



Quarterly update

March 2016

4 May 2016



Agenda



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Strategic focus

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



- 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 and low MER

Key financial objectives ('through cycle' basis)

Group level	Target
Total return ¹	>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.

Group highlights

An active year to date



Joint venture agreed to **develop a new DFO at Perth Airport**

First transaction in asset divestment program announced

- Indooroopilly Central, QLD sold for 31% premium to book value

Moody's initiated with an 'A2/stable' rating and **S&P raised** its 'A-' credit rating outlook to 'positive'

Debt duration extended to 4.9 years post launch of **Inaugural European MTN program** with £350m (A\$650m) of 10-year notes issued and repaying \$440m of MTNs on 2 May 2016

\$120m (\$63m Vicinity share) of **development projects completed**

- a forecast average initial yield on costs of >10% and IRR of >15%

\$350m Mandurah Forum **major redevelopment commenced**

Comparable specialty store **MAT growth of 2.9%**

- impacted by early Easter and warm start to Autumn

Strong progress on integration and merger synergies



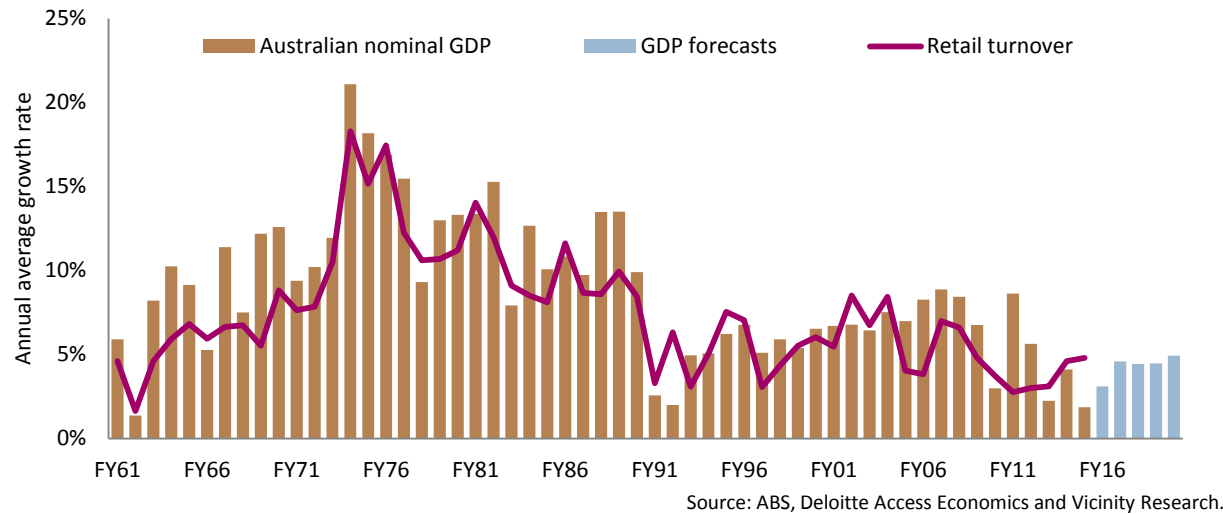
DFO South Wharf, VIC

Retail environment

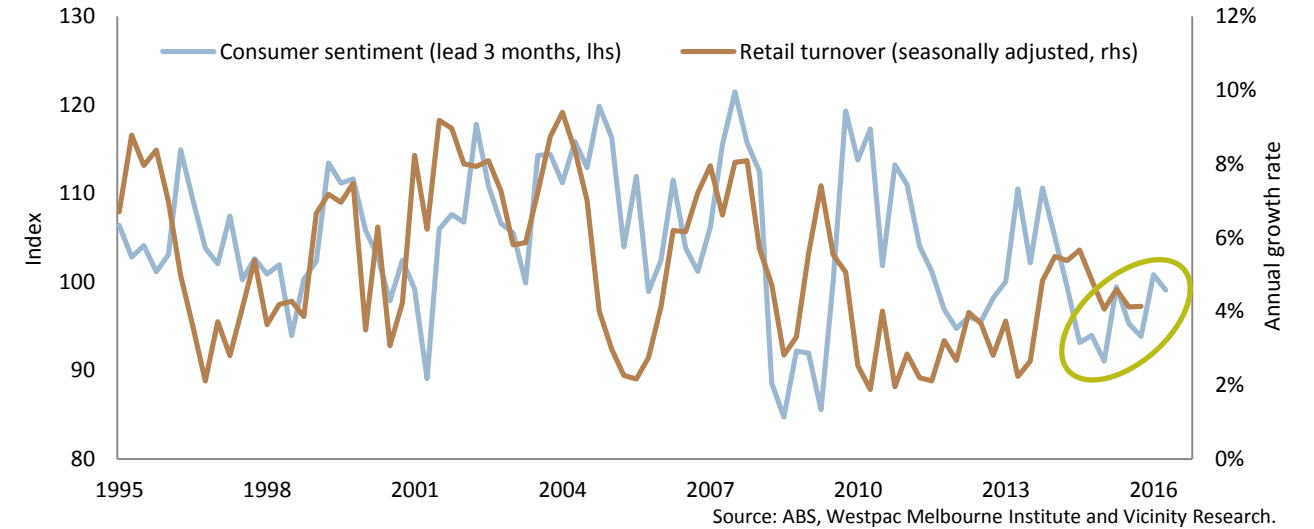
Economic outlook remains solid, improving consumer sentiment and a low AUD benefitting domestic retail sales



