



For personal use only

ANNUAL REPORT 2022



For personal use only

## 2022 HIGHLIGHTS

+15.5%

2H FY22 sales above  
2H FY19 levels

98.3%

Occupancy rate

A/A2

Investment-grade  
credit ratings

+21.8%

Total Securityholder Return

DISCLAIMER: This report contains forward-looking statements, including statements, indications and guidance regarding future performance. The forward-looking statements are based on information available to Vicinity Centres as at the date of this report (17 August 2022). These forward-looking statements are not guarantees or predictions of future results or performance 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 those expressed 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), we do not undertake to update these forward-looking statements.



**\$1,215m**

Statutory Net Profit After Tax

**\$554m**

Uplift in asset valuations

**7%**

Increase in Funds From  
Operations (FFO) per security

**Green Bond**

Issued inaugural \$300m  
Green Bond

## ACKNOWLEDGEMENT OF COUNTRY

Vicinity Centres acknowledge the Traditional Custodians of the land and pay respect to Elders past and present. As a business that operates across many locations across the nation, we recognise and respect the cultural heritage, beliefs and relationship with the land, which continue to be important to the Traditional Custodians living today.

## ABOUT THIS REPORT

This Annual Report is a summary of Vicinity Centres' operations, activities and financial position as at 30 June 2022. In this report, references to 'Vicinity', 'Group', 'Company', 'we', 'us' and 'our' refer to Vicinity Centres unless otherwise stated. References in this report to a 'year' and 'FY22' refer to the financial year ended 30 June 2022 unless otherwise stated. All dollar figures are expressed in Australian dollars (AUD) unless otherwise stated. This Annual Report discloses Vicinity's financial and non-financial performance for FY22. More information, particularly latest Company announcements and detailed sustainability reporting, can be found on Vicinity's website.

Vicinity is committed to reducing the environmental footprint associated with the production of the Annual Report and printed copies are only posted to securityholders who have elected to receive a printed copy. This report is printed on environmentally responsible paper manufactured under ISO 14001 environmental standards.

The following symbols are used in this report to cross-refer to more information on a topic:



References additional information  
available on Vicinity's website



References additional information  
within this Annual Report

|                       |    |
|-----------------------|----|
| Our Business Snapshot | 2  |
| Chairman's Letter     | 4  |
| CEO's Letter          | 6  |
| Our Performance       | 10 |
| Our People            | 14 |
| Our Destinations      | 20 |

|                                    |    |
|------------------------------------|----|
| Net Zero                           | 26 |
| Our Management of Risk             | 30 |
| Governance                         | 34 |
| Tax Transparency                   | 40 |
| Sustainability Assurance Statement | 46 |
| Financial Report                   | 48 |

|                              |     |
|------------------------------|-----|
| Directors' Report            | 49  |
| Remuneration Report          | 52  |
| Financial Statements         | 73  |
| Independent Auditor's Report | 115 |
| Summary of Securityholders   | 120 |
| Corporate Directory          | 121 |

## OUR BUSINESS SNAPSHOT

### ASSETS UNDER MANAGEMENT

TOTAL PORTFOLIO SALES

**\$15.7bn**

(FY21: \$14.2bn)

ASSETS MANAGED  
FOR PARTNERS

**29**

(Jun 21: 30)

GROSS LETTABLE AREA

**2.5m SQM**

(Jun 21: 2.4m sqm)

### DIRECT PORTFOLIO

PORTFOLIO VALUE

**\$14.5bn**

(Jun 21: \$14.3bn)

ASSETS

**59**

(Jun 21: 59)

PORTFOLIO OCCUPANCY

**98.3%**

(Jun 21: 98.2%)

EMPLOYEES

**1,266**

(Jun 21: 1,212)

EMPLOYEE  
SATISFACTION

**68%**

(Jun 21: 61%)

COMMUNITY INVESTMENT

**\$2.9m**

(FY21: \$3.2m)

CARBON INTENSITY

**55kg CO<sub>2</sub>-e**

(FY21: 54kg CO<sub>2</sub>-e / sqm)



NABERS ENERGY RATING

**4.6 Stars**

(FY21: 4.4 Stars)



For personal use only

## TENANTS

6,874

(Jun 21: 6,981)

## PARTNER AUM

\$9.2bn

(Jun 21: \$8.8bn)

## PARTNERS

23

(Jun 21: 23)

NET TANGIBLE ASSETS PER  
SECURITY (NTA)

\$2.36

(FY21: \$2.13)

PROPORTION OF  
DEBT HEDGED

85%

(Jun 21: 96%)

## GEARING

25.1%

(Jun 21: 23.6%)

## CENTRE VISITS

333m

(FY21: 344m)

## DATABASE MEMBERS

1.07m

(Jun 21: 953,000)

## NET PROMOTER SCORE

42

(Jun 21: 45)



## CHAIRMAN'S LETTER

Dear Securityholders,

I am pleased to present Vicinity Centres' (Vicinity) Annual Report for the 12 months ended 30 June 2022 (FY22).



Trevor Gerber  
Chairman

FY22 has been another remarkable year for Vicinity. While our two largest states – Victoria and New South Wales – were in lockdown for much of the first half of the year, we observed a significant and sustained rebound in retailer confidence and retail trading conditions in the six months that followed.

Retail sales across the total portfolio surpassed pre-COVID-19 levels in the second half of FY22, despite the outbreak of Omicron in late December 2021, demonstrating the underlying resilience of the Australian retail sector. Furthermore, the acceleration of online shopping slowed, with consumers showing a preference for omnichannel shopping, which combines the power of the physical store with an online presence.

The resilient retail sector, combined with Vicinity's execution of its strategy and focus on delivering quality operational and leasing outcomes, continues to underpin our ongoing recovery from the pandemic.

In FY22, Vicinity delivered Statutory Net Profit After Tax of \$1,215 million, representing a \$1,473 million uplift on the prior year. Funds From Operations (FFO) increased 7% to \$598.3 million driven by 8% growth in Net Property Income, partially offset by higher net interest costs, as well as increased corporate costs.

The Board was pleased to declare a final distribution of 5.7 cents per security, bringing the total FY22 distribution to 10.4 cents per security and representing a payout of 95.3% of Adjusted FFO (AFFO); within Vicinity's distribution payout range of 95–100% of AFFO.

The underlying strength of the retail sector was also demonstrated by a solid recovery in valuations, which increased \$554 million over FY22. This result was driven by income growth, particularly across our flagship Premium and Outlet centres, while the valuations of Sub Regional and Regional centres benefitted from strong transactional evidence.

Vicinity continued its disciplined approach to financial stewardship. Despite the disruption and cost of the pandemic, we maintained our strong balance sheet and credit metrics. During the year, Vicinity's credit ratings were affirmed A/stable outlook by Standard & Poor's and A2/stable outlook by Moody's Investors Service. Owing to a number of successful capital initiatives undertaken during and since the pandemic, we are well positioned to execute on our long-term growth agenda.

Vicinity's commitment to creating sustainable precincts and transitioning our assets to a low carbon economy was recognised by investors as part of our inaugural Green Bond issuance of \$300 million of six-year AUD-denominated medium-term notes (MTN).

Despite increased volatility in local and offshore bond markets at the time, the issuance was oversubscribed.

While managing the near-term challenges of the pandemic, Vicinity has also remained focused on long-term strategy, namely to optimise and grow our core retail portfolio, execute our retail and mixed-use development pipeline and deepen our funds management relationships with strategically aligned capital partners.

During the year, we enhanced our investment portfolio by selectively acquiring and disposing of assets and delivering high-quality asset management, notably across property management and leasing. Vicinity demonstrated its willingness to recycle capital from well-optimised assets into higher growth assets, with the acquisition of Harbour Town Premium Outlets Gold Coast and the subsequent sale of Runaway Bay Centre, also on the Gold Coast. These transactions were accretive to FFO per security in FY22, and the acquisition of Harbour Town further bolstered Vicinity's category leadership position in the growing Outlet sector.

Vicinity has also made significant progress on delivering its \$2.9 billion retail and mixed-use development pipeline, with most of the development spend focused on six key assets: Chadstone, Box Hill Central and Victoria Gardens Shopping Centre in Victoria; Chatswood Chase Sydney and Bankstown Central in New South Wales; and Buranda Village in Queensland.

# \$554m

Uplift in asset valuations

STATUTORY NET PROFIT  
AFTER TAX

**\$1,215m**  
((\$1,473m uplift on FY21))

DISTRIBUTION  
PER SECURITY

**10.4 cents**  
(Increased from 10.0 cents in FY21)

FUNDS FROM  
OPERATIONS

**\$598.3m**  
(Increased by 7% since FY21)

As part of our strategy to grow our third-party capital partnerships and bolster our funds management credentials, we appointed a Director, Funds Management to the Executive Committee in January 2022. Enhancing our capabilities and focus in this area will help attract high-quality, strategically aligned partners to help fund our significant development pipeline and grow our funds management business.

Sustainability is fundamental to the successful execution of our strategy and the long-term performance of our business. During FY22, Vicinity strengthened a number of its sustainability credentials across its Community Significance, Low Carbon Smart Assets and Climate Resilience pillars.

Once again, Vicinity improved its ranking on the Dow Jones Sustainability Index from 7th to 5th and was ranked Oceania Sector Leader and 3rd globally in Listed Retail Shopping Centre category by Global Real Estate Sustainability Benchmark (GRESB). Also of note, Vicinity became a supporter of the Task Force on Climate-Related Financial Disclosures and published its second Modern Slavery statement as well as its second Innovate Reconciliation Action Plan.

Together with my fellow Directors, I am delighted with the progress Vicinity has made to date in sustainability and look forward to further strengthening our credentials in FY23. Our approach to sustainability is anchored by our objective to drive value for all our stakeholders.

FY22 was a busy year and we have been very pleased with the momentum of Vicinity's recovery from the pandemic and the opportunities for future growth ahead.

Your Board continues to ensure good governance, which as we know, is the bedrock of good business outcomes and securityholder value accretion. In my role as Chairman, I am pleased with how the Board is operating and of course, reviewing the mix of skills, experience and diversity on our Board is an ongoing commitment.

As announced in May, Ms Karen Penrose has indicated her intention to resign from the Vicinity Board, effective 15 September 2022. Together with my fellow Directors, I would like to acknowledge and thank Karen for her significant and lasting contribution to Vicinity and its Board of Directors. Karen has brought valuable insights and experience to our Board for many years. In her role as Chair of the Audit Committee, Karen has played a critical role in driving robust financial stewardship at Vicinity.

As we look ahead to FY23 and beyond, I am confident that Vicinity has the team and the assets to deliver on our long-term growth agenda and at the same time, adapt to the increasingly uncertain macroeconomic outlook. Vicinity takes pride in its prudent approach to allocating capital while preserving its flexible balance sheet, credit metrics and ultimately, its disciplined approach to paying distributions.

In summary, FY22 was a year of significant progress and delivery at Vicinity, despite the continued challenges of the pandemic. Together with the Board, I would like to acknowledge and thank Management and the entire Vicinity team for their continued resilience and steadfast focus on delivering value for our customers, retail partners, communities and importantly, our securityholders.

Additionally, I would like to thank my fellow Directors for their valuable contribution and support in FY22.

And finally, thank you to our securityholders and indeed all our stakeholders for your support of Vicinity.

Best regards,



**Trevor Gerber**  
Chairman



## CEO'S LETTER

Dear Securityholders,

FY22 was another extraordinary year for Vicinity and the retail sector generally.

Despite the challenges that Vicinity faced in early FY22, we delivered significant progress against our strategy, and our recovery from the pandemic gathered momentum, particularly in the second half (2H FY22).

We also observed the continued resilience of the Australian retail sector as it delivered a marked rebound in retail sales and retailer confidence in 2H FY22, underpinned by purposeful shopping and a growing customer preference for visiting physical stores.

Throughout FY22, our team remained disciplined in executing our long-term strategy, while managing the near-term challenges of the pandemic.

Together with business performance, the health, safety and wellbeing of our people and communities remained our highest priority throughout the year. We continued to focus on wellbeing programs across the business and further enhanced our focus on hybrid working. Our efforts over the past 12 months saw a substantial improvement in employee engagement, which was a core driver of our success in FY22.

### NET PROPERTY INCOME

**+8%**  
(Growth vs. FY21)

### IN FY22, WE COMPLETED

**1,378**  
New leasing deals

### HIGH QUALITY EXECUTION DRIVES STRONG PERFORMANCE IN FY22

Our FY22 performance, measured by growth in FFO of 7% and in net property income of 8% when compared to FY21, was underpinned by improved retail trading conditions combined with strong operational execution and prudent financial stewardship.

The health of the Australian retail sector was strong during FY22, supported by elevated household savings and an extremely tight employment market. Consumers continued to show confidence and capacity to spend. Purposeful shopping remained a key observable trend, so while FY22 centre visitation was below the pre-COVID-19 levels of FY19, average spend per visit remained 1.3 times 2019 levels.

Higher spend per visit, combined with the introduction of on-trend retailers and the particular success of luxury retail in Vicinity's centres, supported total portfolio retail sales<sup>1</sup> growth of 15.5% in 2H FY22 relative to the same period in 2019. Excluding CBDs, which have been more impacted by the pandemic, retail sales were 16.9% higher.

Despite four months of lockdown in Victoria and New South Wales in 1H FY22, total portfolio moving annual turnover (MAT) was up 6.7%, with strong growth reported across mini majors and specialty stores. The key drivers were discretionary categories, including Jewellery, Apparel and Food Catering.

Vicinity's highly targeted approach to leasing negotiations preserved the weighted average lease expiry profile, improved leasing spreads and enhanced retailer mix across Vicinity's centres.

During FY22, our team completed 1,378 leasing deals, 121 more deals than in FY21. After a moderation in leasing activity in January and February 2022, due to seasonality as well as the outbreak of Omicron, deal momentum accelerated with the number of deals completed in June 2022 being 49% higher than the number of deals completed in June 2021.

Our recovery over the past 12 months is also demonstrated by improving leasing spreads and new leasing deals being negotiated on appropriate terms.

We also saw positive momentum in leasing spreads with the average for FY22 at -4.8% relative to -6.4% in 1H FY22 and -12.7% in FY21. Additionally, of all new leasing deals agreed in FY22, 71% were negotiated with fixed annual increases of 5%, and cumulatively, 94% of all new deals were negotiated with fixed annual increases of at least 4%.

Importantly, while spreads continue to be negative, the fixed annual increases support current and future NPI growth.

Pleasingly, Vicinity leased 374 vacant stores in FY22 and increased overall occupancy to 98.3% at the end of June 2022, a slight increase versus the 98.2% reported at 31 December 2021.

At the height of the pandemic, we were proud to support the retail sector, partly through the introduction of the SME Code. Working in partnership with our retailers and, in particular SME businesses, is and always has been a high priority as their success is our success.

1. Sales are reported on a comparable basis, which excludes acquisitions, divestments and development-impacted centres in accordance with Shopping Centre Council Australia (SCCA) guidelines. Also excludes travel sales.

**Grant Kelley**  
CEO and Managing  
Director



As we transitioned to living with COVID-19, and with the expiration of the remaining state SME Codes in March 2022, we continued to support our retail partners. In FY22, we provided assistance to small businesses and other retail partners in categories and locations most impacted by the pandemic, such as food and beverage, travel and CBD locations.

COVID-19 lease variation negotiations with non-SME retail tenants continued to focus on driving mutual value and leasing outcomes that supported retail partners experiencing hardship, balanced against the quality of Vicinity's assets.

The improvement in retail sales and therefore retailer confidence positively impacted our cash collections. Collection of gross rental billings averaged 91% for FY22<sup>1</sup>, and 93% for 2H FY22.

One of the highlights from the second half of FY22 was the improvement in SME retail sales, now broadly in line with non-SME specialty sales, improving the collection of current and overdue rent from 66% of gross billings 1H FY22 to 80% for FY22.

The team worked diligently to complete outstanding negotiations with SME retailer partners, and COVID-19 lease negotiations are expected to be substantially finalised by the end of 1H FY23.

Our Retailer First Program has been well received, with Vicinity increasingly being recognised as a partner of choice for growth-oriented retailers. Of note, our national retail tenants ranked Vicinity number one on the retailer net promoter score, and number two overall across 10 retail landlords, as we have focused on building stronger and more long-term relationships with our retailers, enhanced tenant experiences and have driven higher retention.

Over the past 12 months, we had approximately 333 million customer visits through our centres. Our team has focused on creating a safe environment for retailers and shoppers, improving the convenience of shopping, and identifying opportunities to connect with our customers in new and unique ways.

We launched a new national marketing campaign, Monopoly 'Shop, Scan, Win', which provided another way for our customers to engage with retailers by visiting their favourite stores or exploring new ones within our centres. Throughout Victoria and New South Wales, we launched our Shop Local campaign and Retailer Series – highlighting the retailer partners we have within our centres and encouraging our customers to shop locally.

