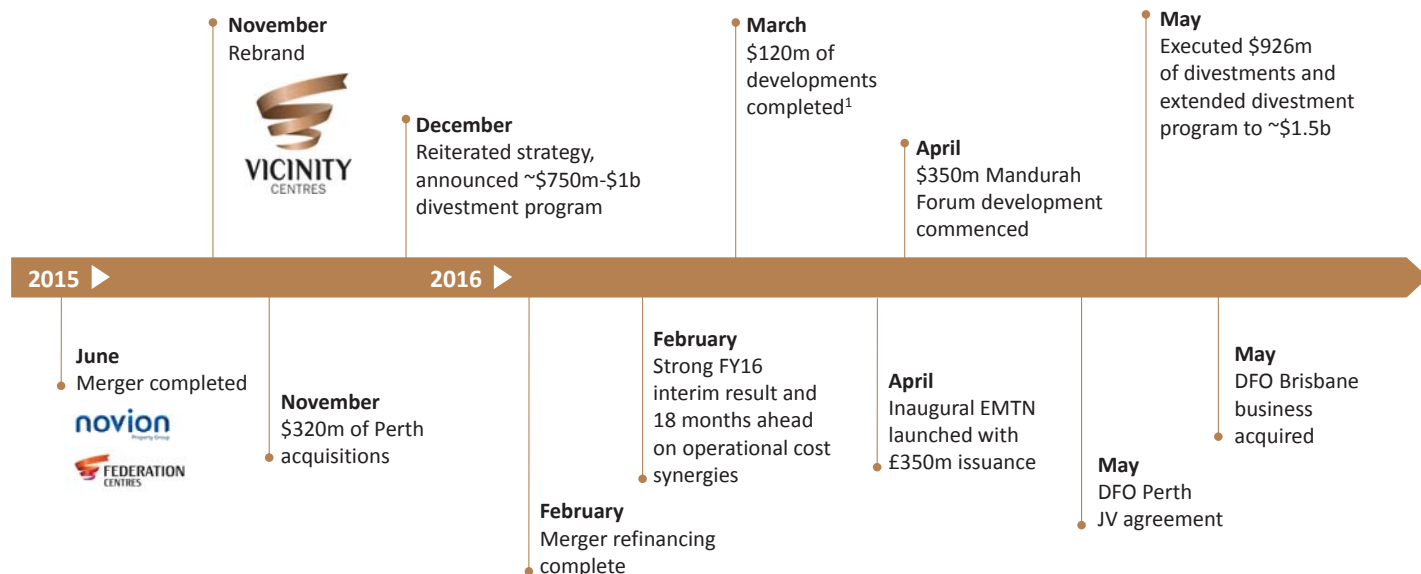
Group level	Target
Total return <sup>1</sup>	>9.0% p.a.
Underlying earnings growth	>3.0% p.a.

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

1. Calculated as: (Change in NTA during period + distributions)/NTA at start of period.

## Executing on strategy

A strong and active start in the first 12 months



1. Vicinity's share is \$63m.

Vicinity Centres | Investor day | 8 June 2016

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## Delivering on our portfolio enhancement strategy

Strong progress made on our asset divestment program and reinvestment into value-enhancing opportunities



### Asset divestment program

Divestment program of ~\$750m to \$1b announced in December 2015

Five asset sales agreed in May 2016 for \$926m

Divestment program extended to \$1.5b in May 2016

### Developments

Five projects (~\$320m) completed in FY16<sup>1</sup>

Entered JV agreements to develop a DFO<sup>2</sup> at Perth Airport for ~\$145m

Pipeline increased to \$3.8b (Vicinity share: \$1.8b)

### Acquisitions

Acquired two Perth shopping centres with attractive fundamentals

Acquired<sup>3</sup> DFO Brisbane business for ~\$55m

### Investment in capability

Resources added to Leasing, Development and Digital teams to drive growth



The Shops at Ellenbrook, WA

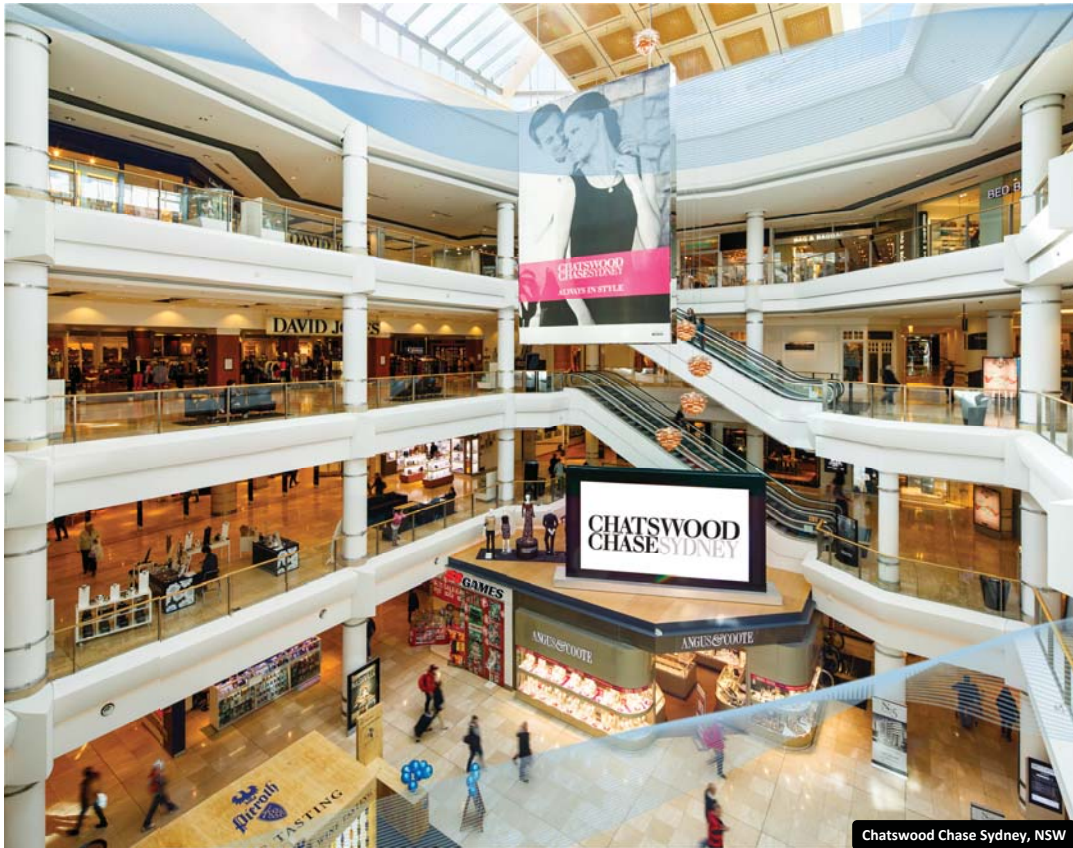
1. 100% interest and includes Warriewood Square, NSW which will be completed in June 2016. Vicinity's share is \$162m.

2. 100% interest. Vicinity's share is 50%.