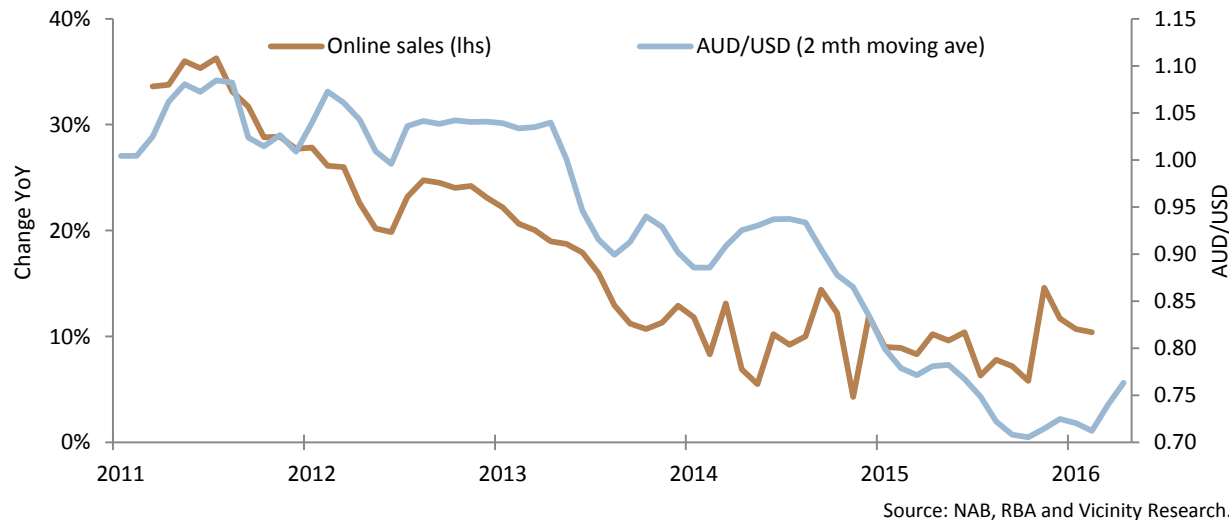
Solid economic growth outlook to underpin retail sales growth



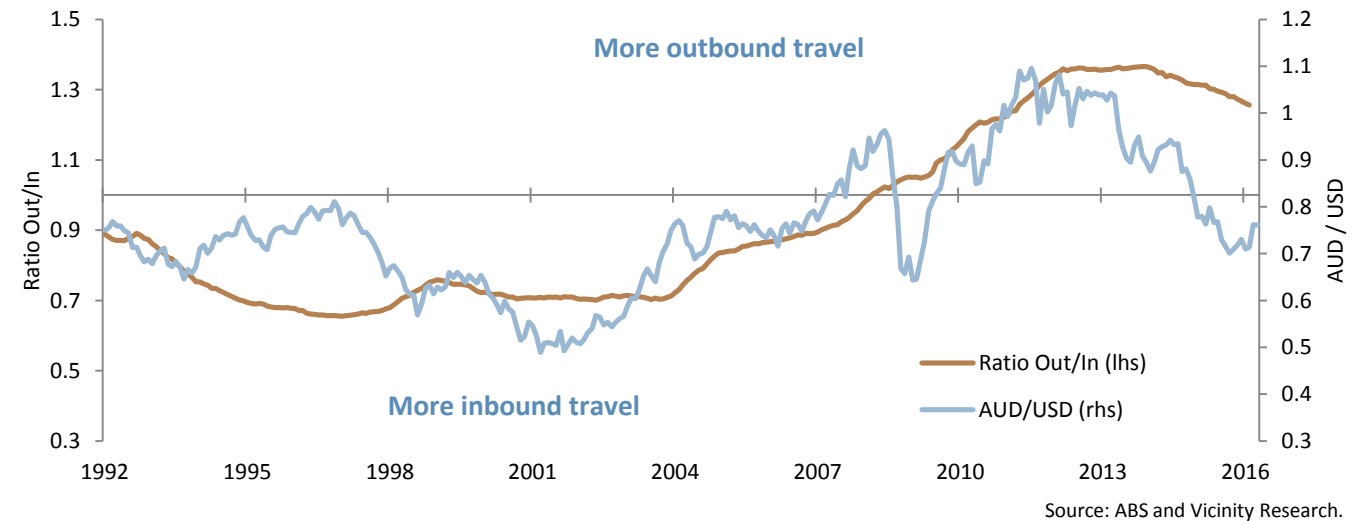
Retail sales growth is expected to benefit from improving consumer sentiment



Falling Australian dollar driving lower online sales growth



Slowing offshore travel is supporting domestic spending



Portfolio sales by store type

Total sales growth supported by improvements across all majors categories



	Actual MAT 31-Mar-16		Comparable ¹ MAT growth	
	MAT (\$m)	% of portfolio sales (%)	31-Mar-16 (%)	31-Dec-15 (%)
Specialty stores	6,465	37.2	2.9	3.4
Supermarkets	5,223	30.1	0.0	(0.3)
Mini majors	1,899	10.9	4.1	3.0
Discount department stores	1,828	10.5	1.6	0.4
Other retail ²	1,118	6.4	4.0	1.5
Department stores	831	4.8	3.0	2.4
Total portfolio	17,364	100.0	2.0	1.6

Note: Totals may not sum due to rounding.