It was also great to see new types of engagement, including the unveiling of an NFT<sup>2</sup> Christmas tree at The Galleries in Sydney, the support of local musicians and entertainers as part of our Spotlight Series in various centres, and a new partnership with Birrunga Gallery to bring contemporary Indigenous art to QueensPlaza in Brisbane.

#### OCCUPANCY RATE

**98.3%**

Up from 98.2%

#### OVER THE PAST 12 MONTHS

**333m**

Customer visits through  
our centres

1. Cash collections reported for the period in which they are billed, with collections reported as at 4 August 2022.

2. Non-fungible token.



## CEO'S LETTER CONTINUED

### DELIVERING AGAINST OUR STRATEGY

In 2018, we launched a long-term strategy focused on enhancing our core retail portfolio and growing our funds management and third-party capital business, while accelerating our retail and mixed-use development projects by leveraging existing assets and capabilities.

In FY22, we made strategic decisions to enhance the overall quality of our portfolio through selective acquisitions and divestments, further diversifying our asset base, and upweighting in the attractive Outlet sector.

APPROXIMATELY

# 85%

of the development spend is focused on

**major mixed-use opportunities:**

Chadstone, Box Hill Central and Victoria; Gardens Shopping Centre in Victoria, Chatswood Chase Sydney and Bankstown Central in New South Wales; and Buranda Village in Queensland.

With the appointment of a new Director, Funds Management to the Executive Committee we have already seen a shift in our credibility with investors and have been able to participate in potential opportunities in a more targeted and focused manner.

Our development pipeline saw great momentum in FY22 and represents an exciting phase of growth for Vicinity. Our \$2.9 billion retail and mixed-use development program includes projects that are expected to be completed between FY23 and FY27.

Approximately 85% of the development spend is focused on six major mixed-use opportunities at: Chadstone, Box Hill Central and Victoria Gardens Shopping Centre in Victoria; Chatswood Chase Sydney and Bankstown Central in New South Wales; and Buranda Village in Queensland.

Importantly, given we own the land parcels earmarked for retail and mixed-use development, the pipeline is able to be flexed up and down in order to preserve the risk and return parameters of projects, and the pace of capital deployment, thereby maintaining our strong balance sheet, credit ratings and disciplined approach to paying distributions.

During FY22, Vicinity invested in number of retail and mixed-use projects.

In Victoria, this included progressing retail projects, such as Chadstone's new Entertainment and Leisure Precinct, expected to be completed by the end of FY23; a remix and upgrade of the southern precinct of Box Hill Central; and a modernisation and extensive ambience upgrade at Mornington Central. In New South Wales, we have commenced work on elevating the food and mini majors precinct at Bankstown Central.

Progress during the period across our major mixed-use developments included the upgrade and refurbishment of the Chadstone Place office, which is expected to complete in 2Q 2023, ahead of Officeworks' head office relocation to Chadstone. A new A-grade office space over four levels in the southern precinct of Box Hill Central is 100% leased to Hub Australia and is expected to open in FY23.

Over the past 12 months we have seen the 'work near home' trend grow, leading to huge impacts on the way Australians live, work and play. We have been listening to our local communities, understanding their evolving needs and enhancing our mixed-use plans to meet these expectations now and into the future.

Artist's impression –  
Chadstone Place, Vic





We will continue to drive strong performance across all areas of the business and identify opportunities to deliver greater efficiencies and value to our securityholders.

Queen Victoria Building, NSW

### DRIVING SUSTAINABLE OUTCOMES AND INNOVATION TO DELIVER VALUE TO STAKEHOLDERS

Creating sustainable destinations across our portfolio remains a key focus for our team as it is fundamental to the successful execution of our strategy and the long-term performance of our business.

To date, Vicinity has made meaningful progress in sustainability with recognition as a strong performer across a number of global ratings. The completion of our inaugural Green Bond in FY22 was a key milestone.

Our approach continues to be anchored by our overall objective to drive shared value for all stakeholders.

The past several years accelerated a number of structural shifts in the retail sector, such as an increase in omnichannel retail, preference for flagship stores and the importance of data, digital and technology solutions.

We have leveraged our existing assets and capabilities to facilitate these shifts, but more importantly, we focus on innovation to enhance customer and retailer experiences. Our inhouse data science and insights teams developed a new Leasing Optimisation tool and a Retail Insights platform – both creating shared value with our retailers.

Innovating to meet the changing needs of our customers is vital to how we continue enhancing their experiences with us. During the year, we partnered with drone delivery business, Wing, to trial direct-to-door drone delivery. To further drive our Net Zero by 2030 carbon target<sup>1</sup>, we are working with Engie, a low carbon energy company, to install electric charging stations to 30 centres over the next two years.

### LOOKING AHEAD

In summary, FY22 was a year of recovery and substantial progress at Vicinity. Our results highlight strong operational and financial execution in a recovering retail landscape, where consumers continued to show confidence and capacity to spend and retailer confidence was robust.

We expect FY23 to be a year of continued recovery and progress, edging us closer towards post-COVID-19 stabilisation. While we are mindful of inflation and rising interest rates, we continue to observe positive retail sales trends in our centres, and we cautiously anticipate a soft landing for the Australian economy over the next 12 to 18 months, assuming there is no material deterioration in existing economic and COVID-19-related conditions. Our asset portfolio is diverse in terms of asset type, location and retail mix, which, as demonstrated during the pandemic, provides resilience to a range of possible outcomes.

Vicinity is also relatively well positioned for a rising interest rate environment given our prudent approach to hedging. Vicinity concluded FY22 with approximately 85% of its drawn debt hedged and approximately 80% of its drawn debt is hedged over FY23, with a very modest step down in FY24. We will maintain an active focus on hedging this year and in the years ahead.

We will continue to drive strong performance across all areas of the business and identify opportunities to deliver greater efficiencies and value to our securityholders.

Our strong execution capability and robust balance sheet position us extremely well to deliver our growth strategy and provide confidence in our ability to navigate a complex external environment.

CONCLUDED FY22 WITH

85%

of drawn debt hedged

### OUR TEAM IS THE FOUNDATION OF OUR PERFORMANCE

I would like to acknowledge and thank the Vicinity team, who are responsible for our FY22 results and achievements – without them we could not have delivered what we did. Their resilience, dedication and passion to do the right thing by each other, our customers and our retail partners is outstanding.

And, to our Board and Executive team, thank you for continuing to drive our strategic priorities and remaining disciplined on executing our plans, despite multiple challenges.

To our customers, retail partners, joint venture partners and securityholders, thank you for your continued support. Everything we do is to ensure we are creating value for all our stakeholders.

We are excited to be building on the momentum we have seen in FY22.

**Grant Kelley**  
CEO and Managing Director

1. For wholly-owned retail assets. Consistent with GHG Protocol, this applies to common mall areas.



## OUR PERFORMANCE

### OUR STRATEGY

Vicinity is a leading retail property group with a fully integrated funds and asset management platform.

As the custodian of a diverse portfolio of retail assets across Australia, we attract 333 million visits per year, and generate nearly \$15.3 billion<sup>1</sup> of annual retail sales.

We have over 6,800 retail partners, 23 strategic partners and manage more than \$23 billion of assets, of which \$9 billion is on behalf of third-party capital.

Our fiduciary approach to managing third-party capital underpins our reputation as a disciplined investment manager focused on driving long-term value both responsibly and, importantly, sustainably.

Vicinity's strategy is focused on delivering long-term growth from our portfolio of destination assets and driving returns by owning the right assets across the spectrum.

We will continue to focus on optimising our core retail portfolio to deliver sector-leading performance with our well-developed retailer, consumer and operations strategies.

Our portfolio provides access to significant parcels of developable land that is suitable for the creation of mixed-use precincts. After a period of capital conservation in the height of the COVID-19 pandemic, we have now transitioned to execution of our \$2.9 billion retail and mixed-use development pipeline, which will further strengthen the retail value proposition.

Growing our third-party capital partnerships and a funds management business is a core part of our strategy as it will assist in funding our significant development pipeline while also driving new fee income.

Data, insights and innovation are critical to ensuring our assets remain at the forefront of the evolving retail landscape in terms of how, what and where consumers shop. We will continue to identify opportunities to create new adjacent products and services utilising our core assets.

### OUR OPERATING AND FINANCIAL PERFORMANCE

Our operating and financial performance for FY22 reflects the ongoing resilience of the retail sector as the COVID-19 recovery gained momentum, particularly in the second half.

The main drivers of FY22 performance included:

- retail industry recovery gained momentum in 2H FY22 after four months of lockdown across Victoria and New South Wales between July and October 2021, and the reintroduction of SME Codes across these states between July 2021 and March 2022
- execution of strategy via portfolio enhancement, execution of retail and mixed-use development and progressing third-party capital opportunities

- sustained rebound in retail sales and retailer confidence, notably in 2H FY22, highlighting retail sector resilience
- focus on delivering quality leasing outcomes that lock in future growth
- increased centre occupancy to 98.3% driven by retention of tenants whose leases expired and the addition of new flagship stores, notably in CBD locations
- significant recovery in cash collections in the second half of FY22, underpinned by strong retail sales, Vicinity's focus on collecting due and overdue rent, and the expiry of the SME Codes in March 2022
- strong customer preference for physical store shopping and continued consumer trend of purposeful shopping, with spend per visit remaining 1.3 times 2019 levels
- limited changes to energy costs for Vicinity and its retailers given fixed-price energy contracts in place from prior years
- divestment of Vicinity's 50% interest in the recently redeveloped Runaway Bay Centre for an 18% premium to book value and reinvestment into a 50% interest in Harbour Town Premium Outlets Gold Coast in Queensland
- robust balance sheet maintained, with low gearing of 25.1% and liquidity of \$1.4 billion<sup>2</sup>, as a result of capital management initiatives.

1. Vicinity-owned portfolio.

2. All treasury data is pro forma 30 June 2022 data, adjusted for post year-end capital management activities undertaken.



DFO Homebush, NSW

INCREASED  
CENTRE OCCUPANCY

98.3%

Up from 98.2%

GEARING

25.1%

(Jun 21: 23.6%)

## FINANCIAL PERFORMANCE

The following table outlines Vicinity's key measures of financial performance. Statutory Net Profit After Tax is adjusted for fair value movements and certain unrealised and non-cash items to calculate Funds From Operations (FFO)<sup>1</sup>. FFO is further adjusted for maintenance capital expenditure and static tenant leasing costs incurred during the period to calculate Adjusted FFO (AFFO)<sup>1</sup>. Vicinity's distribution policy is a payout ratio of between 95% and 100% of AFFO.

|                                                                   | FY22<br>\$m    | FY21<br>\$m    |
|-------------------------------------------------------------------|----------------|----------------|
| Net property income                                               | 802.8          | 743.4          |
| External fees                                                     | 52.5           | 45.7           |
| <b>Total segment income</b>                                       | <b>855.3</b>   | <b>789.1</b>   |
| Net corporate overheads                                           | (94.7)         | (86.4)         |
| Net interest expense                                              | (162.3)        | (143.9)        |
| <b>Funds from operations</b>                                      | <b>598.3</b>   | <b>558.8</b>   |
| <i>Adjusted for<sup>2</sup></i>                                   |                |                |
| Property revaluation increment / (decrement)                      | 633.3          | (642.7)        |
| Other items                                                       | (16.4)         | (174.1)        |
| <b>Statutory net profit / (loss) after tax</b>                    | <b>1,215.2</b> | <b>(258.0)</b> |
| <b>Funds from operations</b>                                      | <b>598.3</b>   | <b>558.8</b>   |
| Maintenance capital expenditure and static tenant leasing costs   | (101.5)        | (73.1)         |
| <b>Adjusted funds from operations</b>                             | <b>496.8</b>   | <b>485.7</b>   |
| <b>Distributions declared</b>                                     | <b>473.4</b>   | <b>455.2</b>   |
| <b>Weighted average number of securities</b>                      | <b>4,552.2</b> | <b>4,551.5</b> |
| FFO per security (cents)                                          | 13.14          | 12.28          |
| AFFO per security (cents)                                         | 10.91          | 10.67          |
| Distribution per security (DPS) (cents)                           | 10.40          | 10.00          |
| AFFO payout ratio (total distributions declared \$m/AFFO \$m) (%) | 95.3           | 93.7           |

Vicinity's recovery from the pandemic gained momentum in FY22 with **Funds From Operations up 7.1% to \$598.3 million** driven by:

- **net property income increase of \$59.4 million or 8.0%.** Lower waivers and provisions underpinned by improved collection of gross rental billings and rebound in retailer sales post lockdowns, underlying rental growth from fixed annual rent increases net of negative leasing spreads, and the acquisition of Harbour Town Premium Outlets
- **external fees increase of \$6.8 million or 14.9%.** Increased development and leasing activity supported higher fee income, offset by lower funds management fees
- **net corporate overheads increase of \$8.3 million or 9.6%.** One-off benefit of JobKeeper in FY21, not repeated in FY22
- **net interest expense increase of \$18.4 million or 12.8%.** One-off benefit from reduction in swap reset in FY21 and increase in total debt drawn in FY22 due to higher development spend and net investment activity.

**AFFO increased 11.1 million or 2.3%.** Maintenance capital expenditure (capex) is elevated reflecting some catch up spend from prior years after capital was constrained during the midst of the pandemic, while tenant retention of 75% was higher than long-term average, reducing the requirement for tenant incentives in FY22.

**Statutory net profit of \$1,215.2 million is a significant rebound from the net loss reported in FY21.** This was primarily driven by the 7.1% increase in FFO and the impact of strong transactional evidence and COVID-19 recovery momentum, driving a rebound in asset valuations from \$753.7 million net loss in FY21 to a \$553.5 million net gain in FY22<sup>3</sup>.



Segment Information page 79

1. FFO and AFFO are two key metrics Vicinity uses to measure its operating performance. They are widely accepted measures of real estate operating performance. FFO and AFFO are determined with reference to the guidelines published by the Property Council of Australia (PCA) and are non-IFRS measures.

2. Full reconciliation between statutory net profit after tax and FFO is included in Note 1 (b) to the Financial Report.

3. Valuation movements exclude statutory accounting adjustments.



## OUR PERFORMANCE CONTINUED

### FINANCIAL POSITION

The following table shows a summarised balance sheet.

|                              | 30 Jun 22<br>\$m | 30 Jun 21<br>\$m |
|------------------------------|------------------|------------------|
| Cash and cash equivalents    | 55.6             | 47.2             |
| Investment properties        | 14,366.4         | 13,294.3         |
| Equity accounted investments | 513.8            | 479.4            |
| Intangible assets            | 164.2            | 164.2            |
| Other assets                 | 452.6            | 312.7            |
| <b>Total assets</b>          | <b>15,552.6</b>  | <b>14,297.8</b>  |
| Borrowings                   | 3,752.5          | 3,281.9          |
| Distribution payable         | –                | 300.4            |
| Other liabilities            | 915.0            | 834.2            |
| <b>Total liabilities</b>     | <b>4,667.5</b>   | <b>4,416.5</b>   |
| <b>Net assets</b>            | <b>10,885.1</b>  | <b>9,881.3</b>   |

Key items impacting the balance sheet movement in FY22 include:

- **increase in investment properties and equity accounted investments of 1,106.5 million or 8.0%.** Net valuation gains largely driven by stronger demand for retail property observed in the past 12 months, which resulted in the tightening of capitalisation and discount rates, and the acquisition of a 50% interest in Harbour Town Premium Outlets Gold Coast, partially offset by divestment of Vicinity's 50% interest in Runaway Bay Centre in Queensland
- **increase in other assets of \$139.9 million or 44.7%.** Driven by increase in the fair value of derivative financial instruments
- **increase in borrowings of \$470.6 million or 38.5%.** Driven by net investments and higher capital expenditure, including development spend
- **change in distribution record date.** With the change in record date from 30 June 2021 (for FY21) to 23 August 2022 (for FY22), there is no distribution payable as at 30 June 2022 (30 Jun 21: \$300.4 million). The distribution for the six months to 30 June 2022 is expected to be paid on 12 September 2022.

→ Balance Sheet page 74

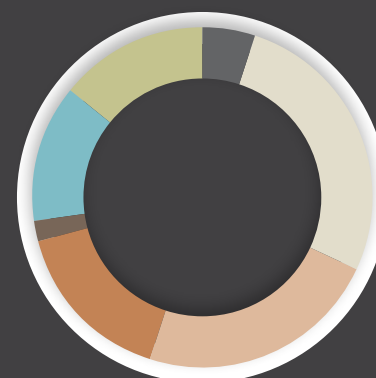
### CAPITAL MANAGEMENT<sup>1</sup>

Vicinity commenced FY22 in a strong capital position with low gearing, high hedging, an appropriate level of liquidity and limited near-term debt expiries. This has been further enhanced with the following capital management initiatives (including post period end):

- Vicinity launched its inaugural Green Bond with a \$300 million issuance with relatively attractive pricing despite increased volatility in local and offshore bond markets in May 2022
- a total of \$800 million of bank debt facilities have been repaid and cancelled
- \$475 million of bank debt facilities were extended to FY28.