3. Excluding transaction costs and other costs associated with the transaction.

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Chatswood Chase Sydney, NSW

# Brand and digital

Simone Carroll

## The role of the shopping centre in society

The gathering place



## The role of the shopping centre in society

### Invention of the shopping centre



**“PROVIDE THE NEEDED PLACE AND  
OPPORTUNITY FOR PARTICIPATION IN  
MODERN COMMUNITY LIFE”**

**- VICTOR GRUEN, INVENTOR OF THE SHOPPING MALL**

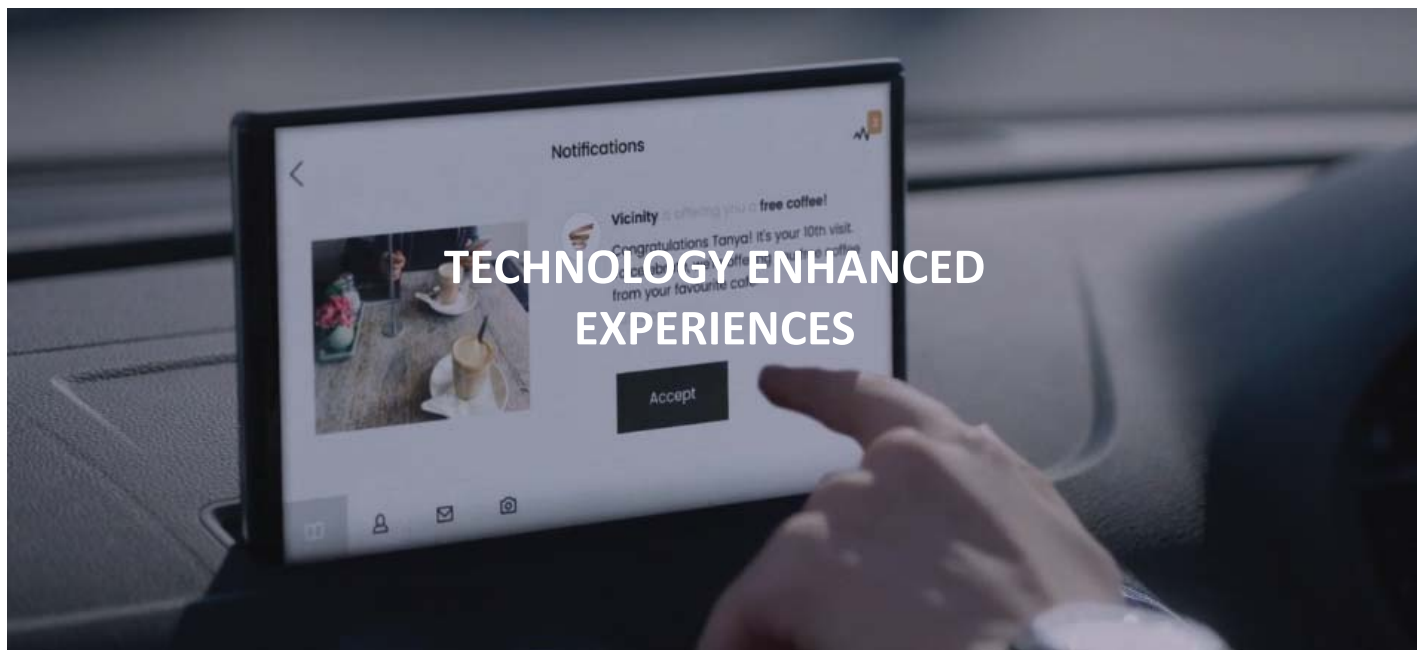
## Key trends

### Customer-centricity



## Key trends

### Technology enhanced experiences



## Key trends

### Rapid validation and speed to market



## Key trends

### Integrating digital into the fabric of organisations



## Key trends

### Experimenting across multiple horizons



Vision for brand and digital

Delivering 'Better, Easier, More Enjoyable' experiences



Vicinity’s brand architecture

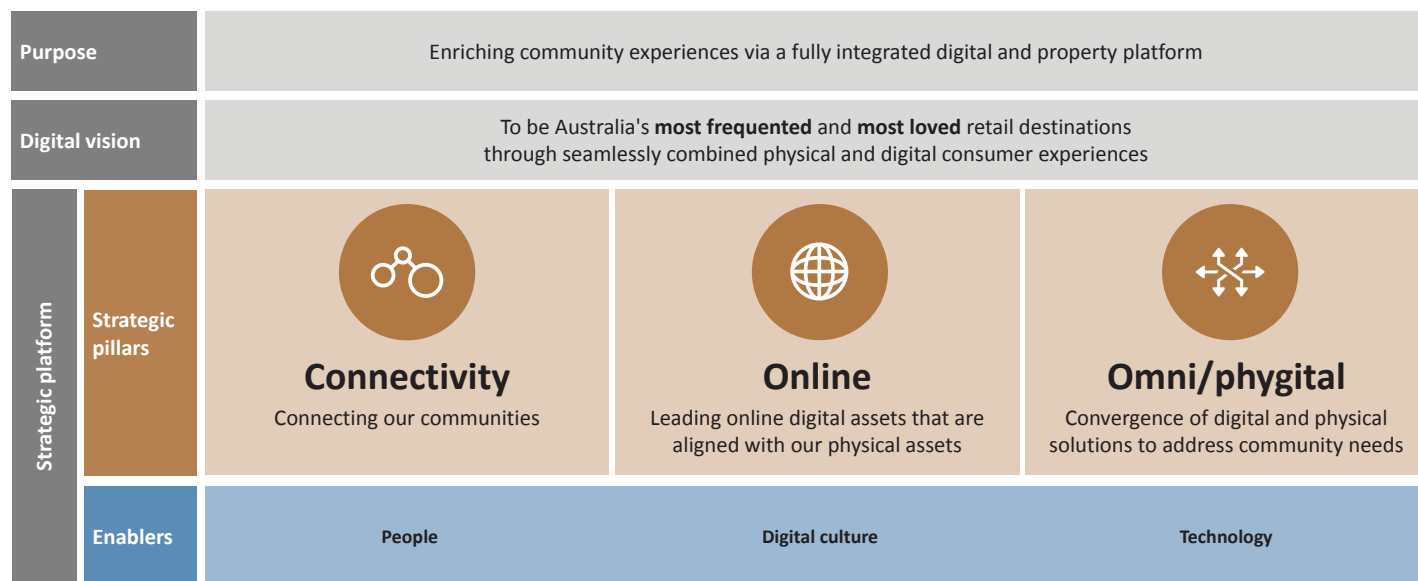
A tailored approach



Purpose		Enriching community experiences			
Brand vision		To be known for 'Better, Easier, More Enjoyable' experiences			
Strategic platform	Strategic pillars	<div>Master brand</div> <div>Develop</div> <div></div>	<div>Leadership brands</div> <div>Protect and grow</div> <div></div>	<div>Aspirational brands</div> <div>Test and learn, product development</div> <div></div>	<div>Heartland brands</div> <div>Optimise</div> <div></div>
	Enablers	People		Digital assets	Physical assets

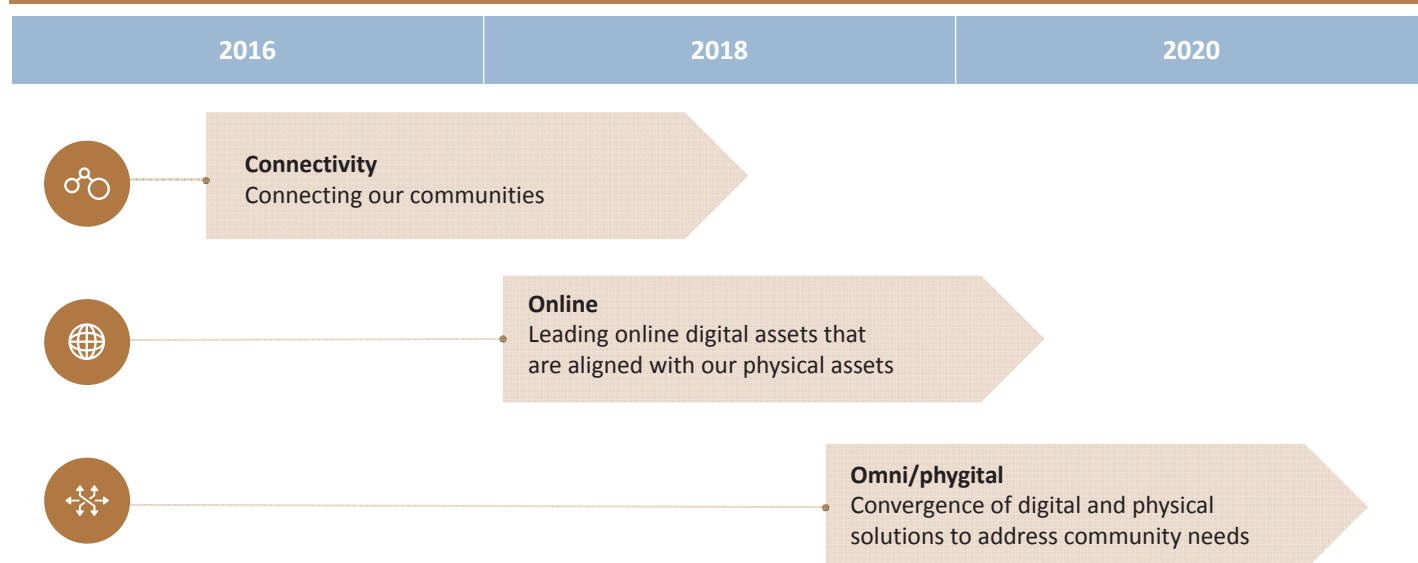
## Vicinity's consumer-led digital strategy

Enriching community experiences via a fully integrated digital and property platform



## Digital road map

Delivery across multiple horizons





1.

Clear brand strategy

2.

Digital pathway set

3.

Team committed to executional excellence



Emporium Melbourne, VIC

**Leasing**

Stuart Macrae

## A large portfolio with broad potential

Strong tenant relationships underpinned by a portfolio with scale and relevance



9,500+

leases

~3,700

tenants

~1,500

leasing deals per annum<sup>1</sup>

#1 centre (Chadstone)

for total sales in Australia for 14 years

70

leasing executives

40

retail design and delivery executives

95 assets under management across the retail spectrum and diversified geographically

High tenant commonality across centre types

Critical mass of premium assets in the portfolio attracts luxury and international retailers

Deep national retailer relationships

Largest landlord to Wesfarmers and Woolworths

Note: Data as at 31 December 2015.  
1. Excluding development leasing.

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## A clear approach to leasing with a product focus

Focusing on retail mix and customer demand drives long-term income growth



**Simple, consistent leasing parameter expectations** designed to maximise income

**Five-year strategic leasing plan** for each asset, updated annually

**Long-term approach focused on customer** wants and needs

**Dedicated leasing executives for the top 20 retailers**

**Dedicated retail design and delivery team** to ensure fit out quality and optimal turn around on any vacating tenants



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## Consistent specialty store leasing parameter expectations deliver stronger results

Setting clear parameter expectations enables a transparent discussion with retailers and narrows the leasing negotiation



Specialty store leasing parameter	Rationale
5 to 6 year terms	Provides balance of stability and flexibility for both owner and retailer
5% annual increase	Underpins strong growth over the lease term Maximises income even though leasing spreads on renewal may be negative Provides rental certainty to both owner and retailer
Promotional fund	Maximises marketing spend to drive foot traffic and, in turn, sales and rents
Full fit outs on expiry	Ensures individual store fit outs remain relevant and consistent with the centre look and feel Assists in maintaining consistent presentation standard across tenancies
No incentives or rent free on renewals	Clear position with retailers

## Strategic leasing plans in place for every centre

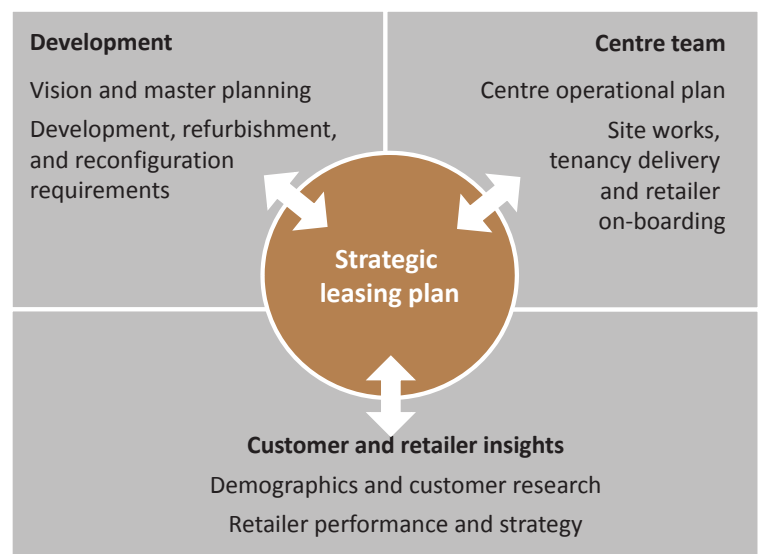
Unique centre-specific plans deliver a tailored community experience



Strategic leasing plans identify key focus areas

- customer requirements
- stronger performing retailers
- product opportunities
- tenant renewal/replacement strategy
- rent and capital requirements

Five-year leasing plans, updated annually



## Opportunities in a changing retail landscape

Anticipating retail trends enables a timely and proactive response



- ✓ Increasing demand for **international and luxury retailers**
- ✓ **Health and wellbeing** a growing focus
- ✓ Increasing desire for high quality **cafes and restaurants**
- ✓ **Popularity of outlet centres** growing as customers seek value
- ✓ **Majors** rethinking their customer strategies to regain share of customer spend
- ✓ **Physical presence the foundation** of omni-channel retailing
- ✗ **Incentives**
- ✗ **Pharmacies continue to be impacted** by regulatory changes
- ✗ **Rationalisation of bank and Medicare branches**
- ✗ **ATMs being used less** due to payment technology

### Health and wellbeing



### Quality food and dining out



### International and luxury retailers

Ermenegildo Zegna

H&M

UNIQLO

MICHAEL KORS

Salvatore Ferragamo

SEPHORA

BURBERRY



## Intensive asset management

Justin Mills

# Shopping centre management platform

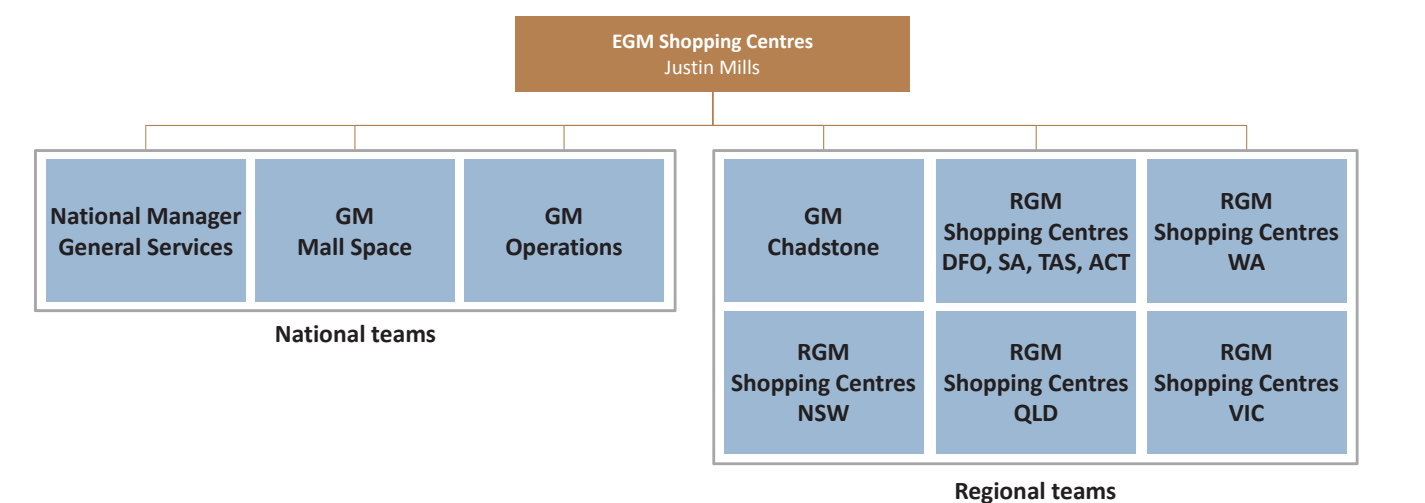
Vicinity's scale and intensive asset management approach provides significant benefits