All majors categories MAT sales improved

- Individual brand performance remains mixed

Easter was in March 2016 and in April 2015

- Total sales growth slowed, particularly across City Centres
- Supermarket sales boosted although offset by continued price competition
- Cinemas sales (Other retail) boosted

Sales growth in Victoria and Queensland also impacted by school holidays in March 2016, compared to April 2015

1. Excludes acquisitions, divestments and development-impacted centres in accordance with Shopping Centre Council of Australia guidelines.

2. Other retail includes cinemas and sales-reporting tenancies including travel agents, auto accessories, lotteries and other entertainment.

Portfolio specialty store performance and trends

Specialty store sales growth impacted by Easter (particularly in CBD centres) and warm Autumn (apparel down)



	Actual MAT 31-Mar-16		Comparable ¹ MAT growth	
	MAT (\$m)	% of specialty sales	31-Mar-16 (%)	31-Dec-15 (%)
Apparel	2,158	33.4	3.1	3.3
Food catering	951	14.7	2.7	2.3
General retail ²	620	9.6	4.6	4.2
Food retail	599	9.3	(1.1)	0.2
Retail services	564	8.7	7.0	7.7
Homewares	443	6.9	1.6	3.6
Jewellery	434	6.7	2.1	2.9
Leisure	415	6.4	0.5	0.3
Mobile phones	280	4.3	6.7	9.0
Total specialty stores	6,465	100.0	2.9	3.4

Note: Totals may not sum due to rounding.

1. Excludes acquisitions, divestments and development-impacted centres in accordance with SCCA guidelines.
2. General retail includes giftware, pharmacy and cosmetics, pets, discount variety, tobacconists, florists and toys.

Apparel

- Impacted by warmer than average start to Autumn
- Strongest growth in Men's apparel (up 6.0%), fashion accessories (up 9.0%) and footwear (up 7.0%)
- Women's apparel the weakest (down 0.8%)

Food catering

- Cafes and Restaurants showing strong growth (up 5.9%)

Food retail

- Consolidation of stores and low inflation impacting growth

Retail services

- Health and Wellbeing operators expanding
- Hairdressing/Beauty performing strongly (up 8.8%)
- Optometrists sales growth remains elevated (up 4.9%)

DFO Perth development

Joint venture to create new Outlet Centre in Perth



Joint venture with Perth Airport to **develop a new 24,000 sqm DFO**

- Over 110 specialty stores
- Over 1,600 car spaces
- 31-year ground lease with a 49-year option

Further reinforces Vicinity's **leadership position** in Outlet Centres

Centrally located on major arterial roads (current and under construction), within **30 minutes drive for the majority of Perth residents**

Greenfield development enables optimisation of design and construction

Total project cost of ~**\$145m** to be jointly-funded through the development¹

Forecast initial yield on cost of >8% and IRR of >13%

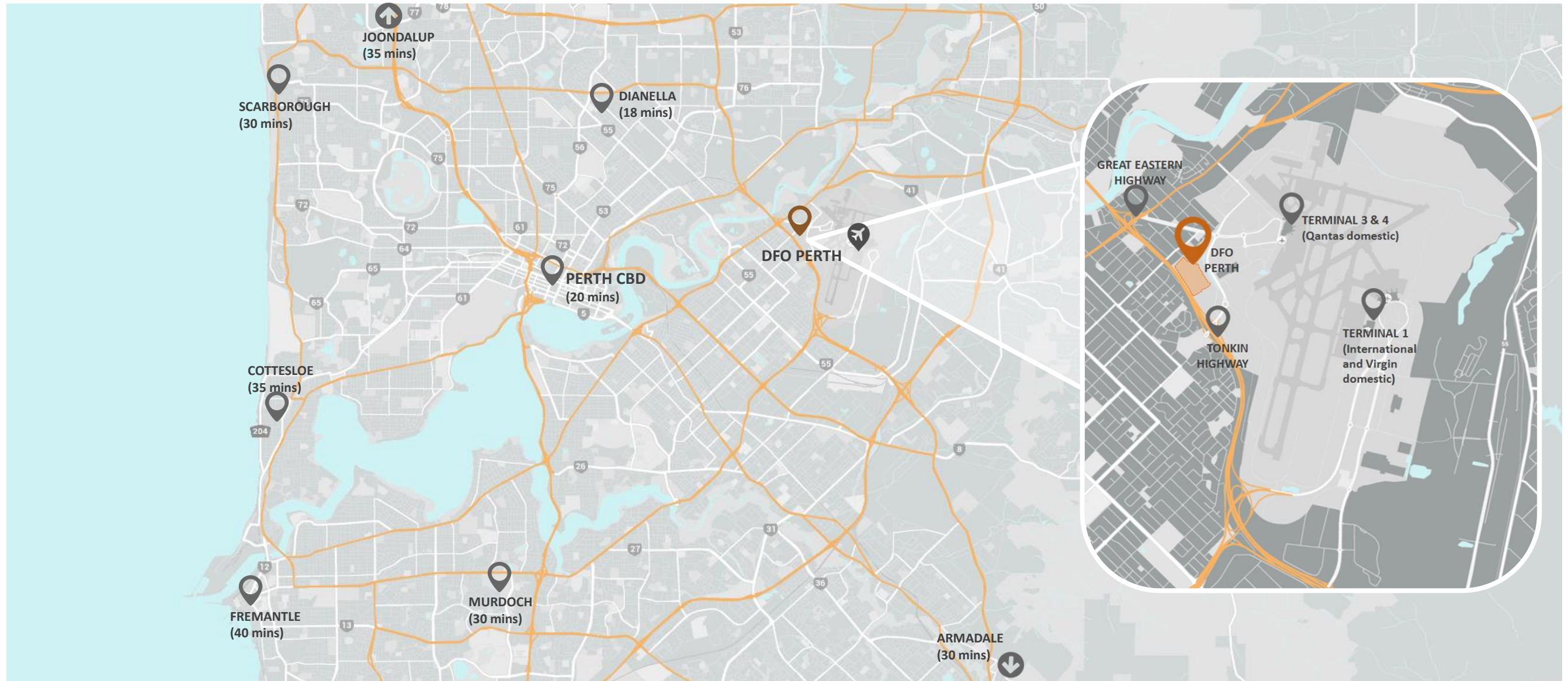
Construction expected to commence in mid-2017 and **complete in 2018** subject to planning approvals