As a result, Vicinity remains in a strong financial position. In a rising interest rate environment, Vicinity's debt is approximately 85% hedged at 30 June 2022, gearing remains at the bottom end of the 25% to 35% guidance range at 25.1% and the debt book is well diversified by instrument type, lender and expiry profile with a weighted average debt duration of 4.8 years based on drawn debt (4.3 years based on debt limits). Consequently, Vicinity maintains investment-grade credit ratings of A/stable with Standard & Poor's and A2/stable with Moody's Investors Service.

### DEBT SOURCES<sup>1</sup>



|                   |     |
|-------------------|-----|
| Bank debt drawn   | 5%  |
| Bank debt undrawn | 27% |
| AMTN              | 23% |
| EUMTN             | 16% |
| HKMTN             | 2%  |
| GBMTN             | 13% |
| USPP              | 14% |

### NATIONAL RETAILERS RANKED VICINITY

# #1

On the retailer  
net promoter score

AND

# #2

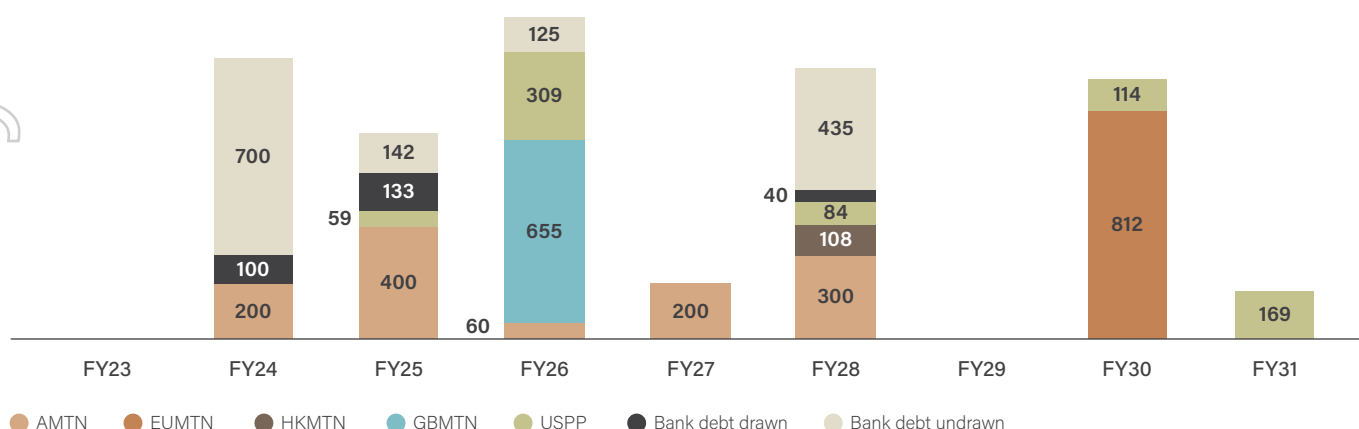
Overall across 10  
retail landlords

Vicinity is increasingly  
recognised as a partner  
of choice for growth-  
oriented retailers.

1. All treasury data is pro forma 30 June 2022 data, adjusted for post year-end capital management activities undertaken.

DEBT MATURITY PROFILE<sup>1</sup>

(\$million)



## OPERATIONAL PERFORMANCE

During FY22, Vicinity completed 1,378 leasing deals, 121 more deals than the prior year (FY21: 1,257).

After a moderation in leasing activity in January and February 2022, due to seasonality as well as the outbreak of Omicron, deal momentum accelerated with the number of deals completed in June 2022 being 49% higher than the number completed in June 2021.

Leasing spreads continued to show positive momentum, with the average leasing spread for FY22 at -4.8% relative to -6.4% in 1H FY22 and -12.7% in FY21.

Of all new leasing deals agreed in FY22, 71% were negotiated with fixed annual increases of 5% and cumulatively, 94% of all new deals were negotiated with fixed annual increases of at least 4%. Importantly, while spreads continue to be negative, the fixed annual increases support current and future NPI growth.

Vicinity leased 374 vacant stores in FY22, occupancy increased to 98.3% at the end of June 2022, representing a slight increase versus the 98.2% reported at 30 June 2021.

In addition to fulfilling its obligations imposed by the SME Codes<sup>2</sup> until their expiration in March 2022, Vicinity continued to support small businesses and other retail partners in categories and locations most impacted by the pandemic, such as food and beverage, travel and CBD locations.

COVID-19 lease variation negotiations with non-SME retail tenants continued to focus on driving mutual value and leasing outcomes that support retail partners experiencing hardship, while also reflecting the quality of Vicinity's assets.

Vicinity's highly targeted approach to negotiations preserved the weighted average lease expiry profile, improved leasing spreads and enhanced retailer mix across the portfolio.

Collection of gross rental billings averaged 91% for FY22<sup>3</sup>, and 93% for 2H FY22. Of note, SME retail sales performance is now broadly in line with non-SME specialty sales, which has further supported the collection of current and overdue rent. Cash collections from SME tenants improved from 66% of gross billings at 1H FY22 to 80% for FY22.

Vicinity expects to substantially complete all remaining lease variation negotiations with SME tenants by the end of 1H FY23.

The Australian retail sector has benefitted from elevated household savings and an extremely tight employment market.

Consumers are continuing to show confidence and capacity to spend while maintaining a strong preference for physical store shopping.

Our customers continued to shop with purpose. While visitation remained below 2019 levels, average spend per visit remained

# 1.3 times

THAT RECORDED IN 2019

Higher spend per visit, combined with the introduction of on-trend retailers, and the particular success of luxury retail in Vicinity's centres, supported total portfolio retail sales<sup>4</sup> growth of 15.5% in 2H FY22 relative to the same period in 2019. Excluding CBDs, sales are 16.9% higher.

Despite four months of lockdown in 1H FY22 in Victoria and New South Wales, total portfolio moving annual turnover was up 6.7%, with strong growth reported across mini majors and specialty stores. The key drivers were discretionary categories, including Jewellery, Apparel and Food Catering.

Finally, continued execution of Vicinity's Retailer First program has been well received, with Vicinity increasingly being recognised as a partner of choice for growth-oriented retailers. National retailers ranked Vicinity number one on the retailer net promoter score, and number two overall across 10 retail landlords.

**As part of its Retailer First program, Vicinity has increased its focus on building strong long-term relationships with retailers, enhancing tenant experiences and driving higher tenant retention.**

1. All treasury data is pro forma 30 June 2022 data, adjusted for post year-end capital management activities undertaken.

2. Refers to the Federal Government's SME Commercial Code of Conduct and Leasing Principles During COVID-19, or the regulations implemented in Victoria and New South Wales, collectively referred to as the 'SME Codes'.

3. Cash collections reported for the period in which they are billed, with collections reported as at 4 August 2022.

4. Sales are reported on a comparable basis, which excludes divestments and development-impacted centres in accordance with SCCA guidelines. Also excludes travel sales.



## OUR PEOPLE

### CONNECTING WITH PEOPLE ACROSS ALL ASPECTS OF OUR BUSINESS

#### Building a high-performance culture – *The Vicinity Way*

Our team of 1,200+ people is our greatest asset and a key competitive advantage.

While there were challenges over the past 12 months, the collective efforts of our team enabled us to deliver our achievements and make Vicinity a great place to work.

As we focused on delivering strong business performance, the health, safety and wellbeing of our people and communities remained our highest priority. We continued to implement wellbeing programs across the business, including a series of wellbeing sessions hosted by our team members and external guests.

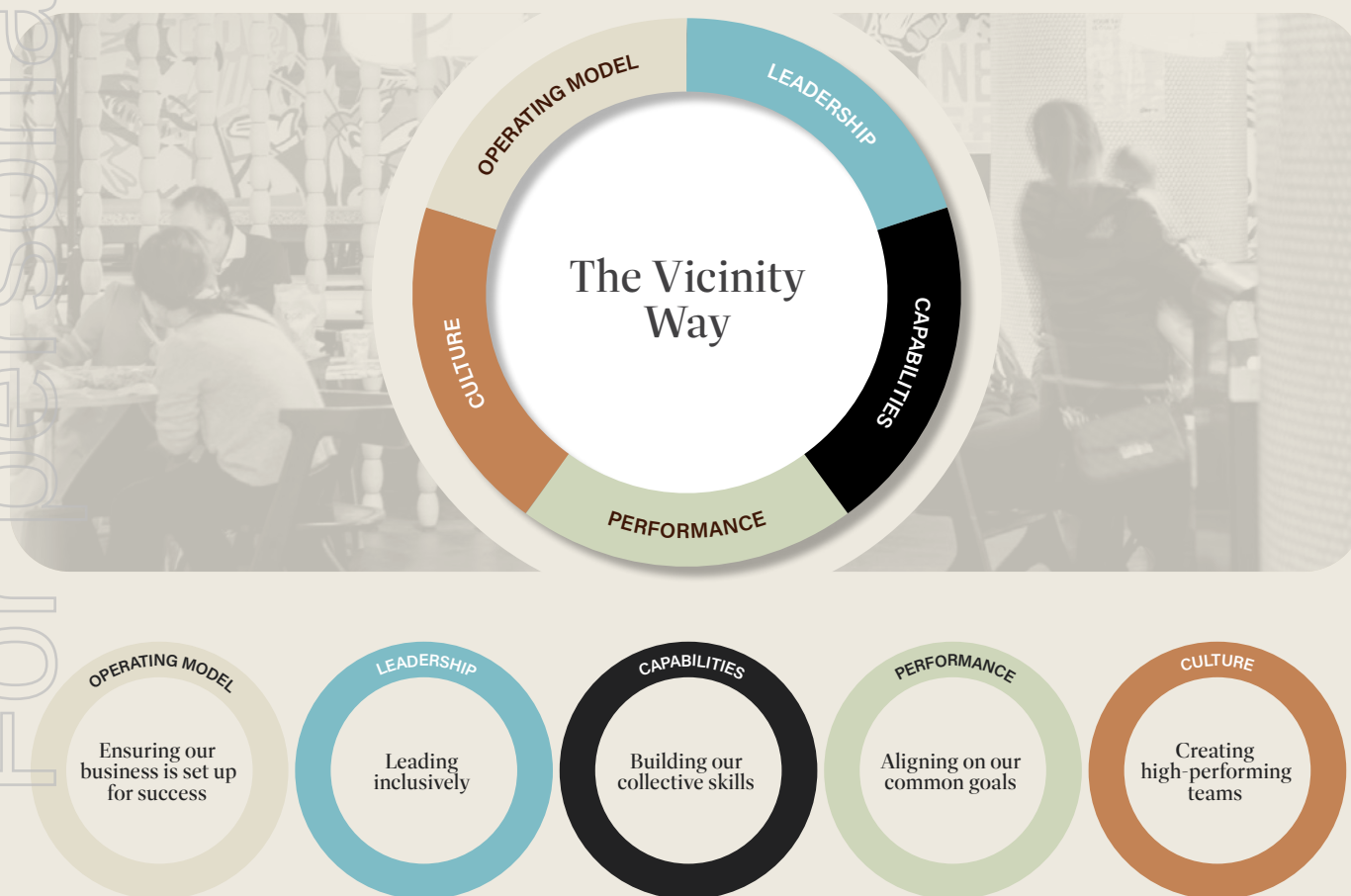
Flexibility has always been part of our culture. As we welcomed our state and national office teams back into the physical workplace, we enhanced our focus on hybrid working. This provides us with all the benefits of face-to-face collaboration, while allowing our team members to maintain the flexibility and work life balance that working from home offers.

Our continuous listening methodology provides valuable insights from our people about their experience at Vicinity. Through listening to our team on a regular basis, we can identify the areas we need to focus on to create a high-performance culture.

In our FY22 annual employee experience survey, we achieved an 7% increase in overall employee engagement from FY21. Encouragingly, positive shifts were recorded across all five culture factors identified as areas of focus from our November 2020 survey.

Contributing to our increased engagement was the embedding of our systemic change program, *The Vicinity Way*.

***The Vicinity Way* comprises five elements that bring together our ways of working:**



In FY21, our senior leadership engagement program (*Growth Edge*) focused on opportunities that would unlock long-term growth using *The Vicinity Way* and setting the foundations of our operating model. As a result, we saw our cross-functional teams further establish clear ways of working, leverage the right capabilities within the business and display leadership attributes to drive our strategic priorities and goals.

## LEADING INCLUSIVELY

Our Diversity, Inclusion and Belonging (DIBs) strategy is fundamental to our success. We know that harnessing different perspectives and ideas drives better performance outcomes and is critical to fostering a workplace where everyone feels they are included and supported to perform at their best.

As we grow and adapt as an organisation, we are consciously evolving our approach to DIBs from being 'something you do' to being an integrated part of how we do business at Vicinity.

Our team members told us that taking steps to shift their sense of inclusion and belonging at work is one of the most important and impactful things we can focus on.

In FY21, we launched our *Leading Inclusively Program* for our Leaders to educate them on the importance of their role in shifting Vicinity's performance and culture. We had over 80% of our Leaders complete the program. These Leaders then led their own teams through the content and conversations to ensure they understand that everyone has a role to play in creating an inclusive and high-performing organisation.

In FY22, we launched our new 16-week parental leave policy – *Every Family*. We also removed references to primary and secondary carer roles, promoting equality in the workplace and enabling all employees – regardless of tenure – to have access to this leave.

We continued to work towards our targets to improve gender diversity within our business. In FY22, 49% of our leadership were women. We recognise, however, that further focus is required to achieve our gender target of 40:40:20 in our Senior Leader cohort.

Our team of 1,200+ people  
is our greatest asset and a key  
competitive advantage.



## OUR PEOPLE CONTINUED

### CASE STUDY

#### ***Every Family* – David Palamara**

Since its launch, 42 Vicinity parents, have been able to take advantage of the *Every Family* policy's new provisions.

David Palamara, dad and General Manager, Data Science, used his 16 weeks of leave following the birth of his son, Wesley. Wesley is a rainbow baby who follows his brother Lucian who was born in 2020.

Wesley's first weeks of life got off to a rocky start. Not only was he born in the middle of the COVID-19 pandemic, but he developed an infection that resulted in an extended period in hospital. In addition, once he was able to finally go home, David's wife had to remain in hospital, which resulted in David becoming the primary caregiver for his son.

Knowing that he was fully supported by Vicinity and his team allowed David to be fully present during the crucial first few weeks of Wesley's life, without the distraction of work.

Plus, with the added flexibility and choice of our progressive policy, it meant David could actively support his partner during this significant time in both their lives, be there for important milestones and build a special bond with his son.

David is proud to work for a company that puts its people first, recognises all parents as caregivers, understands every family's circumstance is different, and cares for and supports them during unforeseen situations.

Over the past 12 months, we continued our focus on communication, education, resources and initiatives anchored to diversity and inclusion moments. As a team, we raised awareness on key diversity days and months through lunch and learn sessions, guest speakers and storytelling. Some of these included International Women's Day, Pride Month, Harmony Week and R U OK Day.







Team Vicinity, Chain Reaction Challenge

## OUR TEAM VOLUNTEERED

# 86hrs

MADE

# 69

Blood donations

AND SAVED

# 207

Lives through  
Lifeblood

### CASE STUDY

#### Giving Back – Chris Pratt

Chris Pratt, Development Project Director, used his two days of volunteer leave to participate in the Chain Reaction Challenge, a phenomenal seven-day 1,000 km cycling event, which raises money for children's charities.

Giving back to his community and supporting causes that help those less fortunate is something Chris is passionate about. This was the seventh year in which he participated, and was also the lead for Team Vicinity, and a member of the Chain Reaction Challenge's organising committee.

Team Vicinity helped raise over \$113,000, which included Vicinity matching, dollar for dollar, donations that were made through our Workplace Giving Platform. In addition to volunteer days, Vicinity sponsored Team Vicinity, alongside seven of our suppliers.

Through Chris's recommendation, the Chain Reaction Challenge Foundation gave an additional donation of \$25,000 in support of our collaboration with SEDA College.

### OUR COMMUNITIES

#### Creating shared value within the communities in which we operate

We know we play a critical role in connecting people in our communities through positive social change. Through our targeted community investment program, we have contributed \$2.9 million in FY22. Vicinity also provided approximately \$36 million in COVID-19 rental relief to our tenants.

As part of our sustainability strategy, we are committed to enabling our people to give back to the community in ways that suit them. Our *Workplace Giving* program enables our team to choose charities to donate to, and we match up to \$500 per team member, per year. Through our *Volunteering* program, we provide two days of volunteer leave each year.

In June 2022, we celebrated the first year of our three-year strategic partnership with the Australian Red Cross (ARC). Over the past 12 months, we have worked with the ARC to help raise awareness across multiple campaigns, including:

- raising awareness for the Act of Humanity campaign and Emergency Ready Week across our centres, using our digital media screens

- supporting Christmas fundraising campaigns, including High Tea at the Queen Victoria Building (QVB)
- raising funds through workplace giving appeals to support the New South Wales / Queensland floods and Ukraine crisis appeal
- volunteering 86 hours, making 69 blood donations and helping save 207 lives through Lifeblood.