<p><b>#1</b> in Sub Regional and Outlet centres</p>	<p><b>#2</b> in Regional centres</p>	<p>Significant ancillary income opportunities</p> <p>Operational management and procurement benefits</p> <p>Asset refurbishment team projects enhance asset quality and customer experience</p> <p>Knowledge sharing across a broad number of shopping centre teams</p>
<p><b>95</b> retail assets under management</p>	<p><b>3.0 million sqm</b> of GLA under management</p>	
<p><b>\$18.5 billion</b> in annual retail sales</p>	<p><b>700+</b> shopping centre management team</p>	

# Structured for performance and growth

Hybrid structure underpins intensive asset management approach with focus on income, cost and regional success



## Custom manage our centres to optimise performance

Application of intensive asset management to every asset in a cost effective way



Effective management of a diverse portfolio

Focused teams and knowledge sharing

Better resource utilisation

Similar trends experienced in nearby assets

Structures aligned to brand architecture

Bespoke structure



Chadstone, VIC

Premium structure



Galleria, WA

Mid structure



Carlingford Court, NSW

Hub and spoke structure



Mornington Central, VIC

## Adding value through intensive asset management approach

PRICE model is used to guide Vicinity's intensive asset management approach



P

**People and processes**

World-class people and best practice processes

R

**Risk management**

Best practice operational risk and compliance

I

**Income**

Optimise new and organic income opportunities

C

**Cost**

Deliver customer and retailer value through increased operational efficiency

E

**Experience**

Deliver exceptional customer and retailer experiences that drive sales

## Income opportunities

Opportunity to grow ancillary income streams across the portfolio



Key category	Opportunity
<b>Casual mall leasing</b>	<ul style="list-style-type: none"> <li>Significant scope to increase occupancy rate and drive income</li> </ul>
<b>Electricity on-sell</b>	<ul style="list-style-type: none"> <li>Currently in 57 Direct Portfolio assets</li> <li>Opportunity to implement in additional 20 assets</li> </ul>
<b>Retail media</b>	<ul style="list-style-type: none"> <li>Seven existing digital screens across Direct Portfolio</li> <li>Additional 10 to 15 large format digital screens expected in next two years, supported by supplementary screens to deliver superior national digital screen network</li> </ul>
<b>Storage</b>	<ul style="list-style-type: none"> <li>Opportunities to maximise income through new storage sites and achievement of market rates</li> </ul>



## Procurement opportunities

Greater scale, rationalising contracts and innovation generating cost savings and more sustainable outcomes



### Direct portfolio<sup>1</sup> controllable expenses ~\$145m

	Proportion of controllable expenses (%)	Number of suppliers	
		Now	At merger
Cleaning	33	8	19
Electricity	19	24	24
Repairs/maintenance	18	WIP	1,191
Security	14	2	2
Waste	5	2	13
Mechanical services	2	1	25
Others	9	WIP	46
<b>Total</b>	<b>100</b>		

1. Direct portfolio budgeted FY16 spend.

### Financial benefits

- Targeting 5-10% savings in controllable expenses by FY18

### Non-financial benefits

- Enhanced process and risk management
- Improved standards and reporting
- Greater efficiencies
- Stronger supplier relationships

### Opportunities

- Cleaning
- Electricity
- Waste
- Equipment
- Design
- Capital expenditure

## Improving centre experience

Asset refurbishment team (ART) projects enhance asset quality and customer experience



Small capital investments with strong returns

Improving asset quality and relevance

Providing better customer and retailer experience

Projects focus on improvements that drive foot traffic, sales and leasability



Mornington Central, VIC



Box Hill Central, VIC



DFO Homebush, NSW

## Outlet Centres

Michael O'Brien

## Outlet Centres overview

Outlets are an attractive investment proposition and Vicinity's strategy is to reinforce its leadership position in this sector



### Performance of four DFO assets since acquisition in 2010 to 31 December 2015

**+10.1% p.a.**

increase in foot traffic

**+6.5% p.a.**

increase<sup>1</sup> in specialty MAT/sqm

**+6.8% p.a.**

increase<sup>2</sup> in specialty store rent/sqm

**+250 bps**

increase<sup>3</sup> in specialty occupancy cost

**+\$209 million**

increase<sup>4</sup> in value

**14.5%**

internal rate of return<sup>5</sup>

### Leader in Australian Outlet Centres

\$1.1b under management across six assets<sup>6</sup>

Outlets have **desirable characteristics**

- ✓ High barriers to entry
- ✓ Strong demand from high quality tenants
- ✓ Performance through the cycle due to strong value proposition

Vicinity has a **proven ability** to add value

1. Figures include development impacted centres.

2. Excludes marketing and promotional contribution. Excludes Homemaker retailers.

3. At acquisition figure excludes DFO South Wharf which had been trading for less than 12 months. December 2015 figure excludes DFO Homebush which was development impacted.

4. Valuation less capital expenditure and acquisition cost.

5. Including capitalised interest and acquisition costs.

6. Includes DFO Perth Airport development and DFO Brisbane business.

## An attractive investment proposition

Active leasing, management and development of DFO portfolio has generated significant value



### Vicinity has a unique skill base

- ✓ Breadth of tenant relationships used to enhance mix
- ✓ Ability to drive ancillary income and cost savings
- ✓ Further scope to improve experiential elements e.g. dining

### DFO Homebush case study

Acquired in 2010

\$100m major redevelopment completed in March 2014

~\$115m of value created since acquisition<sup>1</sup>

Performance metrics	At acquisition	Current
Valuation (\$m) <sup>2,3</sup>	135.5 (purchase price)	365.8
Capitalisation rate (%) <sup>4</sup>	7.75	6.00
Specialty sales (\$/sqm) <sup>4,5</sup>	11,400	14,148
Specialty occupancy cost (%) <sup>4,5</sup>	7.4	8.8
Occupancy rate (%) <sup>4</sup>	99.4	100.0
Ancillary income (\$m)	0.0	3.0
IRR since acquisition (%) <sup>6</sup>		15.8

1. Valuation less capital expenditure and acquisition cost.

2. At acquisition excludes acquisition costs.

3. Current includes the impact of \$100m redevelopment completed in March 2014.

4. Outlet Centre only.

5. At acquisition is for the year ended 30 June 2010.

6. As at December 2015. Includes acquisition costs.

## Value-adding recent acquisitions

Further solidifying Vicinity's market leading position in Outlet Centres



Artist's impression

### DFO Perth Airport

\$145m greenfield development<sup>1</sup> at Perth Airport  
50:50 joint venture, Vicinity will be property and development manager  
31 year ground lease, with 49 year option  
Centrally located on major arterial roads  
Over 110 stores across 24,000 sqm of GLA and over 1,600 car spaces  
Forecast initial yield of >8% and IRR of >13%

### DFO Brisbane business

\$55m purchase price<sup>2</sup>, forecast initial yield of ~7.5% and IRR of ~9.5%  
~150 stores across 26,100 sqm of GLA and over 2,600 car spaces  
Retail expenditure growth of 4.1% p.a. in the trade area (10-year forecast)<sup>3</sup>  
Located at Brisbane Airport, within 30 minutes drive of 1.3m residents  
• 22m travellers through the airport annually<sup>4</sup>  
Built in 2005 and expanded in 2015

1. Vicinity's share is \$72.5m.
2. Excluding transaction costs and other costs associated with the acquisition.
3. Trade area refers to Main Trade Area. Forecast by MacroPlanDimasi.
4. Source: Brisbane Airport Corporation Pty Ltd. Based on Brisbane Airport visitor numbers in FY15.

## DFO South Wharf

Part of a world-class and evolving mixed use precinct

Asset comprises an outlet centre, homemaker centre, food and beverage precinct and car parking

Acquired 50% interest in 2010 and further 25% interest in 2014

IRR since acquisition of 13.9%

International premium and sporting retail focus

### Key metrics<sup>1</sup>

Vicinity ownership (%)	75
Valuation (Vicinity share) (\$m)	325.0
Capitalisation rate (%)	6.50
Total GLA (sqm)	56,470
Total stores	214
Specialty sales (\$/sqm)	8,811
Specialty occupancy cost (%)	10.5

1. All metrics are as at 31 December 2015, except GLA and store number which are as at 31 May 2016.



## DFO South Wharf

**\$14m development<sup>1</sup> completed with mini major reconfiguration and food court upgrade**



Former Anaconda tenancy has been reconfigured into a loop mall incorporating an additional 22 specialty stores

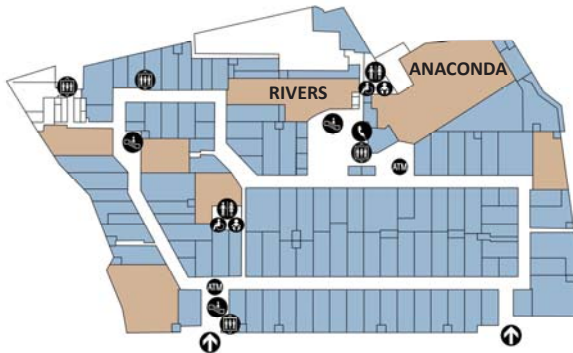
Project also included a food court upgrade

Opened in March 2016

Forecast initial yield of >18% and IRR of >25%, ahead of initial projections

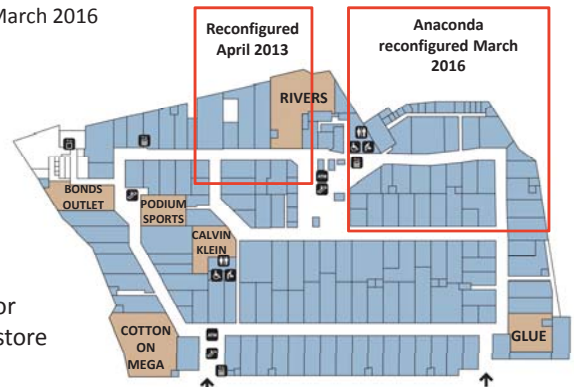
### Floor plan – basement level

June 2011



### Current floor plan – basement level

March 2016



#### Legend

- Mini major
- Specialty store

1. 100% interest. Vicinity's share is 75%.