1. Total cost including a lump sum rental payment. Vicinity's share is approximately \$72.5m.

DFO Perth development

Ideally located to service Perth residents and 14 million domestic and international travellers annually¹



1. 12 months to 30 June 2015.

Asset divestment program

A strong start



December 2015 announced \$750m to \$1b of assets to be divested subject to market conditions¹

Sale of Indooroopilly Central agreed for \$85m reflecting a 31% premium to December 2015 book value and a passing yield of approximately 5.9%

This transaction removes Vicinity's exposure to pure Bulky Goods assets (previously identified as not core to the portfolio strategy)

Settlement is expected around 30 June 2016

“Vicinity’s strategy is to own high quality assets across the retail spectrum that are well-positioned in strong catchments and where we can add value through our intensive asset management and development capability.”

1. No impact on FY16 underlying earnings per security (EPS) guidance is anticipated due to the expected timing of asset sales. In the short term, proceeds from asset sales are assumed to be used to repay debt. Prior to any reinvestment, the expected impact of the asset sales on underlying EPS is approximately 0.7 to 0.9 cents dilution on an annualised basis and on gearing, a reduction of between approximately 350 bps to 450 bps.



Indooroopilly Central, QLD

Ellenbrook and Livingston update

Strong progress post acquisition in December 2015



Synergies achieved through head count and intensive asset management approach by leveraging depth and breadth of on-the-ground team

Risk and compliance training and new centre websites completed on day one

Casual mall leasing executives appointed at both centres

New supply contracts negotiated including new cleaning contractors appointed with positive customer response

Trading well above Urbis benchmark for specialty store MAT/sqm¹



The Shops at Ellenbrook, WA

The Shops at Ellenbrook

- Vacancies reduced from five on acquisition to three, full occupancy expected by June 2016
- Customer traffic continues to increase month on month
- New centre and operations managers appointed
- Casual mall leasing income above expectation
- Three capex projects commenced

Livingston Marketplace

- Remains fully leased
- Casual mall leasing sites reconfigured to drive income including semi permanent kiosk secured
- Two capex projects completed



Livingston Marketplace, WA

1. Average specialty MAT/sqm for a single DDS Sub Regional centre in 2014/15 averages was \$8,272.

Development highlights

Significant progress on projects achieved during the period



Three projects totalling¹ \$120m opened during quarter

Warriewood Square **on track to open** in June 2016

Chadstone Retail **leasing well progressed**

\$350m Mandurah Forum project **commenced construction**

\$3.1b² development pipeline

Roselands and The Glen **planning remains on schedule**



Colonnades, SA

Projects completed during the quarter	Project cost (\$m)		Initial yield (%)	IRR (%)
	(100%)	(Vicinity share)		
Halls Head Central	55	27	>9	>15
Colonnades	51	26	>9	>13
DFO South Wharf	14	10	>18	>25
Total – 3 projects	120	63	>10	>15

1. 100% interest. Vicinity's share is \$63m.
 2. 100% interest. Vicinity's share is \$1.5b.