As we enter our second year of partnership, we are looking forward to building on the work we have done together.

Our community significance focus also encompasses working with social, Indigenous and local enterprises to meet our procurement needs. Partnering with social enterprises gives us the opportunity to make a positive impact in local communities through our day-to-day operations. Where possible, we partner with social enterprises working to alleviate social issues that are aligned with our own community investment or diversity and inclusion focus areas. In FY22, we spent \$1.27 million with social and Indigenous enterprises.



## OUR PEOPLE CONTINUED

### RECONCILIATION ACTION PLAN

Vicinity's Reconciliation Action Plan (RAP) is a cornerstone of our connection with our people and communities. In FY22, in collaboration with our external Indigenous advisors, we began work on our third RAP. This is our second Innovate RAP that will reflect the efforts and relationships we have established in this space and push us further towards our commitment to a reconciled Australia.

We have continued to engage with our team, our external stakeholders and Reconciliation Australia to deliver our key achievements, and while we have more to do, we are proud of our progress.

Over the past 12 months, we continued to focus on increasing our procurement with Indigenous businesses. We created a new internal Indigenous Procurement Roadmap. As a result of this Roadmap, Vicinity has utilised our membership with Supply Nation and engaged with new Indigenous suppliers on projects across our business in FY22, with an annual spend of \$580,000.

Our teams across our state offices and centres raised awareness of the cultures of Aboriginal and Torres Strait Islander peoples through events during NAIDOC and National Reconciliation weeks. We also launched cultural awareness training, in which 260 team members participated, and introduced Aboriginal and Torres Strait Islander Cultural Protocols within our team.



### CASE STUDY QVB Flag Raising

On 26 October 2021, the QVB in New South Wales marked another step forward in their reconciliation journey with the Traditional Custodians, the Gadigal People of the Eora Nation, raising the Australian National, Australian Aboriginal and Torres Strait Islander flags atop the QVB.

The flags were flown to mark the anniversary of Uluru being handed back to its Traditional Custodians, the Anangu people, in 1985, as a sign of reflection and remembrance.

A Welcome to Country was performed by Gadigal Elder, Uncle Allen Madden, with a didgeridoo performance by Russell Dawson and smoking ceremony by cultural leader and songman Reika Alley of the Koomurri Aboriginal Dance Troupe. Blkfsch, a majority-owned Indigenous company, which supports cultural awareness and social equity through the power of storytelling, was commissioned to capture the significant event through photography and video.

The flags will remain indefinitely, flying high above the roof of the QVB as a proud and enduring symbol of inclusion and respect for all to appreciate.





#### CASE STUDY Collaboration with SEDA Group

On National Close the Gap Day 2022, we established a collaboration with SEDA – an independent secondary college and a supporter of educational support programs for Aboriginal and Torres Strait Islander students. Together, with fundraising partner Bridging the Gap Foundation, we are helping to raise awareness and create scholarships for Indigenous students to attend SEDA secondary colleges across Australia.

In May, four Indigenous SEDA students attended our National Head Office at Chadstone where they participated in a yarning circle with Vicinity team members to share their personal stories. The four students created an artwork on the day to symbolise these stories and the partnership between Vicinity, SEDA and Bridging the Gap Foundation. Their unique artwork is featured on tote bags in participating centres in NAIDOC Week, as a gift with donation in order to raise funds for the scholarships.



#### MODERN SLAVERY ACT COMMITMENT

We continued to welcome interest from our investors, retailers and other stakeholders on how we are responding to modern slavery risks in our business and supply chain. In December, we published our second Modern Slavery Statement in response to the *Modern Slavery Act 2018* (Cth), that outlined the actions undertaken in FY21 to assess and address modern slavery risks in our operations and supply chain.

We have enhanced our approach to modern slavery through:

- continued supply chain due diligence activities, including the risk mapping of all FY21 suppliers in our supply chain, and further deep dives into identified high-risk supplier categories, including solar and Christmas decorations
- quarterly internal Modern Slavery Working Group meetings, chaired by our Chief Operating Officer
- implementing modern slavery training for our Board Members and continuing our modern slavery compliance training for all team members
- completing our first Communication of Progress as participants of the United Nations Global Compact.



## OUR DESTINATIONS



Artist's impression - Chadstone, Vic

### DRIVING A LONG-TERM OUTLOOK

With a portfolio of strategically located retail assets, Vicinity is in a leading position to utilise its land and assets to deliver precincts where people want to shop, work, live and play. Our mixed-use strategy and retail development opportunities are a key driver of growth for the business.

Vicinity has been investing in its retail and mixed-use development pipeline for many years. However, with the onset of the pandemic in March 2020, decisive action was taken to conserve capital in order to navigate the considerable volatility and disruption of the pandemic itself. FY22 marked the resumption of investment into our development pipeline.

We used this period, to continue our work in gaining larger, more meaningful development approvals, working hand in hand with both local and, importantly, state governments to be in a position to be shovel-ready emerging from the pandemic.

Data and insights inform how we approach our projects and their alignment to government town planning and population growth. We leveraged research into the changing patterns of customer behaviour and the role they play in shaping our future and incorporated these learnings into our long-term plans.

We engaged with the communities that surround our assets to seek their feedback and understand their needs and expectations.

We also explored the rich history of the places where our assets are located and reflected on their past, current and future needs. We wove these stories and learnings into the design of our projects to ensure they resonated with the communities in which we operate.

Our objective to create sustainable places was embedded into the design of our projects to ensure they are resilient to withstand different manifestations of climate change today and in the future.

The consequences of the pandemic accelerated the case for the 'work near home' model as people longed for social connection while working from home, but without the commute time. There was a rise in demand from employers seeking locations that combine quality office space with great amenity and the added experience of a shopping centre.

This validated the strategy we had developed for a number of our larger assets and increased our focus on progressing our retail-led, mixed-use strategy. We worked closely with both local and state governments to ensure we were ready to act as we progressed through the recovery phase.

### OUR DEVELOPMENT PIPELINE

We have been investing in our development pipeline for many years and the past 12 months saw us only increase our efforts and focus on delivering long-term growth from our portfolio of assets.

Our \$2.9 billion retail and mixed-use development pipeline is diverse, in both geography and format, and is a key driver of growth for our business. It leverages several of our key assets in strategically important locations across Australia's major cities.

Our projects are closely aligned to government planning and policy settings. They respond to the growing demand for residential and commercial uses in metropolitan activity centres that are serviced by multiple public transport modes, health and education services and are in close proximity to employment hubs.

Our pipeline is focused on both large-scale, retail-led mixed-use development projects and smaller modernisation projects. All of our developments are conceived of by listening to our local customers and communities, understanding their evolving needs, and responding with plans to meet their expectations now and into the future.



Artist's impression - Box Hill North, Vic





Artist's impression – Chatswood Chase Sydney, NSW

## EMBEDDING SUSTAINABILITY ACROSS OUR PORTFOLIO

How we think about our development strategy is entirely aligned with our approach and commitment to sustainability, and our core belief that sustainable places and business drive real value over time.

Our sustainability strategy for developments is focused on delivering precincts that create opportunities to connect, drive a sense of belonging and embody sustainable design.

We are committed to using sustainable design and emerging technology to reduce energy intensity, grow our renewable energy program, and promote greener choices.

We also focus on asset resilience and creating safe and reliable hubs for our communities by endeavouring to ensure our centres are and remain physically resilient in a changing climate.





## OUR DESTINATIONS CONTINUED

### OUR PROJECTS

#### DEVELOPMENT APPLICATIONS LODGED FOR OUR PRIORITY MIXED-USE ASSETS

##### Victoria Gardens Shopping Centre

Vicinity and co-owner Salta Properties have submitted plans to redevelop Victoria Gardens, elevating the Richmond shopping centre into a thriving and sustainable retail, commercial and residential village.

The proposed masterplan consists of two precincts: the Doonside precinct located on the centre's south-west corner, and the River Boulevard precinct, which connects the east side of the centre to the Yarra River.

Combined, the precincts will deliver more than 1,600 new residences, an additional 45,000 sqm of commercial and retail space, and almost 10,000 sqm of new publicly accessible open space for the community to enjoy, including a network of laneways, civic plazas and active street frontages.

Vicinity's share in the project is represented by the Doonside precinct, which will be delivered in stages and in partnership with Salta Properties.

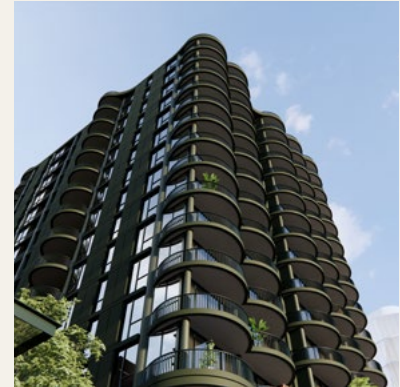
The Doonside precinct contains more than 800 of the new residences, more than 12,000 sqm of new retail and commercial floorspace and 3,500 sqm of open space, including improved street frontage, plazas and gardens.

Woven through the plans is Vicinity's commitment to sustainability, with net zero carbon emissions for residential common areas and back-of-house services complemented by extensive landscaped laneways and open spaces.



Artist's impression – Victoria Gardens Shopping Centre, Vic

|                     |                                       |
|---------------------|---------------------------------------|
| Owner               | Vicinity Centres and Salta Properties |
| Management          | Vicinity Centres                      |
| Retail Category     | Sub Regional                          |
| Development Stage   | Development application submitted     |
| Project Type        | Mixed-use redevelopment               |
| Development Manager | Vicinity Centres                      |
| Leasing             | Vicinity Centres                      |



Artist's impression – Buranda Village, Qld

##### Buranda Village

Vicinity has submitted plans to transform the long-serving Buranda Village retail precinct into a mixed-use village well positioned to support the Princess Alexandra Hospital and Boggo Road Research and Innovation Precinct while also sitting just 5 km from Brisbane CBD.

The plans include a redesigned, laneway-based, supermarket-anchored, open-air retail and dining village, complemented by beautifully landscaped public spaces, flanked by a state-of-the-art 620-apartment residential zone and 50,000 sqm of commercial office space spread across three buildings.

Vicinity's commitment to sustainability is evident in its plans for Buranda Village with the project targeting a 5-Star Green Star certification and utilising initiatives, such as solar energy systems, sustainable travel facilitation and passive design strategies.

|                     |                         |
|---------------------|-------------------------|
| Owner               | Vicinity Centres        |
| Management          | Vicinity Centres        |
| Retail Category     | Sub Regional            |
| Development Stage   | Plans submitted         |
| Project Type        | Mixed-use redevelopment |
| Start Date          | Target 2023             |
| Completion Date     | Target 2026             |
| Development Manager | Vicinity Centres        |
| Leasing             | Vicinity Centres        |



Artist's impression – Bankstown Central, NSW

### Bankstown Central

Vicinity's vision to transform Bankstown Central into a vibrant mixed-use urban neighbourhood took a major step forward in 2022 with a retail remix development commenced as well as an upgrade to the fresh food precinct, and a range of exciting development approvals granted by Council.

Central to the approved applications is that of Bankstown Exchange – a business precinct comprising 30,000 sqm of A-grade office space spread across three buildings, complemented by ground-floor retail, a new 'Eat Street,' new landscaped public open space, and expanded car parking.

Bankstown Exchange will leverage its strategic location in the heart of Bankstown, supported by convenient transport links and proximity to an upgraded Bankstown Central retail precinct that is in the process of welcoming a new international retailer and valuable local services.

Both developments represent the first steps in Vicinity's commitment to deliver its 2050 masterplan to transform Bankstown CBD into a vibrant mixed-use area to support a future health and education precinct. In April 2022, council unanimously endorsed Vicinity's planning proposal that gives effect to the masterplan and is now progressing through the gateway approval process with an outcome expected in CY23.

|                            |                                                                        |
|----------------------------|------------------------------------------------------------------------|
| <b>Owner</b>               | Vicinity Centres and Private Investor                                  |
| <b>Management</b>          | Vicinity Centres                                                       |
| <b>Retail Category</b>     | Major Regional                                                         |
| <b>Development Stage</b>   | In development; plans approved; awaiting masterplan approval           |
| <b>Project Type</b>        | Mixed-use redevelopment                                                |
| <b>Start Date</b>          | 2022                                                                   |
| <b>Completion Date</b>     | 2022 (Fresh food and retail precincts 2022), 2024 (Bankstown Exchange) |
| <b>Development Manager</b> | Vicinity Centres                                                       |
| <b>Leasing</b>             | Vicinity Centres                                                       |

### Box Hill Central

Vicinity's plans to revitalise Box Hill Central into a mixed-use precinct boasting residential, commercial and retail spaces have continued at pace over the course of FY22.

In April, Vicinity welcomed customers to experience the first stage of its \$46 million redevelopment of the popular Box Hill Central South retail precinct, which includes new retailers, a new entrance, improved accessibility and fresh, vibrant interior design, with new dual-frontage restaurants, and a new Coles supermarket expected later in 2022. Also part of the Box Hill Central South site is a new commercial building being delivered for a leading co-work operator, Hub Australia, who has committed to a long-term lease on the entire building.

Meanwhile, Vicinity secured council approval for the first stage of the proposed mixed-use development of Box Hill Central's North precinct, paving the way for state-of-the-art office and residential towers, complemented by a new town square.

The city-shaping developments at Box Hill Central will service over 26 million customer visits each year, and are made possible by the continued integration with the public transport network of buses, trains and trams, with Suburban Rail Loop also earmarked for the future.



Artist's impression – Box Hill Central, Vic

|                            |                                                                  |
|----------------------------|------------------------------------------------------------------|
| <b>Owner</b>               | Vicinity Centres                                                 |
| <b>Development Stage</b>   | Retail – delivered. Mixed-use – plans approved                   |
| <b>Project Type</b>        | Retail - extension and refurb. Mixed-use – ground-up development |
| <b>Start Date</b>          | 2021                                                             |
| <b>Completion Date</b>     | 2022 (retail), 2026 Stage one (mixed-use)                        |
| <b>Development Manager</b> | Vicinity Centres                                                 |
| <b>Leasing</b>             | Vicinity Centres                                                 |



## OUR DESTINATIONS CONTINUED

### Chatswood Chase Sydney

Chatswood Chase Sydney is one of Vicinity's most exciting large-scale retail development opportunities.

As the North Shore's premier shopping destination, far-reaching plans to transform the centre comprise two major development phases and contribute to Vicinity's broader development strategy to deliver market-leading, mixed-use destinations.

Phase One will see the redevelopment of the centre's lower ground level fresh food and dining precinct, transforming the area to deliver a premium fresh food and dining experience. Once construction commences, the development is expected to take 12 months to deliver with major retailers remaining open throughout.

Phase Two is the redevelopment of the centre's retail precinct and new rooftop office village. Building on Vicinity's position as Australia's leader in luxury retailing, the development will introduce a new luxury retail offer, including the best of Australian and international designers curated especially for the Chatswood Chase Sydney customer.

Among the introduction of new luxury brands, the retail precinct will receive a major reconfiguration, design refresh and new skylight-atria features throughout. The Victoria Street entrance will also receive a major upgrade, reframing it as the front entrance and gateway to the new Chatswood Chase Sydney.

|                            |                                                                        |
|----------------------------|------------------------------------------------------------------------|
| <b>Owner</b>               | Vicinity Centres and GIC                                               |
| <b>Management</b>          | Vicinity Centres                                                       |
| <b>Retail Category</b>     | Major Regional                                                         |
| <b>Development Stage</b>   | Awaiting approval                                                      |
| <b>Project Type</b>        | Mixed-use development                                                  |
| <b>Start Date</b>          | Delivered in two stages, Stage one commencing late 2022, Stage two TBC |
| <b>Completion Date</b>     | 2023 (Fresh food and dining precinct), Phase 2 pending approval        |
| <b>Development Manager</b> | Vicinity Centres                                                       |
| <b>Leasing</b>             | Vicinity Centres                                                       |



Artist's impression - Chatswood Chase Sydney, NSW

### Chadstone – The Fashion Capital

Already a leading example of Vicinity's mixed-use strategy with a luxury 5-Star Green Star – rated hotel and approximately 30,000 sqm of commercial office space located adjacent to Australia's premier retail destination: Chadstone – The Fashion Capital.

A recently extended solar-shaded car park serves as the first post-pandemic development completed at Chadstone, with the 1.6 MW system providing enough clean energy to power more than 340 average Australian homes each year. This car park development also features an art façade that is the first stage of a multi stage strategy to wrap the centre car parks in a ribbon of integrated urban art. A new dining and entertainment terrace is also underway.