## DFO South Wharf

**Precinct expansion and new larger car park**



Construction of a 1,113 space multi-deck car park now underway in conjunction with the State Government of Victoria and Plenary Group's expansion of the Melbourne Convention and Exhibition Centre (MCEC) and new 300-room hotel

MCEC expansion and enlarged car park will drive increased car park income, improved access to the centre and greater foot traffic

Car park ground lease has been extended to 2108, in line with the retail component

Project cost of \$61m (Vicinity share: \$46m)

Strong returns over time driven by additional car park income and longer lease duration

Completion expected early 2017



Outline of existing on-grade car park



## Development overview

Michael O'Brien

### Enhancing the quality of the portfolio

Our portfolio and the changing retail landscape creates significant development opportunities

Development overview

**\$3.8 billion**

expanded development pipeline<sup>1</sup>

**12 projects**

identified pipeline

**\$1.3 billion**

projects under construction<sup>2</sup>

**30**

development executives



Retail landscape changing dramatically

Our portfolio provides significant development opportunities

Retailers who can adapt are most profitable and are expanding

Broadening range of anchor tenant options

Asset owners and managers with expertise have advantage

1. Vicinity's share is \$1.8b.

2. Vicinity's share is \$600m.

## Prioritising projects

A comprehensive set of criteria used to prioritise developments and allocate resources effectively

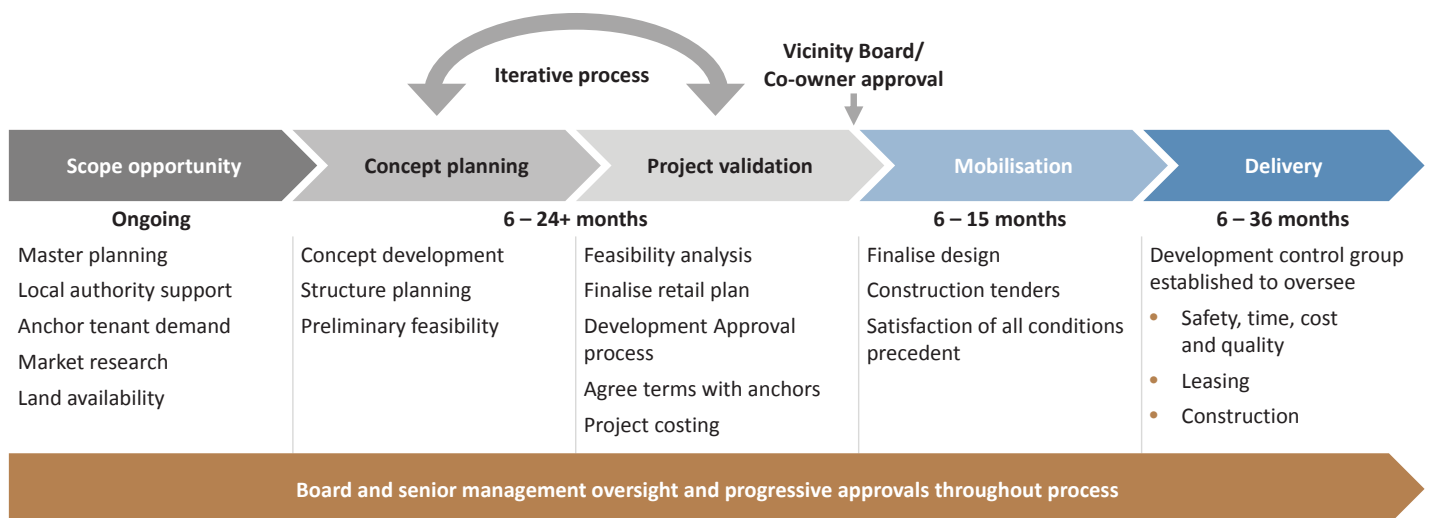
Land availability  
 Authorities' support  
 Majors' interest  
 Specialty retailer demand  
 Viable plan  
 Expected financial returns meet hurdles  
 Risk is acceptable given expected returns

Development returns	Target
Initial yield	6% to 8+%
Incremental IRR	10% to 15+%



## Rigorous controls govern the development planning process

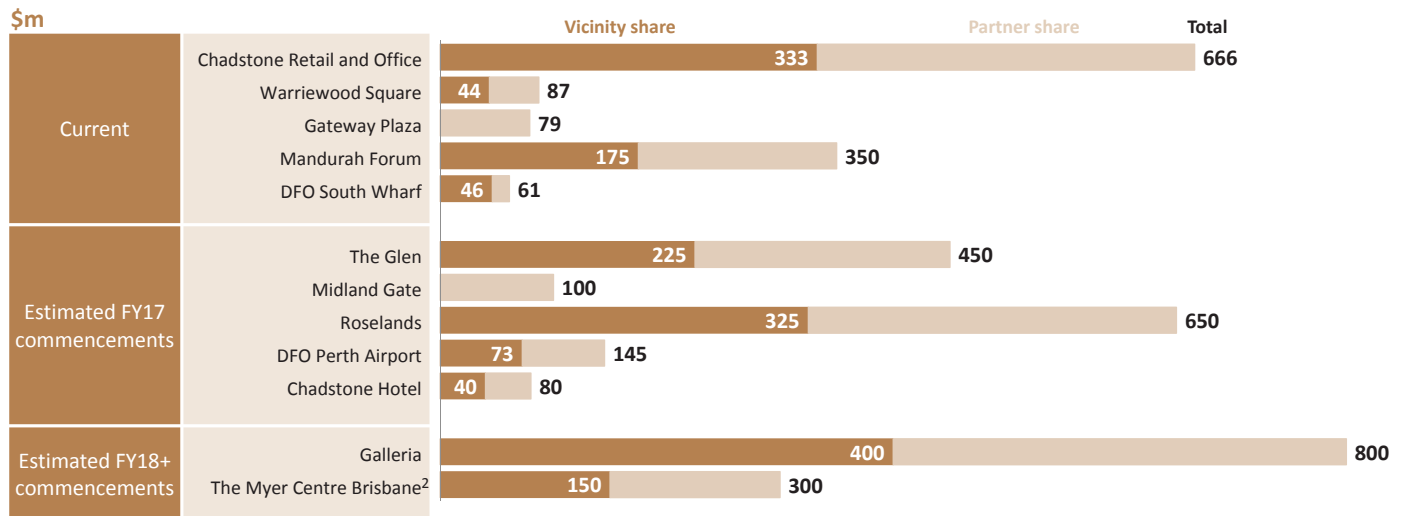
A structured process and consistent approach ensures efficient and successful project delivery





## Expanded development pipeline totalling \$3.8b<sup>1</sup>

Development pipeline provides significant opportunity for value creation



Future pipeline and scope of identified projects are indicative only and will change as projects advance

1. Vicinity's share is \$1.8b.

2. Note, an in principle agreement to sell a 25% interest to ISPT has been reached. Should this transaction be implemented, Vicinity's share of the development spend would be \$75m.



## Mandurah Forum

James Fudge

## 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**

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

**Existing centre trades strongly**, 36% above comparable centres<sup>1</sup>

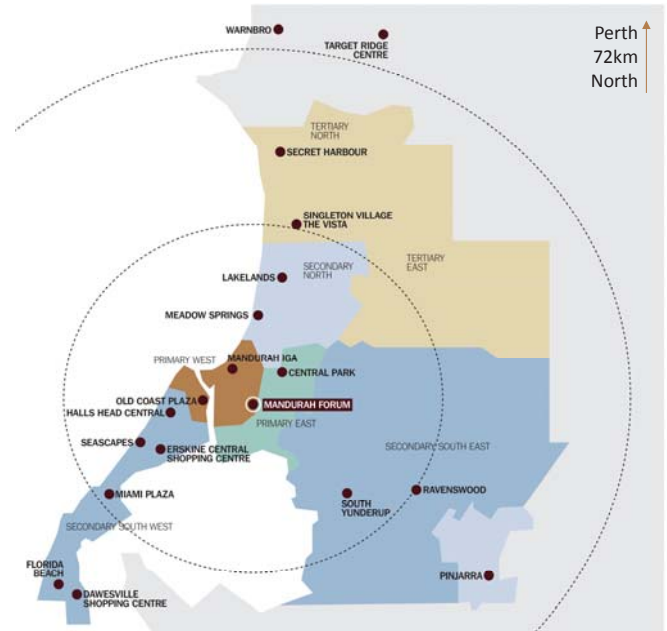
**Leakage due to limited retail offer and out-dated presentation**

**Redevelopment to capture growth opportunity and leakage** through improved retail offer

### Property metrics <sup>2</sup>

Valuation (\$m) <sup>3</sup>	312.5
Capitalisation rate (%)	6.25
Discount rate (%)	8.50
Date acquired	1985
Last redevelopment	1995

1. Specialty sales per sqm, compared to Urbis comparable centre average.  
 2. As at 31 December 2015.  
 3. Expressed on 100% basis. Vicinity's interest is 50%.



## Development plan

Major redevelopment with significantly improved product offer

New 4,000 sqm David Jones, new 5,700 sqm Target and refurbished Kmart

Expanded Coles supermarket

Five new mini-major retailers

Over 180 new specialty stores and kiosks (over 80 incremental)

New food court, fresh food and casual dining precincts

Complete refurbishment of existing centre

### Project metrics

Status	Delivery phase
Forecast cost <sup>1</sup>	\$350m
Forecast completion	2018
Target returns	Yield >6% IRR >10%

	On completion	Change
Total centre GLA (sqm)	64,500	+26,200
Majors GLA (sqm)	30,300	+10,500
Specialties and mini majors		
- GLA (sqm)	34,000	+15,700
- number	>220	>80
Car spaces	3,000	+700

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



## The market

Leading market position in trade area with strong population and retail spending growth



**Leading market position**  
19.1% market share of trade area<sup>1</sup>



**Strong population growth**  
~95,800 people in trade area,  
forecast to grow at 2.8% p.a. through to 2028



**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  
annually



**Strong trade area retail spending growth**  
Forecast to grow at ~6% p.a. through to 2028

Source: Urbis Scheme Assessment December 2014.  
1. Trade area for Mandurah Forum refers to Main Trade Area.



## Our customers

Capture broad audience and growth opportunity by positioning Mandurah Forum as the 'Everyday Getaway'

**Dominant segments in the trade area are seeking  
a relaxed coastal lifestyle**

Young suburban families

Retired professional couples (empty nesters)

Recent migrant families

**A large tourist market**



**Project vision – 'Everyday Getaway'**

A laid back oasis offering everyday occasions to shop,  
savour and connect

**Project pillars**

Stress-free convenience

Inside/outside – outside/inside

Mandurah's heart

Engaging excursion

**Look and feel**

Comfortable, relaxing and fun

Indoor, outdoor landscape integration and water elements

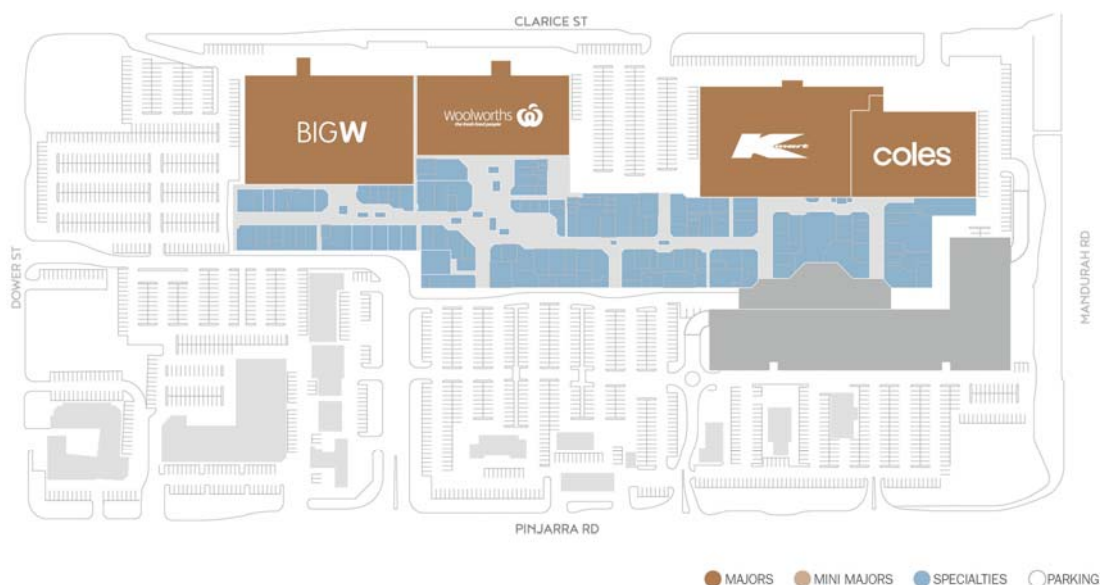
Refreshingly vibrant

Natural tones and materials drawn from the region

Source: Inivio Landscape Segmentation Data, March 2015.

## Pre development floor plan – ground

Existing centre plan has poor customer amenity and access



## Pre and post development floor plan – ground

80% of existing centre specialty store area to be demolished



Note: Proposed plans are indicative only and subject to change.

Post development floor plan – ground

Desirable ‘race track’ configuration with convenient access and customer amenity throughout



Note: Plans are indicative only and subject to change.