Halls Head Central, WA

Halls Head Central \$55m development^{1,2} completed

Centre tripled in size to become a Sub Regional shopping centre



Opened **fully leased** in March 2016

Centre trading strongly

Alfresco restaurants have been well received by local community

Aldi will open in June 2016

Forecast returns **ahead of initial projections**

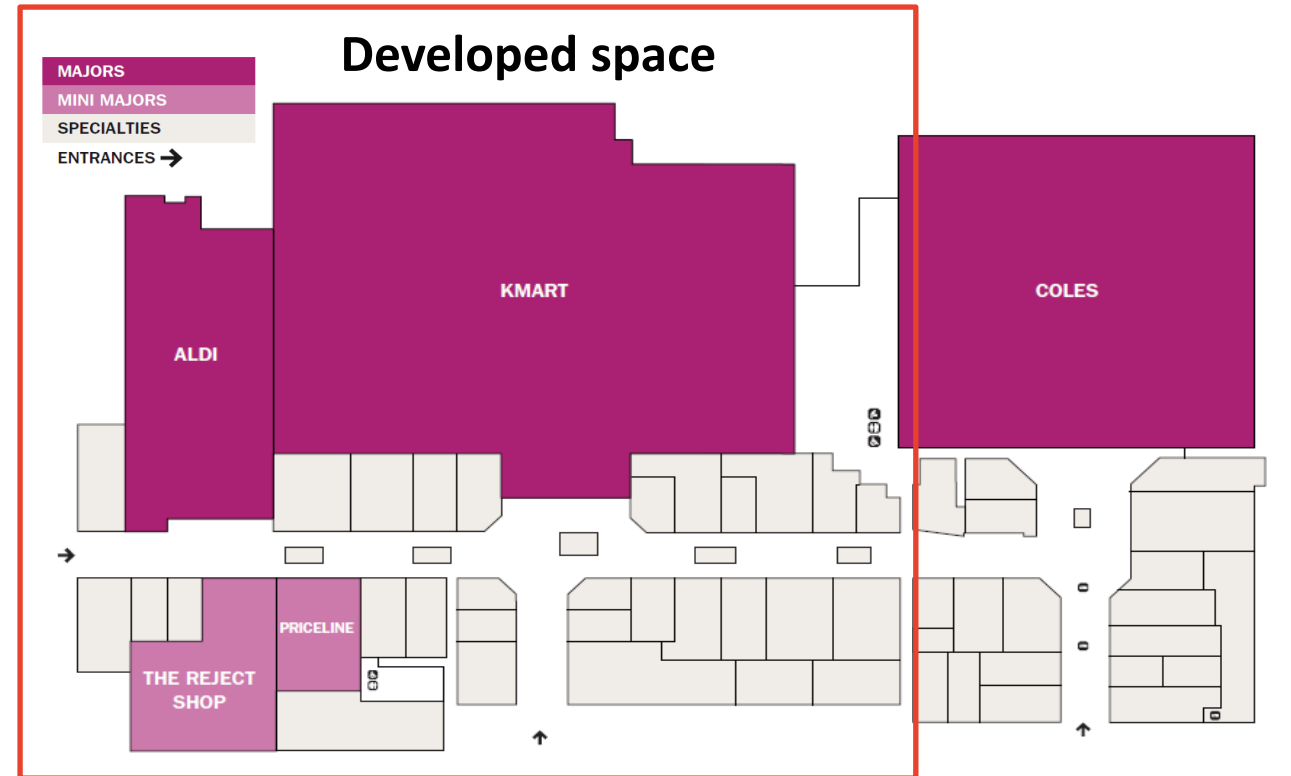
- Forecast initial yield of >9% and IRR >15%

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

2. Includes expansion of project scope since original approval.



Centre statistics	Post	Pre
Centre type	Sub Regional	Neighbourhood
Majors	Coles, Kmart, Aldi	Coles
Mini majors	2	Nil
Total stores	57	15
GLA (sqm)	19,161	5,965



Colonnades \$51m development¹ completed

Centre expanded including new fresh food offer and introduction of Aldi



All stores leased and trading²

Both Woolworths and Aldi trading strongly

Fresh food tenants enjoying significant increase in patronage – new food hall design has created an important point of difference for centre

Forecast returns **ahead of initial projections**

- Forecast initial yield of >9% and IRR >13%

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

2. One external pad-site remains under construction.



Centre statistics	Post	Pre
Majors	8	6
Mini majors	9	9
Total stores	217	203
Car spaces	4,116	3,550
GLA (sqm)	83,476	66,581