Vicinity also revealed plans for further developments at Chadstone, including a major renovation of the Chadstone Place office building to deliver net zero carbon certification and state-of-the-art office amenities prior to the arrival of Officeworks in 2023. Other plans include the major redevelopment of Chadstone's fresh food precinct as a European inspired Market Hall, 5,300 sqm of additional health and wellbeing services, a 20,000 sqm A-Grade nine-storey office building, One Middle Road, and new car parking spaces.

|                            |                                   |
|----------------------------|-----------------------------------|
| <b>Owner</b>               | Vicinity Centres and Gandel Group |
| <b>Management</b>          | Vicinity Centres                  |
| <b>Retail Category</b>     | Super Regional                    |
| <b>Development Stage</b>   | Underway                          |
| <b>Project Type</b>        | Mixed-use development             |
| <b>Start Date</b>          | 2021                              |
| <b>Completion Date</b>     | 2025                              |
| <b>Development Manager</b> | Vicinity Centres                  |
| <b>Leasing</b>             | Vicinity Centres                  |



Artist's impression –  
One Middle Road, Vic

## MIXED-USE CO-WORKING AND 'WORK NEAR HOME' MODEL

### Chadstone Place

Chadstone Place, one of four existing office buildings at Chadstone is currently being redeveloped for a sole tenant, Officeworks.

### One Middle Road

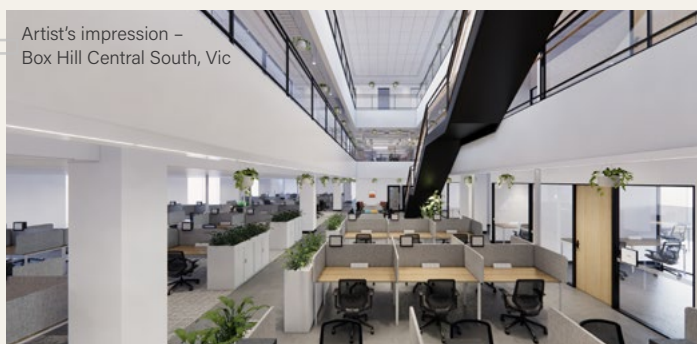
One Middle Road offers 20,000 sqm of energy efficient, A-Grade office space over nine levels, with direct access to Chadstone – The Fashion Capital. It will utilise adaptable campus-style floors, natural light and a rooftop Sky Garden to enhance productivity and wellbeing.



Artist's impression – 12 Balmoral Walk, Vic

### 12 Balmoral Walk, Frankston

Development of a new office building located adjacent to Bayside Centre, 12 Balmoral Walk offers 14,000 sqm of A-Grade office space over eight levels, complemented by an external terrace space with bay views.



Artist's impression –  
Box Hill Central South, Vic

### Box Hill Central – Hub Australia

Partnered with Hub Australia to introduce a premium 4,100 sqm four storey co-working space as part of the redevelopment of Box Hill Central's South retail precinct, currently under construction.

## RETAIL MODERNISATION PROJECTS



### Mornington Central

Modernisation and refurbishment, including a new Woolworths, mix of major specialty retailers, and extensive ambience upgrades.



### Box Hill Central South

Major redesign and refurbishment of the southern shopping precinct of Box Hill Central, including a new entrance from Carrington Road, new Coles supermarket, the addition of new dual frontage dining outlets, and a major ambience upgrade.



### Altona Gate

Refreshed retail and food offering and extensive ambience upgrades.



### Bankstown Central

Modernisation and refurbishment of the centre's fresh food market, including a new Coles supermarket and revitalisation of the mix of major specialty retailers, including UNIQLO, Glue Store and Services Australia, and extensive ambience upgrades.

Artist's impression - Bankstown Central, NSW





## NET ZERO

Our Net Zero by 2030 carbon target, established in 2019, for common mall areas of our wholly-owned centres, is our long-term target aligning to The Paris Agreement. Our progress towards achieving this target is driven by our Integrated Energy Strategy, made up of our large-scale onsite solar program and scaled-up energy efficiency initiatives. We are also planning to transition away from carbon intensive energy sources through scaling back fossil fuel reliant equipment.

We are tracking well towards our Net Zero by 2030 carbon target having reduced our energy intensity by 27% and carbon intensity by 38% since June 2016.

ENERGY INTENSITY  
REDUCED BY

**27%**

Since June 2016

CARBON INTENSITY  
REDUCED BY

**38%**

Since June 2016

Elizabeth City Centre, SA



## INTEGRATED ENERGY STRATEGY

Since 2017, we have been implementing our Integrated Energy Strategy to make our business more sustainable, energy resilient and cost effective. The Strategy focuses on four-pillars: Renewable Generation, Storage, Energy Efficiency and Demand Management.

Our objectives are to deliver long-term outcomes through creating energy-smart destinations, improving energy resilience, reducing the consumption of electricity generated from the national grid, and significantly reducing our carbon emissions.

In 2018 we committed to a \$73 million investment in on-site solar generation to deliver energy resilience and efficiencies. Since the first solar panels were installed at Castle Plaza, South Australia in December 2018, we have installed more than 32 MW worth of solar capacity across 22 centres, including 1.55 MW at Chadstone, 0.92 MW at The Glen and 0.78 MW at Nepean Village in FY22. To date, our solar systems have the capacity to generate around 46,977 MWH per year – the equivalent of powering approximately 8,000 average Australian homes.

Energy efficiency is one part of our broader resource efficiency program that also focuses on driving continuous improvements in how we manage operational energy, water, and waste across our assets. The program is supported by ambitious portfolio and centre level stretch targets and initiatives, including a lifecycle replacement program focussing on lighting, vertical transport, heating and cooling along with optimising building operations and performance through building controls.

Utilising the Internet of Things, the vast amount of energy data we gather has provided a granular view into how our centres operate day-to-day through real-time analytics. The analytics provide us with the information we need to make the right energy reductions at the right times, optimising the energy we consume. By connecting, integrating, and automating our energy and demand management we can optimise how our buildings operate, reduce energy costs, and most importantly free up more time for our centre teams to focus on retailer and customer experiences.



Castle Plaza, SA

### CASE STUDY Automated Demand Management

We have developed a machine learning algorithm that leverages our virtual Building Management System (BMS) solutions and defines the correlations between energy demand and external factors such as weather forces, foot traffic and time of day. This algorithm predicts demand curves accurately and shows where we can achieve energy efficiencies during those times.

We undertook a trial across five centres in Victoria and Western Australia in FY21 as a proof of concept. In FY22 we rolled out aspects of the program to the rest of our Western Australia portfolio, with rollout nationally to follow.



## NET ZERO CONTINUED

### KEY PERFORMANCE METRICS

Vicinity has continued to perform well on its journey to Net Zero by 2030 across its common mall areas for wholly-owned assets and has reduced energy intensity across its managed portfolio.

Since FY16 the managed portfolio has reduced energy intensity by 19%, while the wholly-owned portfolio across its common mall areas reduced energy intensity by 27%. Carbon intensity reduced by 30% and 38% from the FY16 baseline for managed and wholly-owned, common mall area portfolios respectively.

As our centres transitioned to a post-COVID-19 scenario there was a modest increase in both carbon and energy intensity, reflecting a return to full centre operations, increasing by 2% and 4% respectively across our managed portfolio. Our wholly-owned portfolio saw our energy intensity increase by 3% and carbon intensity by 0.5%.

All increases were a consequence of centres that were more heavily impacted by COVID-19-related lockdowns utilising major energy infrastructure such as boilers, coolers, heaters and lighting at a greater rate than during periods impacted by COVID shutdowns. As our centres continue to recover and visitation increases we anticipate a slight upward trend across these metrics which will subsequently flatten as we realign our energy efficiency efforts across centres and offices.

#### Net Zero by 2030 common mall areas, wholly-owned assets

| Metric                                                                                                              | UoM          | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------------------------------------------------------------------------------------------------------------|--------------|------|------|------|------|------|------|------|
| Energy Intensity                                                                                                    | MJ/sqm       | 305  | 292  | 285  | 261  | 220  | 215  | 221  |
| Reduction against Net Zero by 2030, common mall areas, wholly-owned assets (specific to baseline year FY16)         | %            |      | -4%  | -6%  | -14% | -27% | -29% | -27% |
| Scope 1 + Scope 2 Emissions Intensity                                                                               | kg CO2-e/sqm | 73   | 66   | 64   | 59   | 46   | 45   | 45   |
| Scope 1 + Scope 2 against Net Zero by 2030, common mall areas, wholly owned assets (specific to baseline year FY16) | %            |      | -9%  | -12% | -19% | -36% | -39% | -38% |

#### Managed Portfolio

| Metric                                                                         | UoM          | 2016 | 2017 | 2018 | 2019  | 2020   | 2021   | 2022   |
|--------------------------------------------------------------------------------|--------------|------|------|------|-------|--------|--------|--------|
| Energy Intensity                                                               | MJ/sqm       | 324  | 311  | 306  | 299   | 267    | 245    | 264    |
| % Movement in Energy Intensity (specific to baseline year FY16)                | %            |      | -4%  | -6%  | -8%   | -18%   | -22%   | -19%   |
| Scope 1 + Scope 2 Emissions Intensity                                          | kg CO2-e/sqm | 78   | 73   | 71   | 68    | 58     | 54     | 55     |
| % Movement in Scope 1 + 2 Emissions Intensity (specific to baseline year FY16) | %            |      | 7%   | -10% | -12%  | -26%   | -31%   | -30%   |
| Materials Diverted from Landfill                                               | %            | 36%  | 37%  | 40%  | 45%   | 49%    | 52%    | 53%    |
| Renewable Energy Consumption <sup>1</sup>                                      | MWh          |      |      |      | 4,891 | 29,244 | 34,746 | 41,665 |
| Renewable Energy Generation                                                    | MWh          |      |      |      | 4,964 | 31,098 | 38,913 | 46,215 |

1. % Renewable Energy consumed on-site (base+tenant).

### Australian Sustainability Benchmarks

We use recognised national frameworks such as the Green Star Performance and the National Australian Built Environment Rating System (NABERS) to benchmark our operational performance. These measures help drive continuous improvement across our asset portfolio and provide us with opportunities to implement best practice initiatives. By implementing these initiatives we aim to provide positive outcomes for all our stakeholders, including our consumers, retail partners, suppliers and people.

Vicinity is one of the largest and highest rated Green Star Performance portfolios in Australia, achieving a 4 Star Green Star Performance Portfolio rating in June 2019. In FY22 we joined the Green Star Performance Early Access Program to assist with the development and implementation of the new Green Star Performance tool.

Vicinity was ranked in the top five and top three for NABERS Energy and NABERS Water respectively, for Shopping Centres in the NABERS Sustainable Portfolios Index 2022; achieving 4.6 Stars NABERS Energy and 4 Stars NABERS Water Portfolio ratings.

We also increased our NABERS Energy and Water assessments to cover 100% of our rateable portfolio<sup>2</sup>, up from 91% in FY21.

### VICINITY CENTRES PORTFOLIO SUSTAINABILITY PERFORMANCE RATINGS

| Framework                                       | FY16                           | FY17                          | FY18                          | FY19                                   | FY20                                   | FY21                                   | FY22                                   |
|-------------------------------------------------|--------------------------------|-------------------------------|-------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|
| Green Star Performance <sup>1</sup>             | 2 Stars<br>Average<br>Practice | 3 Stars<br>Good<br>Practice   | 3 Stars<br>Good<br>Practice   | 4 Stars<br>Australian<br>Best Practice | 4 Stars<br>Australian<br>Best Practice | 4 Stars<br>Australian<br>Best Practice | 4 Stars<br>Australian<br>Best Practice |
| Portfolio coverage                              | 100%                           | 100%                          | 100%                          | 100%                                   | 100%                                   | 100%                                   | 100%                                   |
| # of centres with a rating of 5 Stars and above |                                |                               |                               |                                        | 38 / 65                                | 33 / 62                                | 42 / 59                                |
| NABERS Energy <sup>2</sup>                      | 3.4 Stars<br>Coverage:<br>56%  | 3.7 Stars<br>Coverage:<br>44% | 3.6 Stars<br>Coverage:<br>85% | 3.8 Stars<br>Coverage:<br>76%          | 3.9 Stars<br>Coverage:<br>86%          | 4.4 Stars<br>Coverage:<br>91%          | 4.6 Stars<br>Coverage:<br>100%         |
| # of centres with a rating of 5 Stars and above |                                |                               |                               |                                        | 4                                      | 15                                     | 21                                     |
| NABERS Water <sup>3</sup>                       | 2.9 Stars<br>Coverage:<br>50%  | 3.2 Stars<br>Coverage:<br>44% | 3.1 Stars<br>Coverage:<br>82% | 3.3 Stars<br>Coverage:<br>76%          | 3.4 Stars<br>Coverage:<br>86%          | 3.4 Stars<br>Coverage:<br>91%          | 4.0 Stars<br>Coverage:<br>100%         |
| # of centres with a rating of 5 Stars and above |                                |                               |                               |                                        | 3                                      | 5                                      | 14                                     |

### Global Sustainability Benchmarks

We continue to participate in a number of voluntary investor sustainability surveys on an annual basis. This helps us benchmark our performance in environmental, social and governance (ESG) criteria and identify areas of risk, opportunity and impact across our business.

Our participation in FY22 included:

- Global Real Estate Sustainability Benchmark (GRESB) where Vicinity ranked 3rd in the Global Listed Retail Category.
- Dow Jones Sustainability Index (DJSI) where Vicinity ranked 5th globally in the Real Estate Sector.
- CDP, Vicinity received a leadership ranking with a score of A-.

1. Managed Portfolio.

2. NABERS Sustainable Portfolio Index 2022, based on Vicinity's ownership interest and 2021 rating as at December 2021 with 100% portfolio coverage.



## OUR MANAGEMENT OF RISK

Identifying and managing risks and opportunities is essential in supporting the achievement of Vicinity's strategy and objectives.

Vicinity adopts a structured and comprehensive approach to managing risk to help provide benefits to its stakeholders, including securityholders, employees, consumers, retailers and the communities in which Vicinity operates.

Vicinity's risk management approach facilitates the identification, assessment and management of risks to its operations and strategy, ensuring a clear understanding of risks and enabling informed decision-making in line with the business strategy and risk appetite.

The table below outlines the key risks and opportunities that may affect Vicinity's ability to create value over the short, medium and long term; their potential impacts and how Vicinity is managing them. Vicinity's risk profile will continue to evolve as our business model adjusts and responds to changes in the global and domestic macro-economic environment, including the long-term impacts of COVID-19, and to structural changes in the industry.

### Risks and opportunities and the potential impact on value creation

### How Vicinity manages the risks and opportunities

#### Economic conditions and rapidly evolving markets

Vicinity's financial performance depends heavily on rental income generated from its property assets, which is closely linked to customer foot traffic and expenditure in its centres.

Adverse economic conditions, a subdued retail market, structural changes in the industry, including online retail penetration, changing customer preferences and disruptive innovations (including as a result of COVID-19) may restrict growth opportunities and impact Vicinity's ability to compete appropriately without significant changes to its strategy and/or business model.

Measures implemented by authorities to combat COVID-19 impacted the operating and financial performance of Vicinity in FY22. COVID-19 continues to impact operating performance, with reduced shopping centre visitation, particularly in CBD locations, and through supply chain and resourcing impacts on retailer activity and sales.

Domestic and global macro-economic conditions, including cost of living increases, inflationary pressures and increases in interest rates present risks to consumer confidence and spending and to costs of doing business.

- Vicinity's long-term strategy is focused on enhancing its core retail portfolio and its growing funds management and third-party capital business, while executing its retail and mixed-use development projects by leveraging existing assets and capabilities. Vicinity's intensive asset management approach is focused on creating compelling consumer experiences, improving portfolio quality, actively reweighting the tenant mix to reflect changing consumer preferences, in line with each centre's Vision, Strategy and Action Plan and tightly managing operational costs. This includes partnering with strong performing retailers to expand their presence across the portfolio and introducing new retail concepts and non-retail uses which aim to drive greater consumer visitation and should translate into higher sales and rental growth over the longer term.
- Vicinity takes a 'Retailer First' approach, supporting retailers with tools and information, and enabling their channel strategies.
- Vicinity actively manages existing ancillary income streams and invests in new adjacent products and services which are closely aligned to its core business.
- With continuing cases of COVID-19 impacting supply chain, customer visitation and resourcing, Vicinity's COVID-19 response remains focused on:
  - ensuring its centres are safe
  - supporting its retailers and customers through targeted marketing and promotional activities aimed at increasing centre visitation and shopper dwell times
  - providing targeted support to retailers in categories and/or locations that continue to be impacted, such as SME and CBD based retailers
  - closely monitoring and managing cash collections
  - supporting CBD recovery and reinvigoration through industry bodies.





## Risks and opportunities and the potential impact on value creation

### How Vicinity manages the risks and opportunities

#### Achievement of target portfolio composition

There is the potential that acquisition, divestment and development opportunities may be limited and/or not deliver the intended financial results.