Post development precinct plan – ground

A premium shopping destination offering a vibrant retail experience to a diverse and thriving community

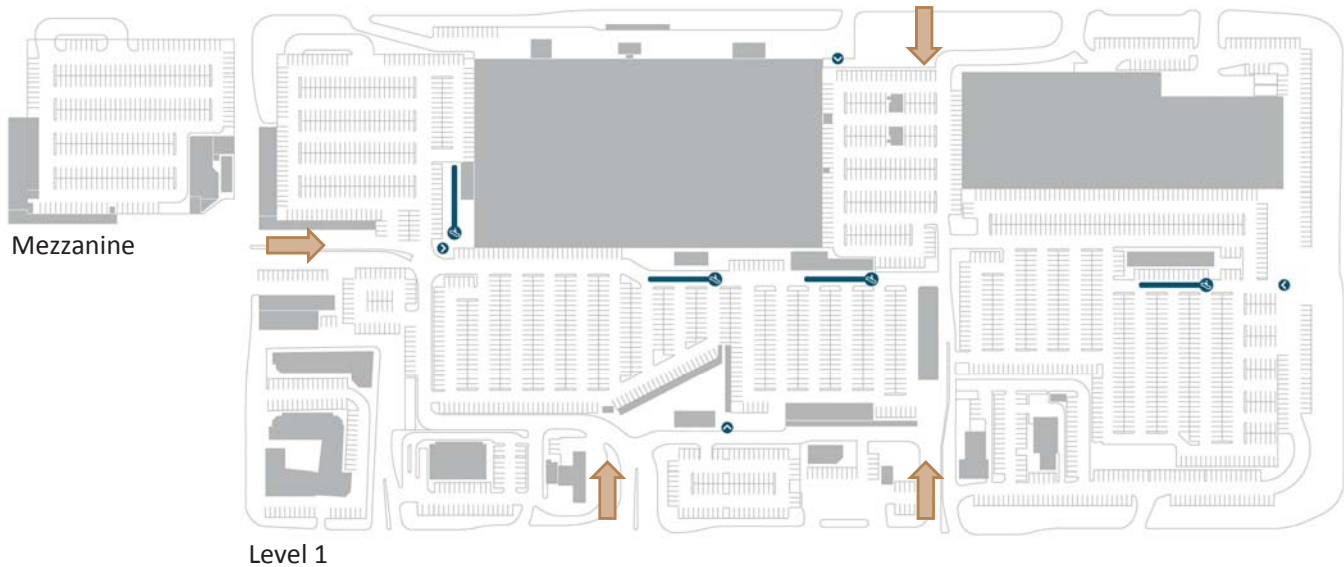


Note: Plans are indicative only and subject to change.



Post development floor plan – level 1 and mezzanine

New parking area with 3,000 car spaces

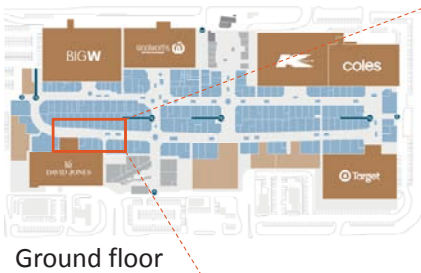


Note: Plans are indicative only and subject to change.



David Jones fashion mall

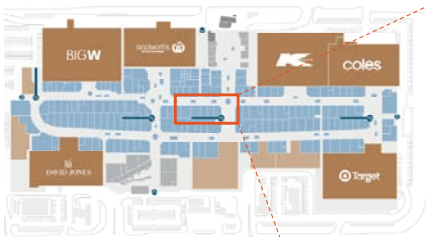
Artist's impression





Central hub ‘heart’ and event space

Artist’s impression

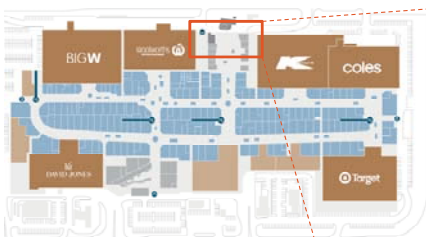


Ground floor



Food court al fresco area

Artist’s impression



Ground floor





Al fresco casual dining precinct  
Artist's impression



Ground floor



The Glen  
Barnaby Giudice



## The opportunity

Asset repositioning to capitalise on high income trade area and capture escaped expenditure

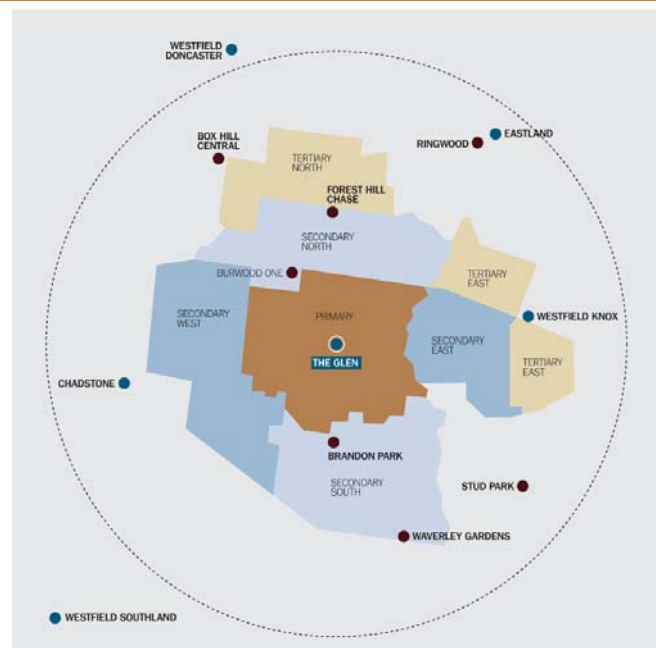
Expansion of ~60,000 sqm Major Regional centre to 77,600 sqm

Located in a highly desirable catchment - affluent customer base, with above average non-food retail spend

Low market share and sales productivity due to offer losing relevance

Opportunity to recapture market share by creating a unique and compelling product

- Tailoring and improving retail offer
- Building on the current strengths of convenience and food
- Capitalising on the opportunity to bring in international retailers



### Property metrics <sup>1</sup>

Valuation (\$m) <sup>2</sup>	340.0
Capitalisation rate (%)	6.50
Discount rate (%)	8.25
Date acquired	1994
Last major redevelopment	1996

1. As at 31 December 2015.

2. Expressed on 100% basis. Vicinity's interest is 50%.

## Development plan

Major redevelopment with significantly improved product offer to reposition centre and recapture escaped expenditure

Latest format 8,000 sqm David Jones

Relocated Woolworths and new Aldi to anchor fresh food market with Coles

New international retailers

New contemporary food court with elevated views

New casual dining hub over two levels

Complete refurbishment of existing centre

Three residential towers above the centre with 500 apartments

### Project metrics

Status	Mobilisation phase	
Forecast cost <sup>1</sup>	\$450m	
Forecast timing	2017-2019	
	On completion	Change
Total centre GLA (sqm)	77,600	+18,900
Majors GLA (sqm)	24,300	-5,100
Specialties and mini majors		
- GLA (sqm)	48,400	+24,000
- number	~240	+~70
Car spaces	3,600	+500

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



## The market

Well located with an affluent customer base



### Above average household incomes

\$88,294 for trade area<sup>1</sup>, above the Melbourne average



### Increasing wealth with low levels of debt

31% of ~217,000 trade area residents have a mortgage, Melbourne average is 38%



### Premium brand and fashion focus

Apparel spending per capita of trade area is 7% above Urbis average for Other Regional Centres<sup>2</sup>



### Strong Asian presence with desire for fresh food and Asian dining offers

26% of trade area residents are Asian-born



### Highly visible with excellent transport links

87,000 cars pass The Glen every day



Source: Urbis Scheme Assessment February 2016.

1. Trade area for The Glen refers to Main Trade Area.

2. Other Regional Centres excludes the top 10 regional centres in Australia including Chadstone Shopping Centre.



## Our customers

Re-engage our smart, sophisticated clientele by positioning as a more intimate, uniquely local, 'boutique' experience

### Trade area has many common characteristics

Older, affluent and well established families  
Educated, informed and community minded  
Enjoying a high quality lifestyle  
Multicultural

### Strong representation of 'success stories' segments

~30% suburban professionals  
~15% successful executives  
~6% stylish traditional families



### Project vision – 'Mall-tique'

Uniquely designed to deliver a more personal, family friendly and authentically local experience

### Project pillars

Fashionable collection  
Transforming everyday  
Culinary quarter  
A heart for the community

### Look and feel

Casual sophistication  
Originality and self-discovery  
Environments that tell a story  
A vibrant, comfortable zone

Source: Inivio Landscape Segmentation Data, March 2015.

## Residential

Centre to benefit from residential development without materially adding risk

The Glen



Planning approval for 500 apartments

Three towers above the retail at the southern end of the centre

Development to be undertaken by major residential developer – Vicinity receives value for air rights

Location and design of towers does not impede long-term centre master plan

500 residential car spaces in lowest basement with separate access

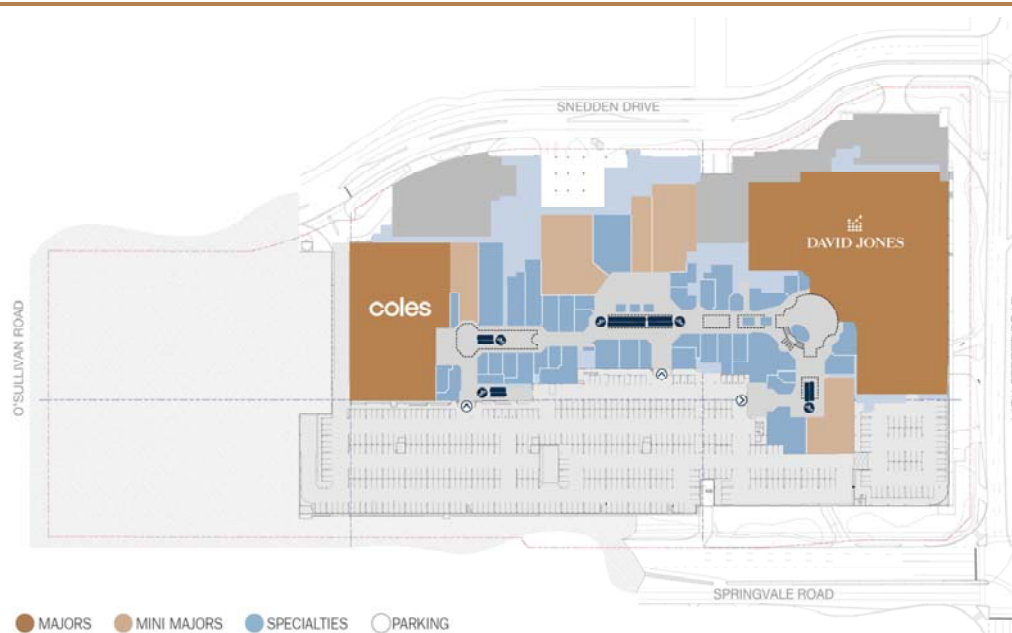
Podium slab with services void to segregate residential services from retail