DFO South Wharf \$14m development¹ completed

Mini major reconfiguration and food court upgrade



Opened in March 2016

Income achieved well above budget

Continued strong demand for retail specialty space at the centre

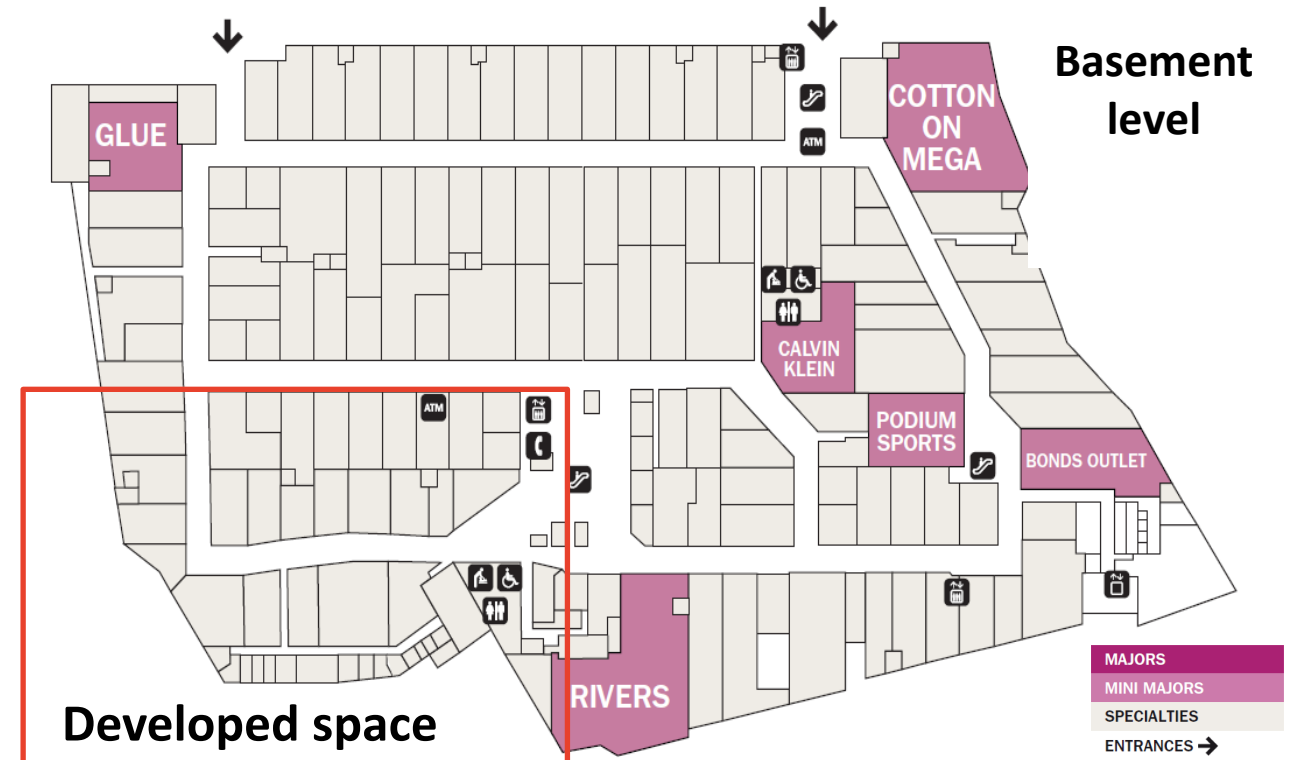
Forecast returns **ahead of initial projections**

- Forecast initial yield of >18% and IRR >25%

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



Centre statistics	Post	Pre
Mini majors	32	33
Total stores	214	192
GLA (sqm)	56,470	55,983



Warriewood Square \$87m project¹ nearing completion

Development on track to open in June 2016



Expansion of Woolworths, a new Aldi, the introduction of two mini majors (A Mart and Cotton On Mega) and 26 additional specialty stores

New car park deck with improved parking to drive centre sales

Forecast initial yield of >7% and IRR >11%

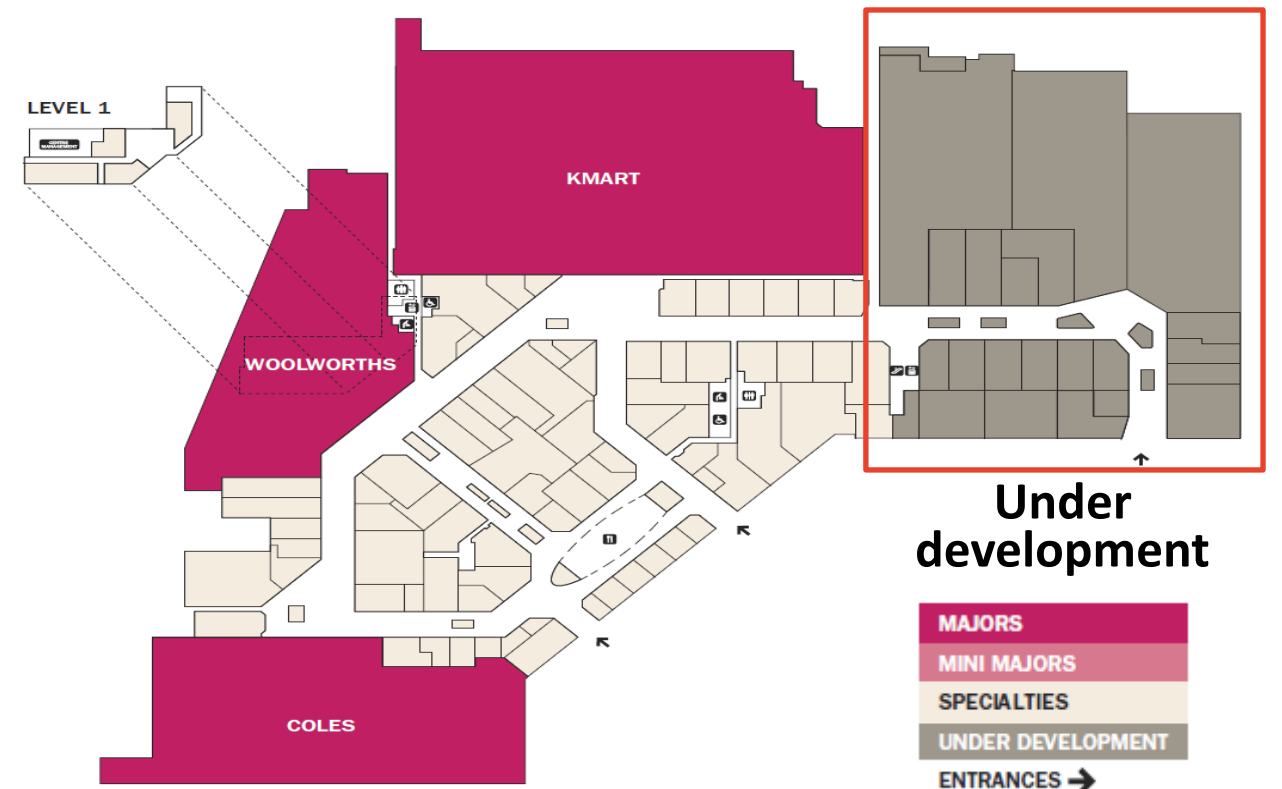
On track for completion in June 2016

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



Artist's impression

Centre statistics	Post	Pre
Majors	Kmart, Coles, Aldi, Woolworths (expanded)	Kmart, Coles, Woolworths
Mini majors	2	Nil
Specialties	112	86
Car spaces	1,450	1,056
GLA (sqm)	30,043	22,136