Vicinity may be unable to identify or execute on opportunities that meet its investment objectives due to price, timing, market demand, and/or the funding capacity of Vicinity and any co-owner of the asset. Uncertainty in macroeconomic factors, including inflationary pressures and rising interest rates, together with supply chain and resourcing issue, have potential to impact on construction costs, development feasibility, the cost of capital and the leasing and transactional markets.

- Vicinity has clear investment criteria for evaluating assets and regularly assesses asset quality and prospective performance using both qualitative and quantitative factors. This information is used to inform capital allocation and investment decisions. Vicinity provides strong governance and oversight of capital allocation decisions through its Investment and Capital Committee and Board approval processes.
- Vicinity continues to focus on identifying and pursuing selective acquisition opportunities and will leverage third-party capital where feasible.
- Vicinity may consider asset divestments as a source of funds for reinvestment into developments or value accretive acquisitions, where Vicinity expects to generate a superior return from the development or acquisition.
- Development opportunities are assessed and prioritised against set criteria which must meet minimum risk-adjusted financial return hurdles. While Vicinity has remained prudent with its capital, it is now transitioning from the planning to execution phase on a number of priority retail and mixed-use development projects.

#### Adoption of data analytics and technological advancements

The inability to adapt and adopt technological advancements and adequately utilise data analytics and 'big data' to achieve market intelligence may significantly affect Vicinity's ability to unlock its strategic and operational potential or impact Vicinity's competitiveness. This includes the effective management of legacy technologies as they become unsupported, decommissioned and/or replaced.

- Vicinity leverages its data and digital assets to enable data-driven analysis and decision making. This includes optimising leasing decisions, providing retailer insights, informing development decisions and improving operational performance.
- Vicinity has a dedicated Information and Innovation (I&I) team that actively explores, invests in and manages new products, services and data assets that are complementary to and leverages its retail portfolio.
- Vicinity's technology strategy is designed to ensure it is positioned from a technology perspective to achieve its strategic goals. This includes a planned program for the phased modernisation of legacy systems and progressively updating systems and technology architecture to deliver a platform that allows Vicinity to take advantage of advancements in technology.

#### Information/data security

The inability to adequately protect Vicinity's systems from cyber-attack, theft or other malicious or accidental act (from internal or external sources) could result in a data breach, damage its brand, impact operations and cause a loss of customer trust.

- Vicinity has a robust information security and data governance strategy and framework. This includes tools, training, systems and processes to address data collection, use and management (Data Governance) and protection (Information Security).
- Vicinity continues to progress activities in its comprehensive Data Governance and Cyber Security Plans, which are constantly reviewed to ensure Vicinity keeps pace with the evolving external threat and regulatory environment.
- Vicinity has recently appointed a dedicated General Manager, Cyber and Information Security to its Senior Leadership team to provide functional leadership of its information security and data governance program.



## OUR MANAGEMENT OF RISK CONTINUED

### Risks and opportunities and the potential impact on value creation

### How Vicinity manages the risks and opportunities

#### Funding and investment opportunities

Access to funding or capital at the appropriate price and in the required timeframes or deployed into investment opportunities for an acceptable risk/return trade-off is crucial to Vicinity's ability to create value over time.

- Vicinity maintains a robust capital management structure with low gearing, significant available liquidity, and low levels of upcoming expiring debt. In addition, Vicinity maintained its strong investment grade ratings of A/A2 from Standard and Poor's and Moody's.
- Vicinity continues to closely monitor asset valuations, rent collection, drawn debt, cost of capital and compliance with financial covenants.
- Vicinity is well positioned on its debt maturity profile with no expiries in FY23, having also successfully issued its inaugural Green Bond (\$300m) in May 2022 and extended \$475m of bank debt.
- Vicinity has established treasury risk management policies and remains well hedged against interest rate movements and foreign exchange exposures.
- There is strong oversight on balance sheet management and investment decisions through its Committees.

#### People

Vicinity's succession challenges and ability to attract and retain top talent may limit its ability to achieve operational targets. Loss of and the inability to attract talent also impacts Vicinity's ability to execute within target timeframes.

- Vicinity's People Strategy focuses on driving performance through optimising the operating model and ways of working, driving cultural change and building the future capability of our leaders and team members to deliver increased commercial performance.
- Vicinity encourages an inclusive workplace where diversity is valued and leveraged as a driver of a performance culture.
- A range of leadership and learning and development programs are in place to build capability, create succession and retain talent.
- Vicinity has fit for purpose remuneration, benefits, reward and recognition frameworks.

#### Conduct and culture

A failure to promote a healthy culture, including where employees feel able to speak up, could adversely impact business performance and reputation.

- Vicinity's Code of Conduct sets clear behavioural standards and ethical expectations.
- Team members are assessed against the values and behavioural standards outlined in the Code of Conduct as part of the annual performance review process.
- Vicinity has had a continued focus on culture and is actively working towards the delivery of its desired culture state. *The Vicinity Way* and systemic change program are deliberate interventions to ensure that Vicinity's drives the right culture through its focus on Operating Model, Leadership, Capability and Performance.
- Vicinity has moved to a hybrid working model, providing team members with the flexibility to work in a way that suits them while continuing to connect with colleagues. This also links to attracting and retaining talent.

#### Climate change

Having a robust approach to managing physical and transition risks related to climate change is important for Vicinity to ensure it operates a resilient portfolio which can withstand acute weather events and chronic climate impacts, realise opportunities related to transitioning to a low carbon economy, and meet stakeholder expectations around climate risk management and reporting.

- Vicinity's sustainability strategy addresses both the physical and transition risks related to climate change through creating low carbon, smart assets and increasing the climate resilience of its centres. The strategy will be updated in FY23.
- At an asset level, Vicinity is refreshing its climate risk review assessments, including a detailed centre by centre review of climate exposures, risk levels and potential mitigation strategies, based on 2030 and 2050 climate change scenarios.

## Risks and opportunities and the potential impact on value creation

### How Vicinity manages the risks and opportunities

#### Health and safety

Vicinity's operations expose team members, contractors, retailers and consumers to the risk of injury or illness.

Management of COVID-19 continues to challenge our operating environment and requires vigilance around health and sanitation measures.

- Vicinity has a comprehensive and mature Health and Safety Management System (H&SMS) that is supported by high levels of awareness, competency, capability, an audit program and a strong safety culture.
- Vicinity maintains additional measures across all of its centres to minimise the spread of COVID-19, including COVID Safe Plans to trade safely and in line with government directives.

#### Security and intelligence

An act of high impact civil disturbance, terror, active armed offender or other hostile aggressor activity would have significant consequences on shopping centre safety impacting retailer, customer and team member welfare, sales, rental and brand.

- Vicinity adheres to the recommendations from the Australian Government's Crowded Places Strategy across all centres. Counter Terror Plans are in place for all assets and ongoing review of asset hardening measures are incorporated in all centres, future developments and refurbishments.
- Vicinity maintains a Crisis and Emergency Management System which provides the framework for Vicinity to respond to a major incident or crisis. This system is supported by regular training and exercises to increase preparedness and to identify any opportunities for improvement.
- Vicinity continues to build its intelligence and response capability by maintaining key relationships with law enforcement, intelligence, other government agencies, industry specialists and peers.
- Vicinity's community investment program focuses on addressing youth disengagement and unemployment in the communities in which it operates and helps to alleviate youth-related safety and security concerns at its centres.

#### Regulatory changes

Changes in legislation or regulations could impact Vicinity's operations, introduce legal or administrative hurdles, restrict Vicinity's business and impact profitability.

- Vicinity is a member of various industry bodies that actively engage with government on policy areas and reform. Vicinity's Corporate Affairs function acts to strategically and proactively enhance industry and government relations and protect Vicinity's position in the market, including for regulatory change.
- Vicinity is implementing a consistent, centralised approach for identifying, assessing and managing regulatory changes.





## GOVERNANCE

### OUR BOARD

Our Board is committed to high standards of corporate governance. Our corporate governance platform is integral to supporting our strategy, protecting the rights of our securityholders and creating sustainable growth.

### CORPORATE GOVERNANCE

During FY22, our corporate governance framework was consistent with the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. Our 2022 Corporate Governance Statement is available in the Corporate Governance section of our website.

### FURTHER INFORMATION

You can find more disclosure on the following topics:



**Corporate Governance**  
[vicinity.com.au/about-us/corporate-governance](https://vicinity.com.au/about-us/corporate-governance)



**Governance and Partnerships**  
[vicinity.com.au/sustainability/governance-and-partnerships](https://vicinity.com.au/sustainability/governance-and-partnerships)



**Our Management of Risk**  
 Page 30



**Tax Transparency** Page 40



**Contact Us** Page 121

### COMPANY SECRETARIES

Vicinity has two company secretaries.

#### Carolyn Reynolds

Refer to page 37 for biographical details.

#### Rohan Abeyewardene

Rohan Abeyewardene was appointed Group Company Secretary in October 2018 following his appointment as Company Secretary in February 2018. Prior to this, Mr Abeyewardene held a range of company secretarial and governance roles. Mr Abeyewardene is a Fellow of the Governance Institute of Australia and a Chartered Accountant, and holds a Bachelor of Commerce and Bachelor of Economics from the University of Queensland.



#### Trevor Gerber

BACC, CA, SA

**Independent Non-executive Chairman**

Appointed June 2015

Trevor Gerber worked for 14 years at Westfield, initially as Group Treasurer and subsequently as Director of Funds Management responsible for Westfield Trust and Westfield America Trust. He has been a professional director since 2000, and has experience in property, funds management, hotels and tourism, infrastructure and aquaculture.

Mr Gerber is the Chairman of the Nominations Committee and a member of the Audit Committee and the Remuneration and Human Resources Committee.

Mr Gerber was elected as Vicinity's Chairman effective from the conclusion of the 2019 Annual General Meeting on 14 November 2019.

Mr Gerber is a member of Chartered Accountants Australia and New Zealand.

**Current Listed Directorships**  
 Nil.

#### Past Listed Directorships (last three years)

CIMIC Group Limited (held from 2014 to 2019), Sydney Airport (Chairman from 2015 to 2021 and Director from 2002) and Tassal Group Limited (held from 2012 to 2020).



#### Grant Kelley

LLB, MSc Econ, MBA

**CEO and Managing Director**

Appointed January 2018

Grant Kelley has over 30 years' of global experience in real estate investment, corporate strategy, funds management and private equity.

Previously, Mr Kelley was CEO at City Developments Limited, a Singapore-based global real estate company with operations in over 20 countries. Prior to this, Mr Kelley was the Co-Head of Asia Pacific for Apollo Global Management, and also led their real estate investment activities in the region. In 2008, Mr Kelley founded Holdfast Capital Limited, an Asian-based real estate investment firm, which was acquired by Apollo in 2010.

From 2004 to 2008, Mr Kelley was the CEO of Colony Capital Asia where he guided acquisition and asset management activities in Asia. From 2002 to 2004, he was based in New York, where he was a Principal at Colony with responsibility for US and European investment opportunities. Mr Kelley commenced his career in 1989 at Booz Allen & Hamilton, advising CEOs of major listed companies in the financial services, natural resources and healthcare industries.

Mr Kelley is Chairman of the Adelaide 36ers, Chairman of Holdfast Assets, a Director of the Shopping Centre Council of Australia, Deputy Chair of the Board of Governors of Pulteney Grammar School and a Council Member of the Asia Society Policy Institute.

Mr Kelley holds a Bachelor of Laws degree from the University of Adelaide, a Masters in Economic Sciences from the London School of Economics, and an MBA from the Harvard Business School.

**Current Listed Directorships**  
 Nil.

**Past Listed Directorships (last three years)**  
 Nil.



#### Clive Appleton

BEC, MBA, AMP (Harvard), GradDip (Mktg), FAICD

**Non-executive Director**

Appointed September 2018

Clive Appleton has extensive experience in property and funds management and property development, having worked for several of Australia's leading retail property investment, management and development groups.

Mr Appleton's executive experience includes Chief Executive Officer of Gandel Retail Trust and various senior executive positions with Jennings Group, where he was responsible for managing and developing its retail assets before a subsidiary was restructured to become Centro Properties Limited, of which he became Managing Director. Mr Appleton also held roles as Managing Director of The Gandel Group Pty Limited where he was involved in the development of \$1 billion worth of property and Managing Director of APN Property Group, including being instrumental in its float and responsible for managing its Private Funds division.

Mr Appleton was also previously a Non-executive Director of Federation Centres and the RE from December 2011 to the time of the merger with Novion Property Group in June 2015.

Mr Appleton is currently Chairman of Aspen Group and Pancare Foundation, Deputy Chairman of The Gandel Group Pty Limited, and a Director of Perth Airport Pty Ltd and Perth Airport Development Group Pty Ltd.

**Current Listed Directorships**  
 Aspen Group (Chairman) (since 2012).

**Past Listed Directorships (last three years)**  
 APN Property Group Limited (held from 2004 to 2021).



**Tim Hammon**  
BCOMM, LLB, MAICD  
**Independent Non-executive Director**  
Appointed December 2011

Tim Hammon has extensive wealth management, property services and legal experience.

Mr Hammon was previously Chief Executive Officer of Mutual Trust Pty Limited and worked for Coles Myer Ltd reporting to the Chief Executive Officer in a range of senior executive roles including Chief Officer, Corporate and Property Services with responsibility for property development, leasing and corporate strategy. He was also Managing Partner of various offices of the law firm previously known as Mallesons Stephen Jaques.

Mr Hammon is the Chairman of the Risk and Compliance Committee and a member of the Remuneration and Human Resources Committee and the Nominations Committee.

Mr Hammon is also the Chairman and a member, respectively, of the advisory boards of the Pacific Group of Companies and of Liuzzi Property Group, a Director of EQT Holdings Limited and an advisor to EMT Partners Pty Ltd.

**Current Listed Directorships**  
EQT Holdings Limited (since 2018).

**Past Listed Directorships (last three years)**  
Nil.



**Peter Kahan**  
BCOMM, BACC, CA, MAICD  
**Independent Non-executive Director**  
Appointed June 2015

Peter Kahan has had a long career in property funds management, with prior roles including Executive Deputy Chairman, Chief Executive Officer and Finance Director of The Gandel Group. Mr Kahan was the Finance Director of The Gandel Group at the time of the merger between Gandel Retail Trust and Colonial First State Retail Property Trust in 2002.

Prior to joining The Gandel Group in 1994, Mr Kahan worked as a Chartered Accountant and held several senior financial roles across a variety of industry sectors.

Mr Kahan is Chairman of the Remuneration and Human Resources Committee and a member of the Audit Committee and the Nominations Committee.

Mr Kahan was previously a Director of Charter Hall Group from 2009 to 2016 and a Director of Dexu Wholesale Property Limited.

**Current Listed Directorships**  
Nil.

**Past Listed Directorships (last three years)**  
Nil.



**Janette Kendall**  
BBUS MARKETING, FAICD  
**Independent Non-executive Director**  
Appointed December 2017

Janette Kendall has significant expertise in strategic planning, digital innovation, marketing, operations and leadership across a number of industry sectors including digital and technology, marketing and communications, media, retail, fast-moving consumer goods, hospitality, gaming, property and manufacturing.

Ms Kendall's executive experience, both in Australia and China, includes Senior Vice President of Marketing at Galaxy Entertainment Group, China, Executive General Manager of Marketing at Crown Resorts, General Manager and Divisional Manager roles at Pacific Brands, Executive Director at Singleton Ogilvy & Mather, CEO of emitch Limited, and Executive Director of Clemenger BBDO.

Ms Kendall is a member of the Remuneration and Human Resources Committee and the Risk and Compliance Committee.

Ms Kendall is also a Director of Costa Group, Tabcorp Holdings Limited, KM Property Funds and Visit Victoria.

**Current Listed Directorships**  
Costa Group (since 2016) and Tabcorp Holdings Limited (since 2021).

**Past Listed Directorships (last three years)**  
Wellcom Worldwide (held from 2016 to 2019).



**Karen Penrose**  
BCOMM (UNSW), CPA, FAICD

**Independent Non-executive Director**  
Appointed June 2015

Karen Penrose's executive experience was in leadership and CFO roles, mainly in financial services. Ms Penrose is passionate about customer outcomes and financial management and is well-versed in operating in a rapidly changing regulatory environment, which stems from her 20 years in banking with Commonwealth Bank of Australia and HSBC, and eight years to early 2014 as a listed-company CFO and COO.

Ms Penrose has been a full-time Director since 2014 and is a member of Chief Executive Women.

Ms Penrose is Chairman of the Audit Committee and a member of the Risk and Compliance Committee.

Ms Penrose is a Director of Bank of Queensland Limited, Cochlear Limited, Estia Health Limited, Ramsay Health Care and Ramsay Santé. She is also on the board of Rugby Australia Ltd and Marshall Investments Pty Limited.

**Current Listed Directorships**  
Bank of Queensland Limited (since 2015), Cochlear Limited (since July 2022), Estia Health Limited (since 2018), Ramsay Health Care (since 2020) and Ramsay Santé (since 2021 – listed on Eurolist by Euronext Paris and associated with Ms Penrose's directorship of Ramsay Health Care).