## Pre development floor plan – lower ground

Anchored by lower level of David Jones and isolated Coles supermarket

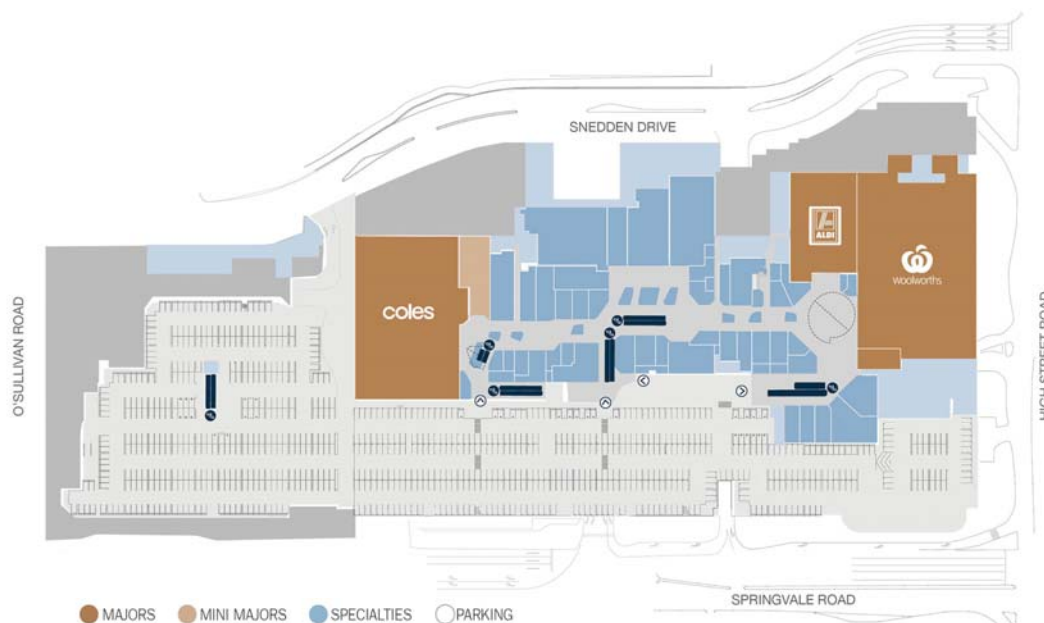
The Glen



## Post development floor plan – lower ground

### Fresh food precinct including three supermarkets

The Glen

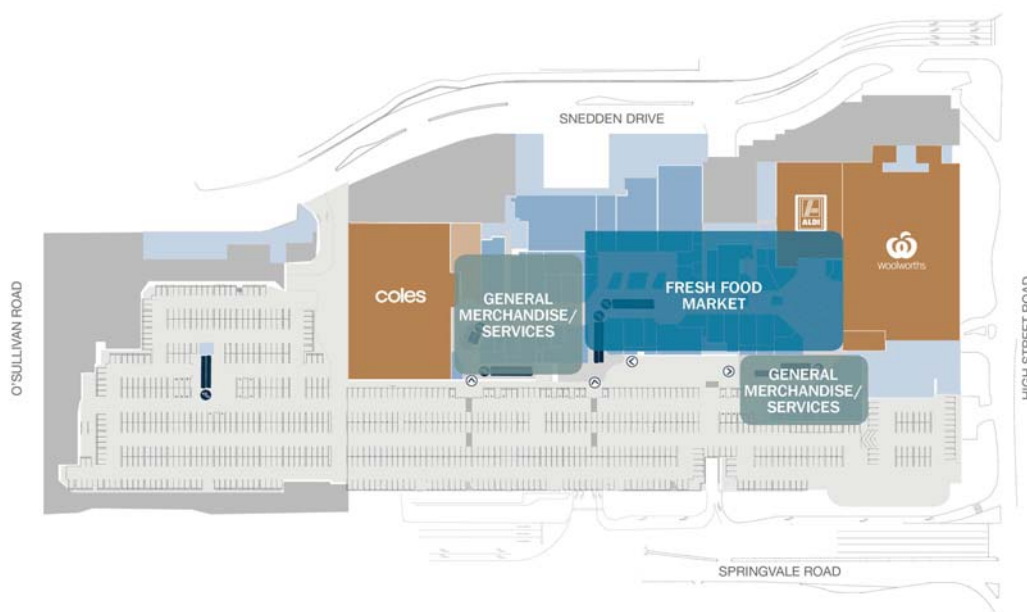


Note: Plans are indicative only and subject to change.

## Post development precinct plan – lower ground

### Fresh food precinct including three supermarkets

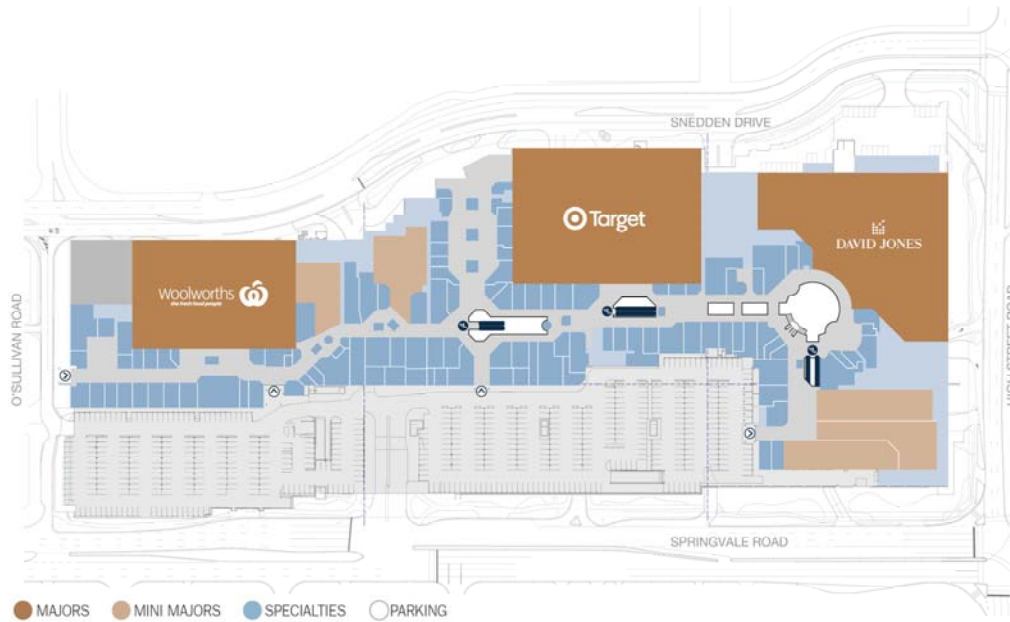
The Glen



Note: Plans are indicative only and subject to change.

## Pre development floor plan – ground

Mall anchored by Woolworths to the south and upper level David Jones to the north



## Post development floor plan – ground

Desirable racetrack configuration

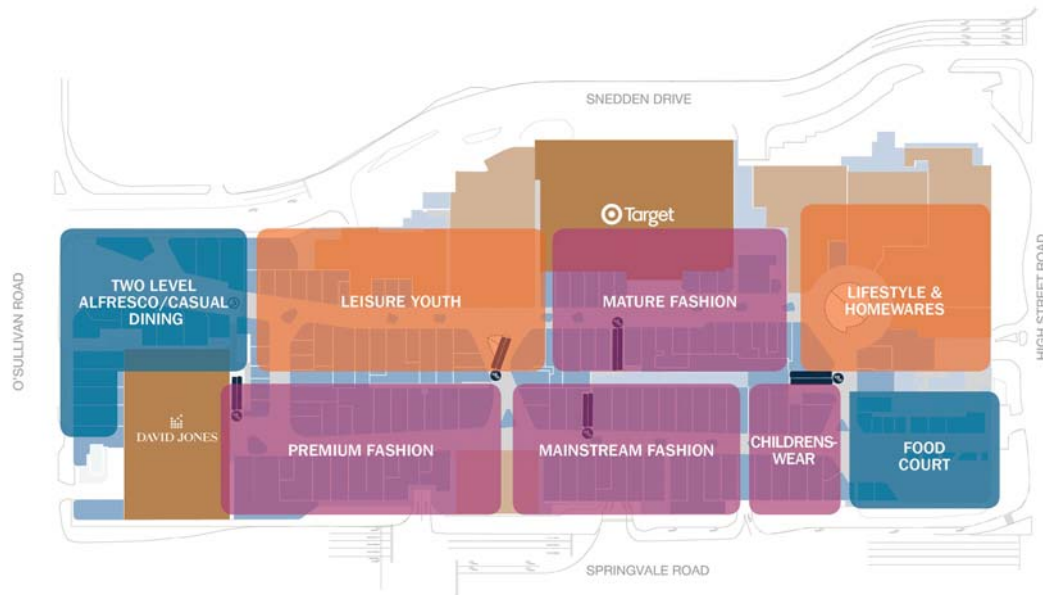


Note: Plans are indicative only and subject to change.



## Post development precinct plan – ground

David Jones, Target, fashion and international tenants and dining area

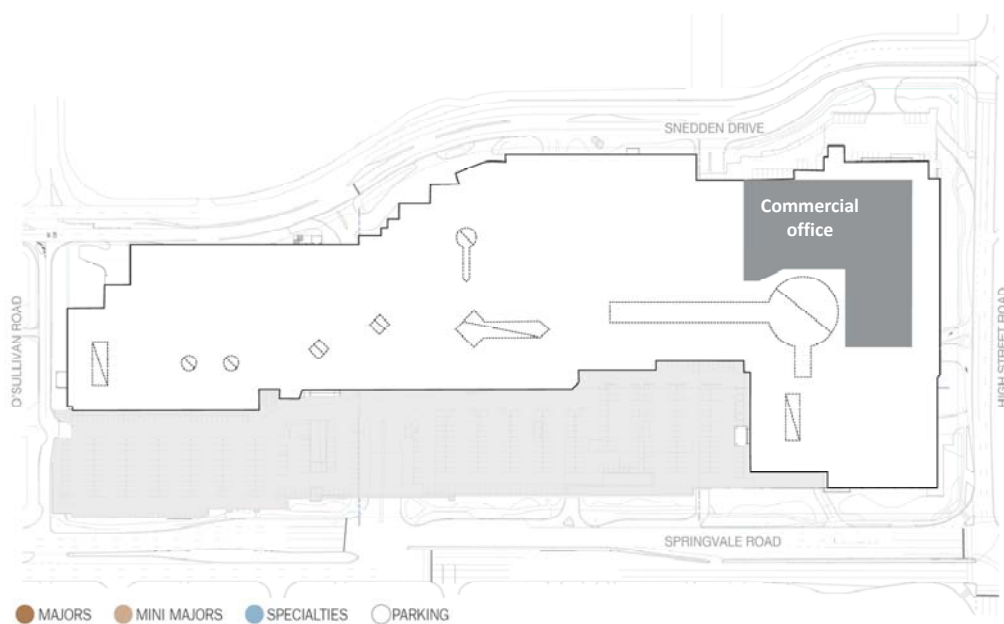


Note: Plans are indicative only and subject to change.



## Pre development floor plan – level 1

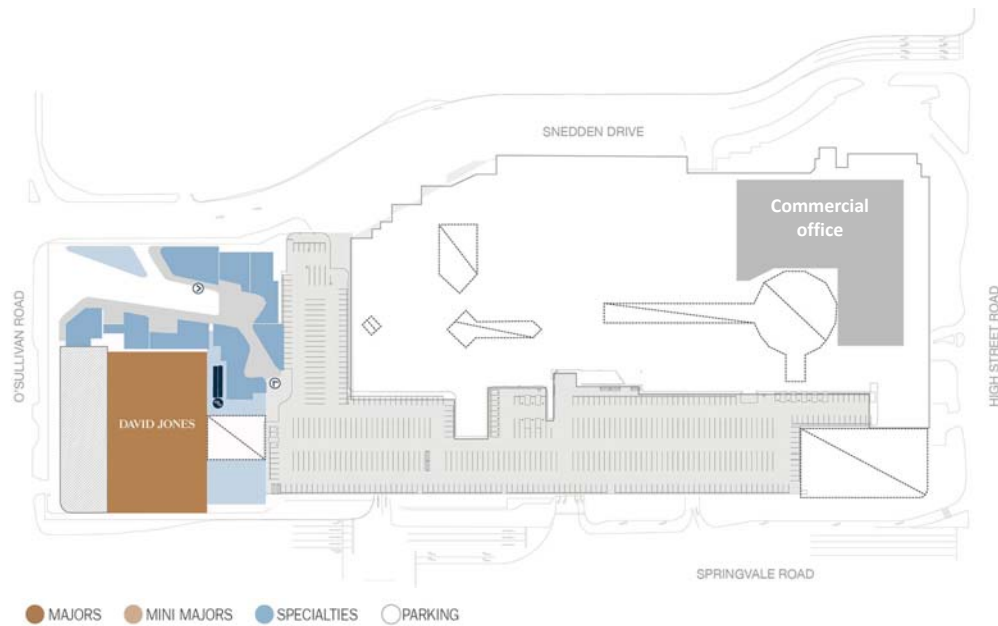
Commercial office accessible via lift from mall, with no retail or car parks





## Post development floor plan – level 1

### Upper level of David Jones and al fresco dining precinct



Note: Plans are indicative only and subject to change.