Chadstone development progressing well

The evolution of Australia's best shopping centre continues



Key metrics

Cost (Retail and Office) ¹	\$666m
Initial yield	>6%
Expected IRR	>10%

World-class entertainment and leisure precinct around a central atrium with five international flagship stores, an expanded luxury mall, nine new restaurants plus a 1,300-seat food gallery and a new Hoyts digital cinema complex

Progress

Retail project leasing largely complete and on budget

14-bay centralised bus interchange opened in August 2015

New Target store opened in September 2015 and trading strongly

Gridshell roof construction under way

Office project to be completed by Christmas 2016

On track for full project completion in 2017

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

Mandurah Forum development commenced

Complete centre refurbishment and expansion



Key metrics

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

Site mobilisation occurred in late April 2016 and major construction works commenced in first week of May 2016

Positioned to reinforce centre as dominant retail destination in one of Australia's fastest growing regions (2.8% growth per annum forecast to 2028²) and will also address high levels of escape expenditure from the catchment

Complete centre refurbishment including new David Jones department store, Target, mini majors, specialty retailers, a new modern food court and alfresco dining area

Specialty stores to increase by 90 stores to over 180

GLA increases from 38,300 sqm to 64,500 sqm

675 car spaces to be added

Project completion expected in early 2018

1. 100% interest. Vicinity's share is 50%.
2. Forecasts by Urbis, August 2015.



FY16 outlook and focus

Well positioned to create value and sustainable growth



Underlying earnings per security (EPS) guidance unchanged at 19.1 cents¹

- Payout ratio is expected to be 90% to 95% of underlying EPS

Progress asset divestment program to fund value-accretive development and acquisition opportunities

Continue intensive asset management to **drive cost efficiencies, revenue growth and improve portfolio metrics**

Achieve \$49m of operational cost synergies (100% of Scheme Booklet target)²

Advance preparations for **Melbourne offices to move** into new Chadstone office tower

Progress development pipeline

- Complete Warriewood Square in June 2016
- Progress Chadstone Retail and Office and Mandurah Forum projects
- Advance other projects in the pipeline

1. Subject to no unforeseen deterioration of economic conditions.

2. On a run rate or annualised basis.



Chadstone, VIC

Appendices



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Asset summaries

Centre statistics – 31 March 2016



	Centre type	Interest (%)	Moving annual turnover (\$m)	Centre sales (\$/sqm)	Specialty sales (\$/sqm)
New South Wales					
Chatswood Chase Sydney	Major Regional	100	573.3	9,936	13,468
Bankstown Central	Major Regional	50	468.1	6,163	8,146
Roselands	Major Regional	50	312.0	5,341	8,518
Lake Haven Shopping Centre	Sub Regional	100	287.1	8,332	9,945
Nepean Village	Sub Regional	100	231.8	10,416	11,377
Carlingford Court	Sub Regional	50	191.7	7,183	9,304
Warriewood Square ¹	Sub Regional	50	n.a.	n.a.	n.a.
Toormina Gardens	Sub Regional	50	151.4	7,726	9,553
Tweed Mall	Sub Regional	100	128.2	6,331	6,066
Lavington Square	Sub Regional	100	116.2	6,817	8,096
Armidale Central	Sub Regional	100	93.5	6,428	5,993
West End Plaza	Sub Regional	100	91.8	5,993	6,388
Maitland Hunter Mall ¹	Sub Regional	100	n.a.	n.a.	n.a.
Lennox Village	Neighbourhood	50	116.7	11,962	6,760
Terrace Central	Neighbourhood	100	58.8	9,685	8,284
DFO Homebush	Outlet Centre	100	308.2	10,372	14,199
Australian Capital Territory					
Tuggeranong Hyperdome	Regional	50	295.0	4,550	6,998
Tasmania					
Eastlands Shopping Centre	Regional	100	228.1	7,154	7,381
Northgate Shopping Centre	Sub Regional	100	136.9	7,776	9,259