**Past Listed Directorships (last three years)**  
Spark Infrastructure Group (held from 2014 to 2020).



**Dr David Thurin AM**  
MBBS, DIP RACOG, FRACGP, MS in Management, MAICD

**Non-executive Director**  
Appointed June 2015

David Thurin has had extensive experience in the property industry that includes senior roles within The Gandel Group and associated companies, including being the Joint Managing Director. Dr Thurin was a Director of The Gandel Group at the time of the merger between Gandel Retail Trust and Colonial First State Retail Property Trust in 2002.

Dr Thurin is the Chairman, Chief Executive Officer and Founder of Tigcorp Pty Ltd, which has property interests in retirement villages and land subdivision. He has a background in medicine, having been in private practice for over a decade. He was a prior President of the International Diabetes Institute, a prior Director of The Baker Heart and Diabetes Institute and a prior Director of the Melbourne Football Club in the Australian Football League. He is a member of the World President's Organisation and the Australian Institute of Company Directors.

Dr Thurin was made a Member of the Order of Australia (AM) for his significant service to sporting organisations and to community health. He is a Life Governor of the Baker Heart and Diabetes Institute and a Life Member of the Melbourne Football Club.

**Current Listed Directorships**  
Nil.

**Past Listed Directorships (last three years)**  
Nil.



## GOVERNANCE CONTINUED

### EXECUTIVE COMMITTEE

Our CEO and Managing Director (CEO), together with the members of our Executive Committee and senior leaders, are responsible for implementing Vicinity's strategy, achieving Vicinity's business and financial objectives, and carrying out the day-to-day management of Vicinity.

Management is also responsible for supplying our Board with accurate, timely and transparent information to enable the Board to perform its responsibilities.

### MANAGEMENT COMMITTEES

Our CEO has established management committees to facilitate decision making by management as outlined below:

- **Executive Committee** comprised of 10 members outlined on the current page and overleaf
- **Capital Management Committee** comprised of the CEO, Chief Financial Officer (CFO) (Committee Chairman), Chief Development Officer (CDO), Director Operational Finance & Property Management and General Manager Strategy & Corporate Finance
- **Investment and Capital Committee** comprised of the CEO (Committee Chairman), Chief Operating Officer (COO), CFO and Chief Legal & Risk Officer (CLRO)
- **Sustainability Committee** comprised of the CEO (Committee Chairman), CFO, Chief Corporate Affairs Officer, Chief Innovation & Information Officer, COO, CDO, Chief People & Organisational Development Officer, CLRO, Head of Sustainability, Head of Investor Relations, Director Property Management, Group Company Secretary, General Manager Strategy & Corporate Finance and Director Marketing



**Grant Kelley**  
CEO and Managing  
Director

Grant Kelley joined Vicinity in January 2018 and has over 30 years' of global experience in real estate investment, corporate strategy, funds management and private equity.

Grant was formerly CEO at City Developments Limited, a Singapore-based global real estate company with operations in over 20 countries. Prior to this, Grant was the Co-Head of Asia Pacific for Apollo Global Management, and also led their real estate investment activities in the region. In 2008, Grant founded Holdfast Capital Limited, an Asian-based real estate investment firm, which was acquired by Apollo in 2010.

From 2004 to 2008, Grant was the CEO of Colony Capital Asia where he guided acquisition and asset management activities in Asia. From 2002 to 2004, he was based in New York, where he was a Principal at Colony with responsibility for US and European investment opportunities.

Grant holds a Bachelor of Laws degree from the University of Adelaide, a Masters in Economic Sciences from the London School of Economics, and an MBA from the Harvard Business School.

Grant is Chairman of the Adelaide 36ers, Chairman of Holdfast Assets, a Director of the Shopping Centre Council of Australia, Deputy Chair of the Board of Governors of Pulteney Grammar School and a Council Member of the Asia Society Policy Institute.



**Peter Huddle**  
Chief Operating  
Officer

Peter Huddle joined Vicinity in March 2019 and has over 20 years' experience in Real Estate Development and Asset Management. As Chief Operating Officer, Peter is responsible for leading the teams on all aspects within our shopping centres including Management, Operations, Leasing, Development and Marketing.

Prior to joining Vicinity, Peter has had extensive experience in multiple global markets through a number of senior roles within the Westfield Group. Peter was most recently COO of Unibail-Rodamco-Westfield, USA post acquisition of Westfield. Before the acquisition, Peter was Senior Executive Vice President and Co-Country Head of the USA, where he led the US Development teams through a prolific period of expansion. Before the US, he was COO of a Westfield Joint Venture in Brazil. Previous to Brazil, Peter had extensive Asset Management and Development experience within the Australian market.



**Adrian Chye**  
Chief Financial  
Officer

Adrian Chye joined Vicinity in June 2015 following the merger of Federation Centres and Novion Property Group (Novion). Adrian is an experienced finance executive with over 20 years' experience in strategy, corporate finance and accounting roles.

Prior to his current appointment, Adrian was Director, Strategy and Corporate Finance. Previous to this, Adrian was Head of Strategy at Novion (formerly CFSGAM Property) and Head of Strategy and Corporate Transactions at CFSGAM Property.

Adrian is responsible for the finance and strategy function. His responsibilities include financial planning and analysis, reporting, tax, treasury, group strategy, mergers and acquisitions and capital transactions.

Adrian is a Member of Chartered Accountants Australia and New Zealand.



**Carolyn Reynolds**  
Chief Legal & Risk  
Officer

Carolyn Reynolds joined Vicinity in May 2014 and has more than 25 years' experience as a commercial litigation and corporate lawyer. In her current role, Carolyn has oversight of the legal, safety, risk, compliance and company secretarial functions for Vicinity, and is a Director of the Vicinity subsidiary Boards.

Prior to her current appointment, Carolyn was a partner at law firm Minter Ellison from July 2003. Carolyn gained extensive experience over this time which featured work on Las Vegas Sands Corp.'s bid for the rights to develop and operate the Marina Bay Sands Integrated Resort in Singapore. Carolyn has also gained diverse experience relating to boards from her legal work and involvement with not-for-profit organisations such as Ovarian Cancer Australia.

Carolyn is a member of the Australian Institute of Company Directors, Chief Executive Women and ACC Australia.



**Carolyn Viney**  
Chief Development  
Officer

Carolyn Viney joined Vicinity in October 2016 and has more than 20 years' experience in construction, property development and real estate investment.

Prior to her current appointment, Carolyn was with Grocon where she held a number of senior roles over a 13-year period, including CEO, Deputy CEO and Head of Development.

Carolyn is the Chair of the Victorian Government's Office of Projects Victoria, an Advisory Board Member of Women's Property Initiatives, a not-for-profit housing provider to women and children at risk of homelessness. Carolyn is also a Non-executive Director of The Big Issue and Homes for Homes, both of which are not-for-profit providers of employment and support to homeless, marginalised and disadvantaged people, as well as being a Non-executive Director of the Walter + Eliza Hall Institute of Medical Research. Carolyn is a former President of the Victorian Division of the Property Council of Australia.



**David Marcun**  
Director, Operational Finance  
& Property Management

David Marcun joined Vicinity in June 2015 as part of the merger of Federation Centres and Novion Property Group (Novion). David has more than 25 years' experience in the retail property sector, predominantly in finance and operations roles.

Prior to his current appointment, David was EGM Business Development. Previous to this, David was Chief Operating Officer and Head of Asset Management at Novion (formerly CFSGAM Property). Over this time, David played a significant role in the merger of Federation Centres and Novion, as well as the internalisation of CFSGAM Property from Commonwealth Bank of Australia in 2013-14. Having joined The Gandel Group in 1993, David was also involved in the acquisition of Gandel Retail Management by CFSGAM Property in 2002.

David is a member of Chartered Accountants Australia and New Zealand.



**David McNamara**  
Director, Funds  
Management

David McNamara joined Vicinity in February 2022 and has over 30 years' experience in retail sector Funds and Asset Management. As Director, Funds Management, David is responsible for Funds Management initiatives for Vicinity.

Prior to joining Vicinity, David held senior roles with Lendlease including Head of Asset Management – Retail, as well as Fund Manager of the Australian Prime Property Fund Retail (APPFR). Prior to this, he worked for The GPT Group including senior roles in Capital Transactions and as Head of Asset Management – USA, where he was based for several years.

Before joining GPT David gained extensive Asset Management, Leasing and Development experience within the Australian retail market working on major regional assets.

David holds a Bachelor of Commerce (Marketing) from University of NSW and a Master of Applied Finance from Kaplan Professional.



## GOVERNANCE CONTINUED



**Justin Mills**  
Chief Innovation & Information  
Officer

Justin Mills joined Vicinity in June 2015 following the merger of Federation Centres and Novion Property Group (Novion) and has more than 20 years' experience in the retail property sector. In this newly created role, Justin is responsible for developing and testing new concepts and ideas that are aligned to the corporate and departmental strategies, specifically where these can be accelerated and enabled by technology, digital and data. Justin oversees Enterprise Technology including Cyber Security, Business Development, Energy, Media, Research & Insights, Data Science, Digital Product Management and Delivery.

Prior to his current appointment, Justin oversaw the strategy function of Vicinity including Alternative Income, Data Science & Insights, Security and Intelligence, Sustainability, Strategy and strategic delivery, Corporate Communications and Investor Relations. Justin has also held the positions of Executive General Manager Shopping Centre Management and General Manager, Retail Management and Strategy at Novion (formerly CFSGAM Property) from 2009. In 2002, Justin joined CFSGAM Property where his roles included Assistant Fund Manager of CFS Retail Property Trust, Centre Manager of Chadstone shopping centre and regional responsibilities across several Victorian assets.

Justin holds a Bachelor of Business degree, Master of Business Administration and is a member of the Australian Institute of Company Directors.



**Marie Festa**  
Chief Corporate Affairs  
Officer

Marie Festa joined Vicinity in July 2021 with almost 20 years' experience in corporate and ASX listed companies across a number of industries including property, fintech, mining and transport logistics.

Prior to joining Vicinity, Marie held the position of Executive Vice President, Communications and Investor Relations at top 20 ASX fintech company, Afterpay. Previous to this, Marie was the Head of Culture and Reputation at ASX listed property company Mirvac Group, which included responsibility for communications, human resources, investor relations, sustainability, safety and innovation.

With a strong background in communications and external relations, Marie has managed relationships with media, investors and other key stakeholders through several significant and complex corporate transactions, including IPOs, capital raisings and major acquisitions. Marie has also provided strategic communications advice to Boards and executive teams in areas such as issues and crisis management, stakeholder engagement, sustainability, brand, industrial relations and safety.



**Tanya Southey**  
Chief People & Organisational  
Development Officer

Tanya Southey joined Vicinity in October 2019 and has more than 25 years' experience in Human Resources. Prior to joining Vicinity, Tanya held Executive Human Resources roles at General Electric, Jetstar and Carlton and United Breweries (CUB). In addition, Tanya has consulted within the Human Resources strategy space.

During her career Tanya has been involved in major cultural transformations, including due diligences, acquisitions, building employee value propositions and creating high performance cultures. In her time at CUB, Tanya was involved in the global transaction to sell SABMiller to AB Inbev, a US\$106 billion deal which was the largest in the history of the London Stock Exchange. Tanya has worked in the United States of America, South Africa and Australia and has been accountable for Human Resources teams across the Asia Pacific in multiple roles.

Tanya has been on the Victorian Board for The Hunger Project, a global organisation which aims to end world hunger through the empowerment of people in developing countries.







## TAX TRANSPARENCY

Vicinity exists to enrich community experiences and reimagine destinations of the future. We create places where people love to connect for leisure, living, and work, generating long-term value for all stakeholders.

Vicinity drives sustainable growth from our portfolio of retail assets with a focus on enhancing the communities in which we operate. Aligning with this approach, Vicinity is committed to strong corporate governance policies and business practices, across all of its functions, including meeting its tax responsibilities.

Vicinity voluntarily publishes this statement as part of its commitment to provide transparent and useful information on its tax affairs.

### AUSTRALIAN TAX TRANSPARENCY

To improve the transparency of business tax affairs in Australia, the Board of Taxation designed the Tax Transparency Code (TTC) to outline a set of principles and minimum standards to guide the disclosure of tax information. Vicinity adopts the TTC recommendations in this statement.

### OUR APPROACH TO TAX

Vicinity's Audit Committee oversees tax matters and has endorsed the Tax Risk Management Framework (the Framework), which reflects Vicinity's low risk approach to taxation. When carrying out its activities, Vicinity:

- has a low risk appetite and does not engage in aggressive tax planning and strategies;
- complies with all of its statutory obligations in a timely and transparent manner and protects its reputation;
- has robust tax governance, with ongoing oversight and escalation points for managing tax risk from Vicinity's key executives to the Audit Committee and Board of Directors; and
- has a commitment to engage and maintain transparent and professional relationships with tax authorities including the Australian Taxation Office (ATO).

A robust set of internal controls and policies exists to support the operational effectiveness of the Framework within Vicinity. Furthermore, the Audit Committee and independent assurance functions such as internal and external audits provide periodic independent and objective assurance on the effectiveness of risk management, control and governance processes.

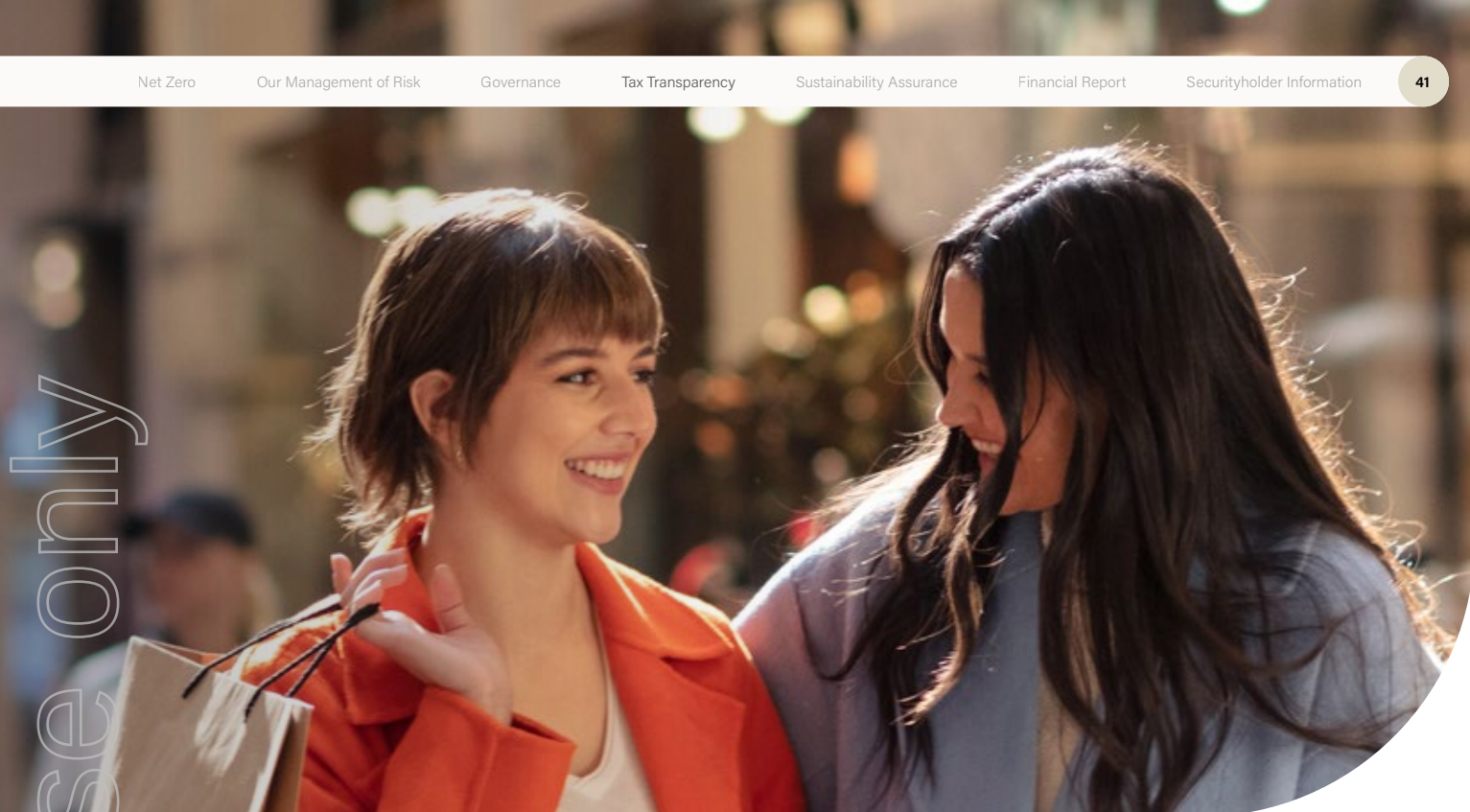
Vicinity applies the Framework across its business to integrate the assessment of the tax implications of transactions, projects and business initiatives, into day-to-day business. This enables Vicinity to assess the tax implications of all transactions before committing to them and mitigate any tax risks that might arise.