## Town square, café and restaurant precinct

### Artist's impression



Ground floor



## Stylish new modern feel

Artist's impression

The Glen



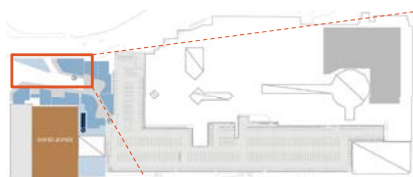
Ground floor



## Restaurant precinct with extended trading hours

Artist's impression

The Glen

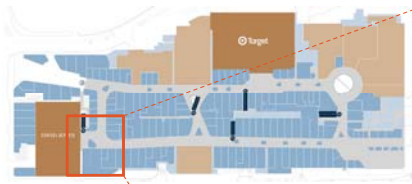


Level 1



## Latest format two-level David Jones

Artist's impression



Ground floor



## Roselands

Jon Savell

## The opportunity

Re-establish Roselands as a true Major Regional shopping centre destination

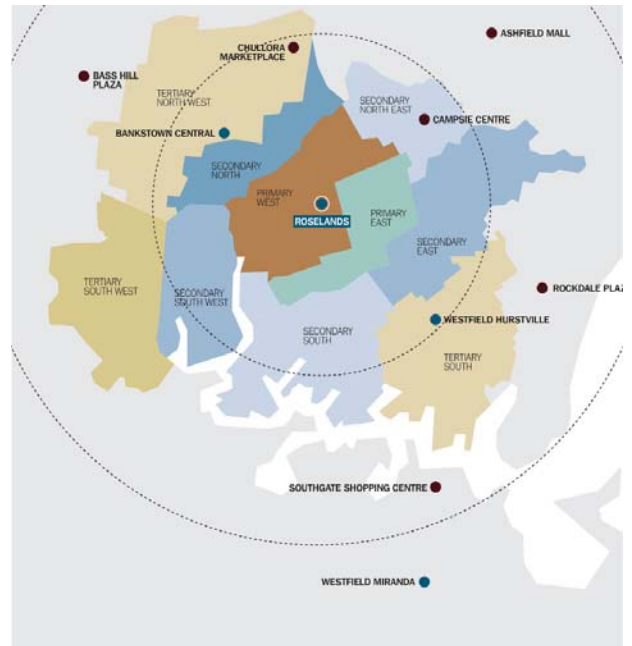
Expansion of ~62,000 sqm Major Regional centre to 95,000 sqm

Located centrally with favourable demographics

- One of Australia's most densely populated regions
- One of the largest trade areas for Other Regional Centres<sup>1</sup> in Australia
- Above average retail spending growth

Low market share due to limited historical investment and out-dated retail offer

Significant potential to increase market share by re-establishing the relevance of the centre to the community



### Property metrics<sup>2</sup>

Valuation (\$m) <sup>3</sup>	370.0
Capitalisation rate (%)	6.50
Discount rate (%)	8.50
Date acquired	2003
Last redevelopment	2000

1. Other Regional Centres excludes the top 10 regional centres in Australia including Chadstone Shopping Centre.
2. As at 31 December 2015.
3. Expressed on 100% basis. Vicinity's interest is 50%.

## Development plan

Major redevelopment with significantly improved product offer

New fresh food market with expanded supermarket offer

New fashion precinct anchored by a department store, international mini majors and leading national brands

Refreshed discount department store offer with new 6,600 sqm Kmart and relocated Target

New cinema and entertainment precinct will complement the introduction of a leisure and dining experience

New contemporary retail design throughout

### Project metrics

Status	Project validation phase	
Forecast cost <sup>1</sup>	\$650m	
Forecast timing	2017 – 2019	
	On completion	Change
Total centre GLA (sqm)	95,000	+34,500
Majors GLA (sqm)	43,200	+4,400
Specialties and mini majors		
- GLA (sqm)	51,800	+30,100
- number	~280	+~115
Car spaces	3,600	+400

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

## The market

Easily accessible centre in diverse trade area with pockets of affluence and residents who tend to be spenders



### One of Australia's most densely populated regions

Trade area<sup>1</sup> population of ~472,000,  
19% larger than Urbis average for Other Regional Centres



### Above average trade area retail spending growth

Retail spend forecast to grow at 3.5% p.a. for the  
next 10 years



### A central, easily accessible location, with a captive market

South-western suburbs of Sydney with good road access



### More home owners with less mortgage debt

Home ownership rate in trade area higher than  
Sydney average



### An image-conscious customer base which enjoys spending

Aspirational shoppers who seek out brands



Source: Urbis Scheme Assessment December 2014.  
1. Trade area for Roselands refers to Total Trade Area.

## Our customers

Re-establish relevance by positioning Roselands as an exciting 'Fusion of Fashion, Food and Friendship'

### Very diverse customer base

New Asian and Middle-Eastern communities

Older communities

Young singles, couples and families buying homes

Affluent households in the secondary and tertiary south  
trade areas

**Redevelopment targets core market of young families  
and key sectors in south-western Sydney**



### Project vision – 'Fusion of Fashion, Food and Friendship'

The epicentre of Sydney's eclectic south-western suburbs

### Project pillars

Go beyond the basics

Own a place in peoples' minds (famous for food)

Entice people with discovery and belonging

Retail as social space

A future that reflects and respects the past

### Look and feel

Simple quality

Convivial, welcoming, energetic and fun

Eclectic and richly textured

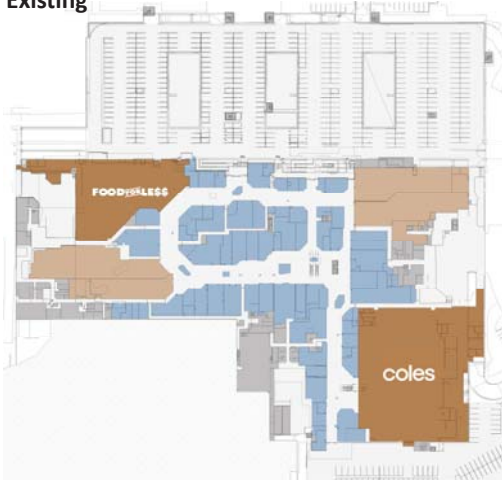
Source: Inivio Landscape Segmentation Data, March 2015.



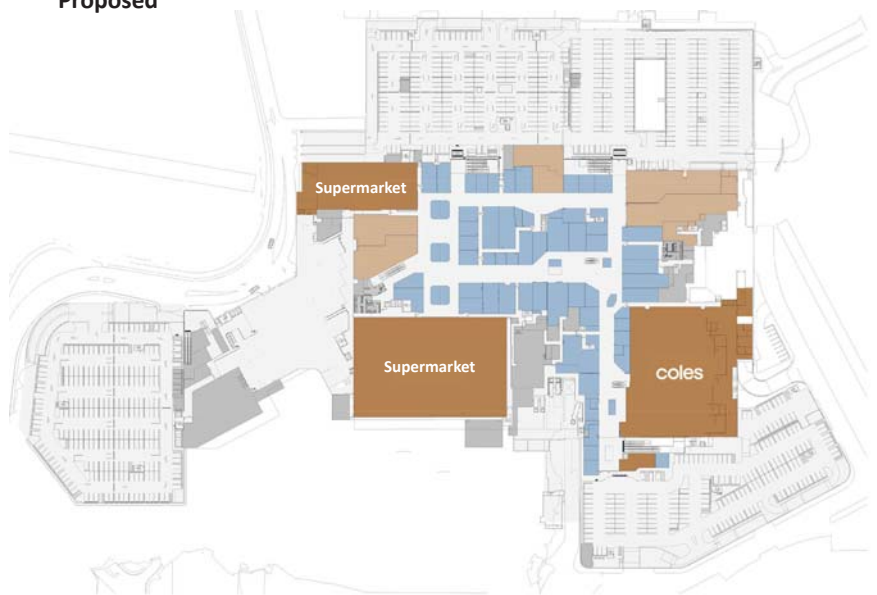
## Floor plan – lower ground

Creating a market leading fresh food precinct

Existing



Proposed

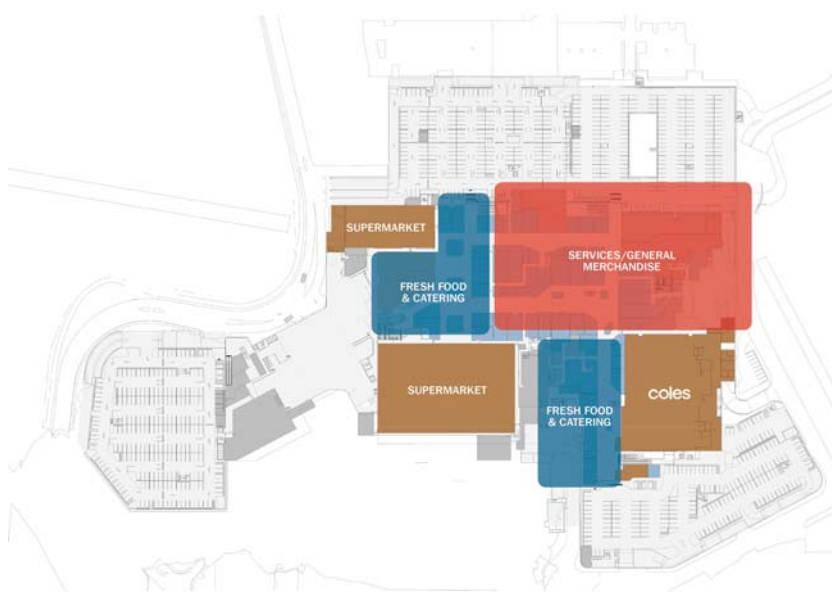


Note: Proposed plans are indicative only and subject to change.



## Post development precinct plan – lower ground

Creating a market leading fresh food precinct



Note: Plans are indicative only and subject to change.