	Centre type	Interest (%)	Moving annual turnover (\$m)	Centre sales (\$/sqm)	Specialty sales (\$/sqm)
Queensland					
The Myer Centre Brisbane	City Centre	50	340.7	5,608	10,870
QueensPlaza	City Centre	100	309.2	8,638	22,404
Grand Plaza Shopping Centre	Regional	50	356.5	7,025	9,617
Mt Ommaney Centre	Regional	25	321.4	6,644	7,865
Runaway Bay Shopping Village	Regional	50	297.3	8,615	10,378
Toombul	Regional	100	237.2	6,865	8,143
Clifford Gardens Shopping Centre	Sub Regional	100	197.3	7,673	9,554
Gympie Central	Sub Regional	100	119.0	8,732	10,270
Whitsunday Plaza	Sub Regional	100	106.4	5,763	10,224
Taigum Square	Sub Regional	100	105.9	5,966	5,915
Buranda Village	Sub Regional	100	62.5	7,078	8,670
Oxenford Village	Neighbourhood	100	74.0	16,936	11,788
Goldfields Plaza	Neighbourhood	100	61.4	8,995	9,158
Monier Village	Neighbourhood	100	49.8	9,629	5,994
North Shore Village	Neighbourhood	100	46.7	15,005	5,070
Milton Village	Neighbourhood	100	24.0	16,928	12,726
Indooroopilly Central	Bulky Goods	100	30.3	3,609	7,054
South Australia					
Elizabeth Shopping Centre	Regional	100	348.9	5,702	7,443
Colonnades ¹	Regional	50	n.a.	n.a.	n.a.
Castle Plaza Shopping Centre	Sub Regional	100	148.4	7,117	9,083
Kurralta Central	Sub Regional	100	77.0	7,472	9,329
Hilton Plaza	Neighbourhood	100	39.2	9,838	6,217

1. Sales are development impacted.

Asset summaries

Centre statistics – 31 March 2016 (continued)



	Centre type	Interest (%)	Moving annual turnover (\$m)	Centre sales (\$/sqm)	Specialty sales (\$/sqm)
Victoria					
Chadstone Shopping Centre ¹	Super Regional	50	n.a.	n.a.	n.a.
Northland Shopping Centre	Major Regional	50	529.0	5,914	8,601
Bayside Shopping Centre	Major Regional	100	410.2	4,880	7,211
The Glen	Major Regional	50	347.0	6,513	8,355
Emporium Melbourne	City Centre	50	450.7	10,103	13,167
Myer Bourke Street	City Centre	33	n.r.	n.r.	n.r.
Forest Hill Chase	Regional	100	304.9	5,528	6,765
Broadmeadows Shopping Centre	Regional	100	265.2	4,861	5,955
Cranbourne Park ¹	Regional	50	n.a.	n.a.	n.a.
Victoria Gardens Shopping Centre	Sub Regional	50	189.8	6,477	9,602
Brimbank Shopping Centre	Sub Regional	100	182.2	5,444	5,573
Corio Shopping Centre	Sub Regional	100	160.5	6,417	5,562
Box Hill Central (South Precinct)	Sub Regional	100	152.1	7,205	8,904
Altona Gate Shopping Centre	Sub Regional	100	146.2	6,077	7,115
Roxburgh Park Shopping Centre	Sub Regional	100	141.0	6,338	5,566
Sunshine Marketplace	Sub Regional	50	134.9	4,514	6,267
Brandon Park	Sub Regional	50	133.0	6,864	5,479
Mornington Central	Sub Regional	100	101.8	8,783	9,885
Belmont Village	Sub Regional	100	95.3	6,851	6,807
Wodonga Plaza	Sub Regional	100	89.8	5,325	6,400
Box Hill Central (North Precinct)	Sub Regional	100	81.7	6,811	5,794
Bentons Square	Neighbourhood	50	132.2	15,133	7,337
Oakleigh Central	Neighbourhood	100	122.9	9,308	5,633

1. Sales are development impacted.

2. Sales from homemaker centre retailers are excluded from MAT/sqm calculations.

	Centre type	Interest (%)	Moving annual turnover (\$m)	Centre sales (\$/sqm)	Specialty sales (\$/sqm)
Victoria (continued)					
The Gateway	Neighbourhood	100	85.3	9,396	6,983
DFO South Wharf ²	Outlet Centre	75	357.5	8,596	8,266
DFO Essendon ²	Outlet Centre	100	223.6	8,841	8,961
DFO Moorabbin	Outlet Centre	100	143.2	5,961	6,449
Western Australia					
Galleria	Major Regional	50	504.6	7,086	11,327
Rockingham Shopping Centre	Regional	50	439.9	7,943	8,960
Mandurah Forum ¹	Regional	50	n.a.	n.a.	n.a.
The Shops at Ellenbrook	Sub Regional	100	240.7	9,179	9,864
Karratha City	Sub Regional	50	227.7	9,919	9,660
Warwick Grove	Sub Regional	100	210.0	8,126	7,382
Maddington Central	Sub Regional	100	184.5	7,245	7,305
Warnbro Centre	Sub Regional	100	167.7	8,283	7,233
Livingston Marketplace	Sub Regional	100	134.1	9,439	9,314
Halls Head Central ¹	Sub Regional	50	n.a.	n.a.	n.a.
Currabine Central	Neighbourhood	100	139.0	9,039	5,397
Stirlings Central	Neighbourhood	100	98.3	11,941	10,623
Dianella Plaza	Neighbourhood	100	95.7	6,576	5,422
Kalamunda Central	Neighbourhood	100	77.6	9,812	5,625
Flinders Square	Neighbourhood	100	67.5	12,596	6,932
Victoria Park Central	Neighbourhood	100	50.8	9,633	5,493
Albany Brooks Garden	Neighbourhood	100	46.1	7,608	5,096

Key dates



Key dates

Investor Day (Melbourne)	8 June 2016
Ex-distribution date for June 2016 distribution	28 June 2016
Record date for June 2016 distribution	30 June 2016
FY16 annual results	17 August 2016
June 2016 distribution payment	30 August 2016
2016 Annual General Meeting	18 November 2016

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

Contact details and disclaimer



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