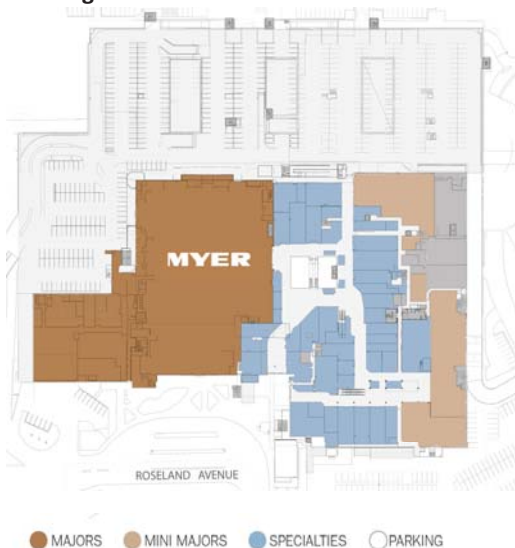
## Floor plan – ground

### New fashion and youth precincts

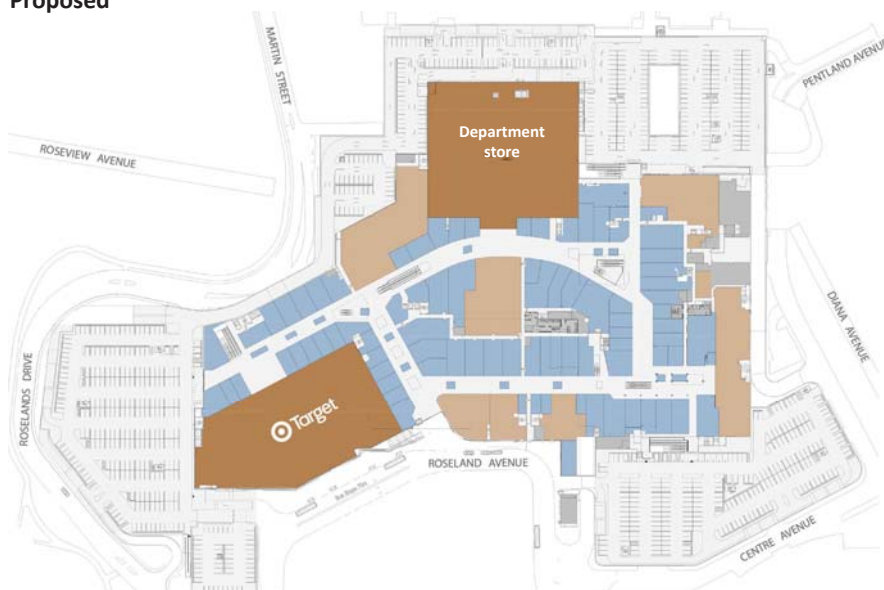
Roselands



#### Existing



#### Proposed

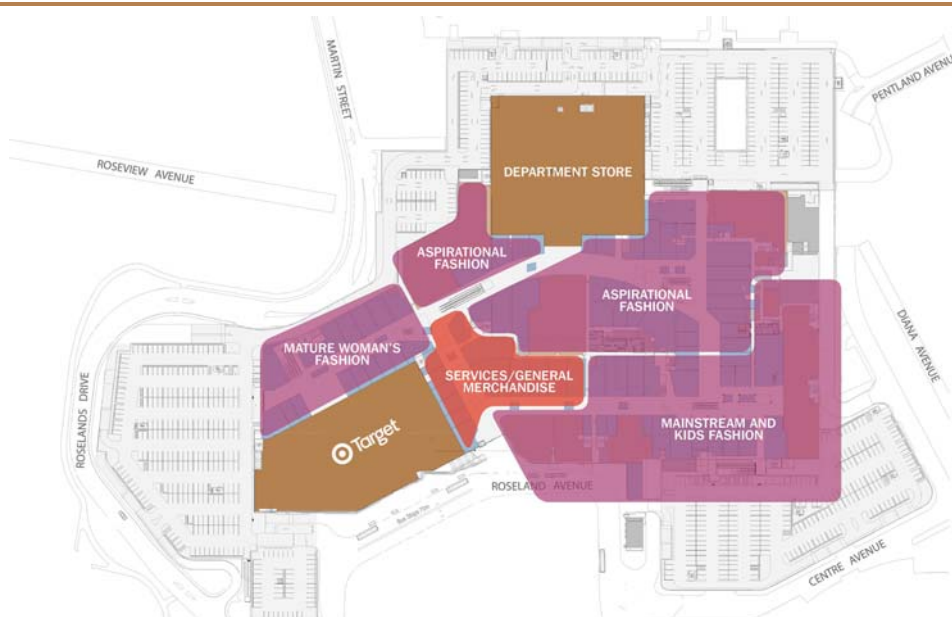


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## Post development precinct plan – ground

### New fashion and youth precincts

Roselands



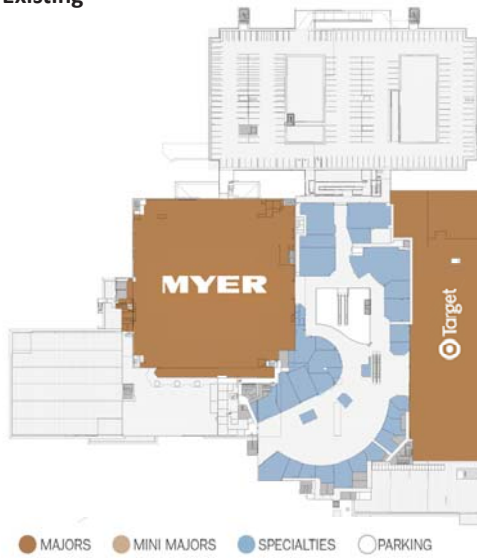
Note: Plans are indicative only and subject to change.



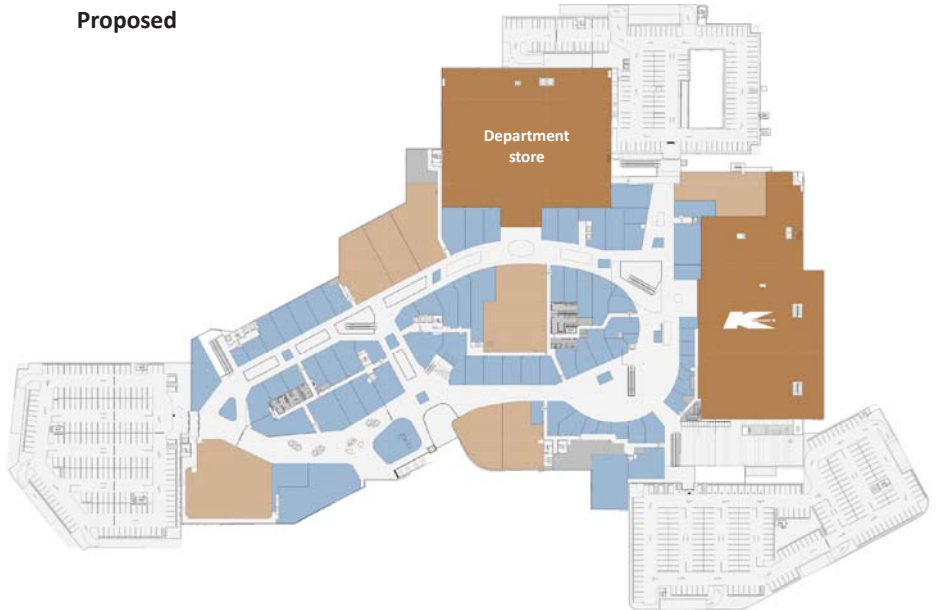
## Floor plan – level 1

New food court, entertainment and leisure precinct

Existing



Proposed

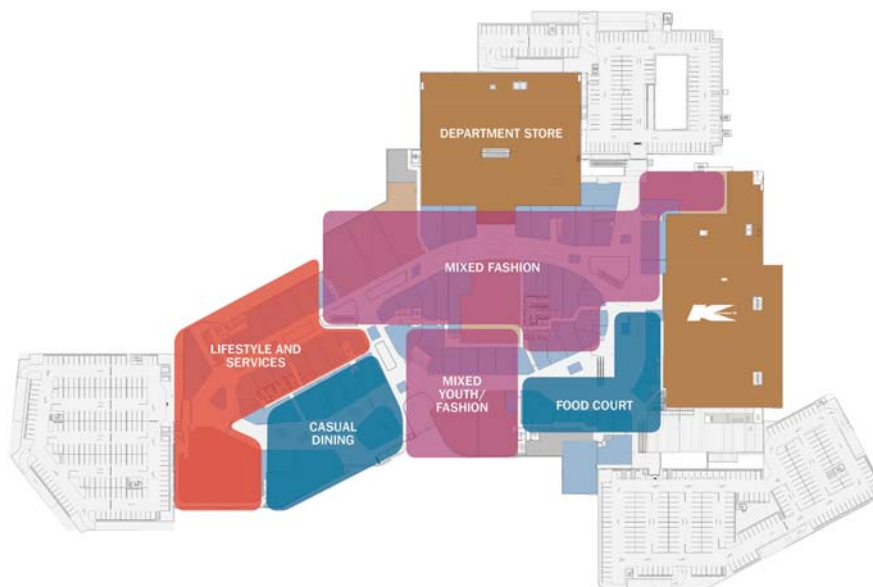


Note: Proposed plans are indicative only and subject to change.



## Post development precinct plan – level 1

New food court, entertainment and leisure precinct



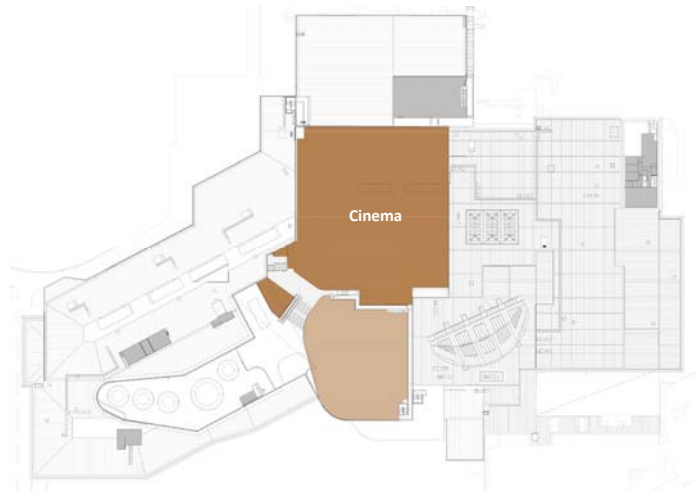
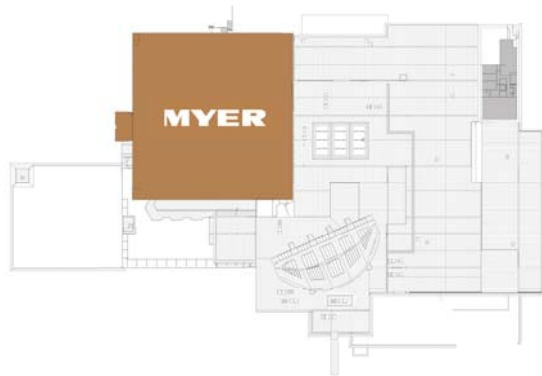
Note: Plans are indicative only and subject to change.

## Floor plan – level 2

New cinema offer to complement dining precinct

Existing

Proposed



MAJORS MINI MAJORS SPECIALTIES PARKING

Note: Proposed plans are indicative only and subject to change.

Vicinity Centres | Investor day | 8 June 2016

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## Modern and open mall space

Artist's impression



Ground floor



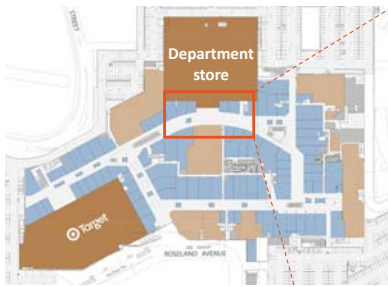
Vicinity Centres | Investor day | 8 June 2016

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## Stylish retail designs

Artist's impression

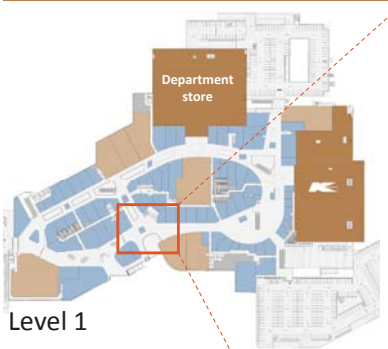
Roselands



## Large entertainment complex

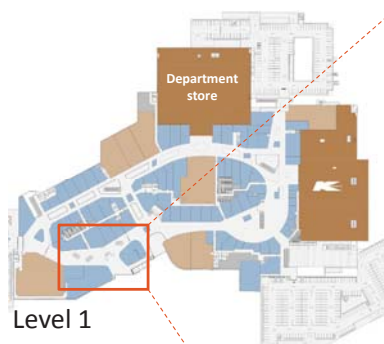
Artist's impression

Roselands



## Vibrant new dining precinct

### Artist's impression



## Contact details and disclaimer

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