Vicinity values having good relationships with all external regulatory bodies. Vicinity engages and consults with regulatory bodies regarding tax policy, tax reform and tax law design on matters that affect Vicinity's business and its securityholders.

Further information on Vicinity's corporate governance is available in its 2022 Corporate Governance Statement.



**2022 Corporate Governance Statement**  
[Vicinity.com.au](https://www.vicinity.com.au)



## VICINITY'S GROUP STRUCTURE

Vicinity securities consist of one share in the company (Vicinity Limited) and one unit in the trust (Vicinity Centres Trust). The shares and units are stapled together as Vicinity Centres securities listed on the ASX. However, Vicinity Limited and Vicinity Centres Trust remain separate legal entities in accordance with the *Corporations Act 2001* and under the tax law.

Vicinity Limited, and its wholly-owned group of entities, undertakes the business of managing Vicinity's shopping centre portfolio including property management, development management and responsible entity and trustee services for Vicinity Centres Trust, its sub-trusts and external wholesale funds. Vicinity Limited also provides property and development management services for joint owners of Vicinity's assets and other third parties.

Vicinity Centres Trust is a managed investment scheme operating in accordance with the *Corporations Act 2001*, and is regulated by the Australian Securities and Investments Commission (ASIC). Vicinity Centres Trust and its controlled trusts (Vicinity Centres Trust Group) hold the majority of the real estate investments for Vicinity.

## TAXATION OF VICINITY

For the purposes of financial reporting, Vicinity Limited and Vicinity Centres Trust prepare a single consolidated set of financial reports. However, under tax law, Vicinity Limited and Vicinity Centres Trust are treated differently and require separate consideration.

### Vicinity Limited

Vicinity Limited and its wholly-owned entities are consolidated for income tax purposes, resulting in all members of the consolidated group being treated as a single corporate taxpayer under Vicinity Limited. Under Australian tax law, companies are subject to income tax at the applicable corporate tax rate (30% for FY22) on their taxable income.

### Vicinity Centres Trust Group

The Vicinity Centres Trust has elected into the Attribution Managed Investment Trust (AMIT) regime and where it attributes its taxable income to securityholders, is not liable to pay income tax.

The taxable income from the real estate investments held by the Vicinity Centres Trust Group is attributed as income to its securityholders. Australian resident securityholders pay tax on this income at their marginal tax rates and non-resident securityholders are taxed under the AMIT withholding tax rules.

## CONTRIBUTIONS TO THE AUSTRALIAN TAX SYSTEM

As a business that operates in the Australian property industry, Vicinity is subject to various other taxes at federal, state and local government levels. In FY22, these taxes amounted to approximately \$217.4 million and are either borne by Vicinity as a cost of our business, or are remitted by Vicinity as part of our contribution to the administration of the tax system<sup>1</sup>.

The taxes remitted by Vicinity include pay as you go (PAYG) withholding taxes paid by our employees and goods and services tax (GST) collected from our retailers who rent space in our centres, net of GST claimed by Vicinity on its own purchases.

The following information summarises Vicinity's Australian tax contribution for FY22.

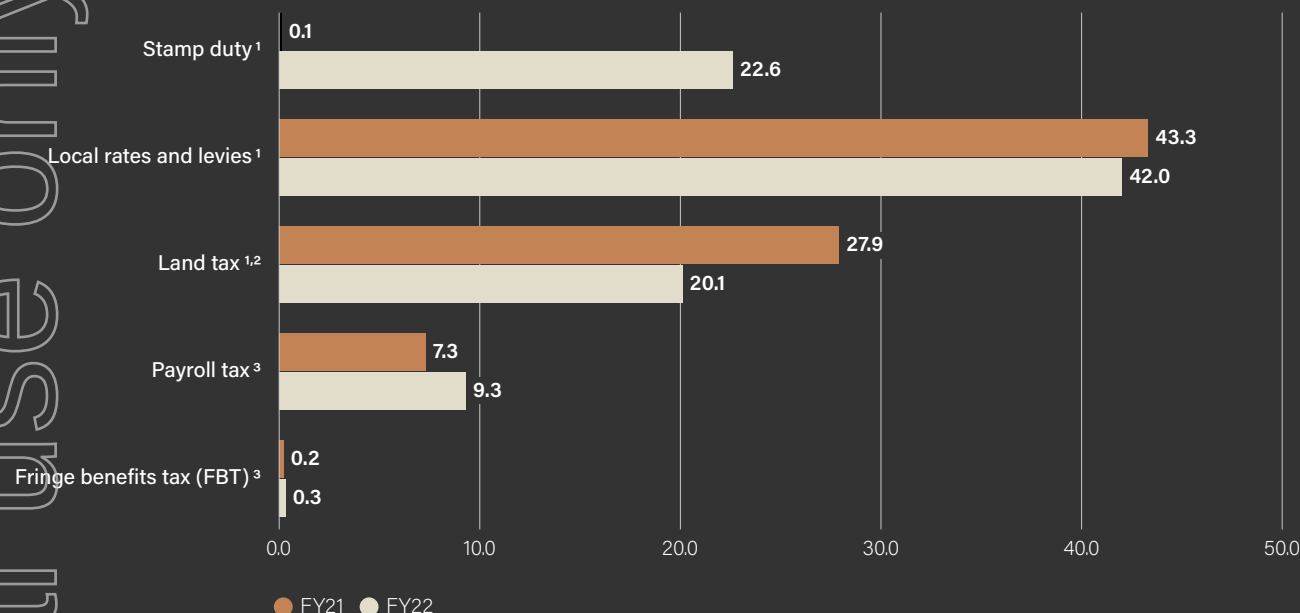
1. In this regard, Vicinity includes entities which have been equity accounted in this financial report.



## TAX TRANSPARENCY CONTINUED

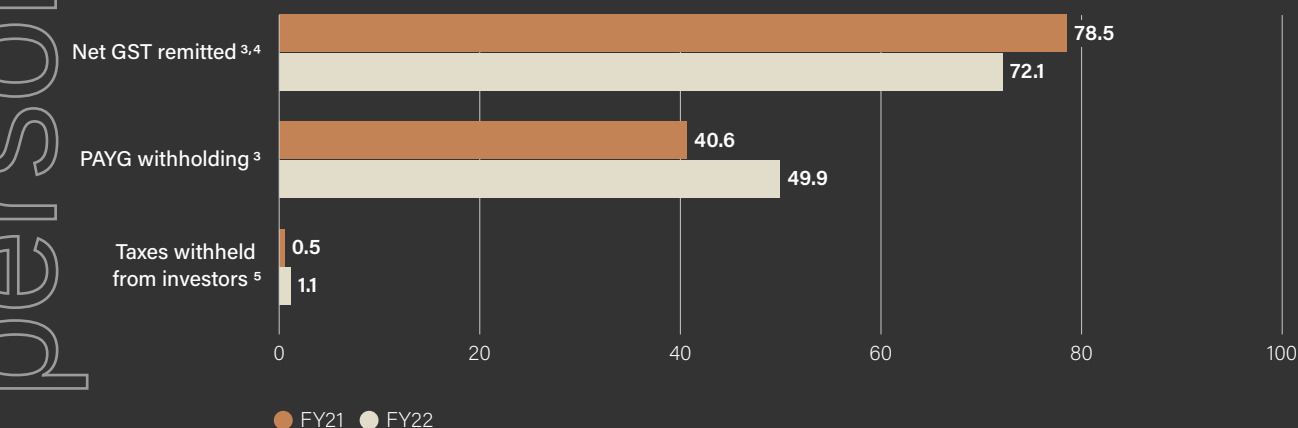
### TOTAL TAXES BORNE BY VICINITY (\$M)

\$94.3 million (FY21: \$78.8 million)



### TOTAL TAXES REMITTED BY VICINITY (\$M)

\$123.1 million (FY21: \$119.6 million)



The basis of preparation for Vicinity's Australian tax contribution information is outlined below. Vicinity undertakes an internal review process through its Finance and Internal Audit functions to verify the Australian tax contribution disclosures made.

- Stamp duty, land tax, local rates and levies data have been reported on an accrual basis and therefore may vary from the actual taxes paid in FY21 and FY22. The increase in stamp duty in FY22 is primarily due to the acquisition of a 50% interest in Harbour Town Premium Outlet Centre.
- As part of State Governments' response to COVID-19, land tax relief and deferrals have been obtained across all states which has resulted in lower net land taxes in FY22 relative to FY21.
- Payroll tax, FBT, GST and PAYG withholding data has been reported based on the amounts paid in respect of tax returns or notices of assessment issued to Vicinity for FY22 from the respective revenue authorities.
- Net GST remitted for FY22 is comprised of \$150.6 million of GST collected (FY21: \$144.1 million) and \$78.5 million of GST claimed (FY21: \$65.6million).
- This represents taxes withheld from Vicinity's securityholders, which has been prepared based on information maintained by Vicinity's external security registry provider. As the majority of our securityholders either supply their tax file number or in the case of non-residents, hold their interests indirectly, this figure is not representative of the taxes actually paid by our securityholders.

For personal use only





## TAX TRANSPARENCY CONTINUED

### RECONCILIATION OF ACCOUNTING PROFIT TO INCOME TAX PAID AND PAYABLE

A full reconciliation of Vicinity's accounting net profit to income tax benefit is included in the Tax note in Note 3 to the Financial Report. Accounting net profit is determined in accordance with the Australian Accounting Standards. Taxable income, in contrast, is an income tax concept, which is calculated by subtracting allowable deductions from assessable income. A taxpayer's income tax liability is calculated by multiplying its taxable income by its applicable tax rate.

#### Vicinity Limited

The FY22 reconciliation from income tax benefit to income tax paid or payable is outlined below.

|                                                                                          | \$m        |
|------------------------------------------------------------------------------------------|------------|
| <b>Income tax benefit (refer to Note 3 to the Financial Report)</b>                      | <b>7.6</b> |
| Adjust for:                                                                              |            |
| Movement in deferred tax assets including the utilisation of Australian Group tax losses | 4.6        |
| Income tax benefit relating to the recognition of deferred tax assets                    | (12.7)     |
| Adjustment of current tax for prior periods and other                                    | 0.5        |
| <b>Income tax payable</b>                                                                | <b>0.0</b> |

In FY22, the Vicinity Limited consolidated group generated taxable income of approximately \$16.4 million prior to the utilisation of carry-forward losses (\$16.4 million) and no income tax payable.

The effective tax rate<sup>1</sup> (ETR) based on current year income tax benefit for Vicinity Limited is (58.0%).

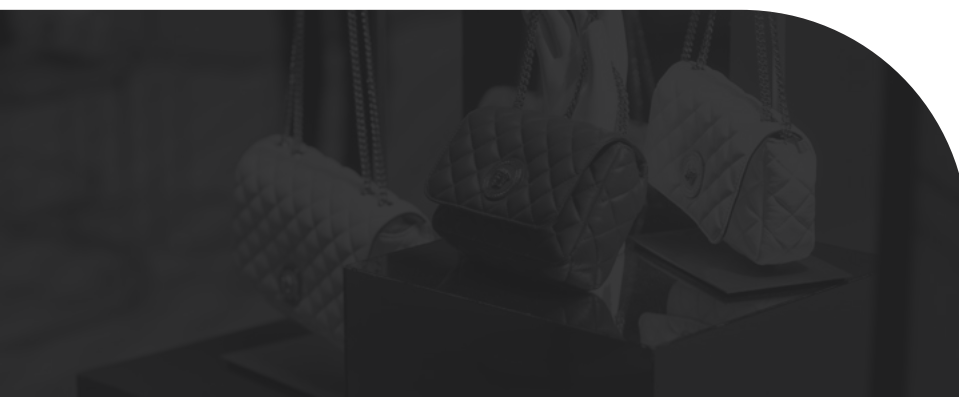
The negative ETR in FY22 arises predominately due to the recognition of deferred tax assets. For further explanation, Note 3(b) to the Financial Report provides a reconciliation of prima facie income tax expense at 30% to the income tax benefit recognised.

#### Vicinity Centres Trust Group

The accounting net profit attributable to the securityholders of Vicinity Centres Trust Group was \$1,194.5 million for FY22. Vicinity Centres Trust has derived taxable income of \$313.8 million which will be attributed to the securityholders under the AMIT rules and taxed in the hands of securityholders, as described above.

The Vicinity Centres Trust Group does not pay income tax (rather, tax is paid by Vicinity's securityholders), it has no income tax expense and therefore a zero ETR.

1. The negative ETR has been calculated as income tax benefit (\$7.6m) divided by net profit before tax attributable to Vicinity Limited (\$13.1m) (in accordance with Australian Accounting Standard AASB 112 Income Taxes). The ETR should not be compared to the corporate tax rate without appreciating the differences between accounting profit and taxable income (as explained above). Further information is available on the ATO's tax transparency webpage.



## RECONCILIATION TO ATO TAX TRANSPARENCY DISCLOSURE

The Vicinity Limited income tax consolidated group has a total income in excess of \$100 million and is subject to public disclosure in the ATO's Report of Entity Tax Information that is released annually.

For the FY21 income year, this report will be published on the ATO's website<sup>1</sup> and it is anticipated to disclose the following information:

|                       | \$m          |
|-----------------------|--------------|
| <b>Total income</b>   | <b>202.5</b> |
| <b>Taxable income</b> | <b>0.5</b>   |
| <b>Tax payable</b>    | <b>0.0</b>   |

The summary below provides a reconciliation of these disclosures:

|                                       | \$m        |
|---------------------------------------|------------|
| Total income                          | 202.5      |
| Total expenses                        | (197.4)    |
| <b>Profit before income tax</b>       | <b>5.1</b> |
| Net adjustments for:                  |            |
| Permanent differences                 | 3.7        |
| Timing differences <sup>2</sup>       | 21.9       |
| Tax losses utilised                   | (30.2)     |
| <b>Total taxable income</b>           | <b>0.5</b> |
| <b>Prima facie income tax payable</b> | <b>0.2</b> |
| Less tax offsets                      | (0.2)      |
| <b>Tax payable</b>                    | <b>0.0</b> |

## FURTHER INFORMATION

- Vicinity Limited taxes paid information as published by the ATO in the *Report of Entity Tax Information*: [data.gov.au/dataset/corporate-transparency](https://data.gov.au/dataset/corporate-transparency)
- ATO's webpage on tax transparency for corporate tax entities, including background information and explanations: [ato.gov.au/Business/Large-business/Corporate-Tax-Transparency/Report-of-entity-tax-information/](https://ato.gov.au/Business/Large-business/Corporate-Tax-Transparency/Report-of-entity-tax-information/)
- A breakdown of the taxable components that securityholders receive via their annual taxation statements will be available in September 2022 on Vicinity's website: [vicinity.com.au/investors/tax-information](https://vicinity.com.au/investors/tax-information)

1. Expected to be available in December 2022.

2. Adjustments that arise due to differences between when income or expenses are recognised for accounting and tax purpose.





## SUSTAINABILITY ASSURANCE STATEMENT



Independent Limited Assurance Report to the Directors of Vicinity Centres PM Pty Ltd

### Conclusion

Based on the evidence we obtained from the procedures performed, we are not aware of any material misstatements in the Selected Sustainability Performance Data included in Vicinity Centres PM Pty Ltd's (Vicinity Centres) 2022 Annual Report, which has been prepared by Vicinity Centres in accordance with the Criteria for the year ended 30 June 2022.

### Information Subject to Assurance

Vicinity Centres engaged KPMG to perform a limited assurance engagement in relation to Vicinity Centre's 2022 Annual Report. The 2022 Annual Report covers Vicinity Centre's operations for the year ended 30 June 2022 unless otherwise indicated. KPMG's scope of work included limited assurance over the following Selected Sustainability Performance Data within the Annual Report:

| Selected Sustainability Performance Data                                                                              | Performance Result |
|-----------------------------------------------------------------------------------------------------------------------|--------------------|
| Scope 1 and 2 greenhouse gas (GHG) emissions intensity (kg tCO <sub>2</sub> -e)                                       | 55                 |
| Energy intensity (MJ/sqm)                                                                                             | 264                |
| Materials diverted from landfill (%)                                                                                  | 53                 |
| Community investment (\$m)                                                                                            | 2.9                |
| Women in leadership (%)                                                                                               | 49                 |
| NABERS Energy rating (portfolio average)                                                                              | 4.6                |
| NABERS Water rating (portfolio average)                                                                               | 4.0                |
| Total social and indigenous enterprise spend (\$m)                                                                    | 1.27               |
| Total indigenous procurement spend (\$,000)                                                                           | 580                |
| Progress against net zero targets (Scope 1 and 2 emissions intensity since 2016 baseline)(%) (wholly owned portfolio) | 38                 |
| Progress against net zero target (energy intensity since 2016 baseline) (%) (wholly owned portfolio)                  | 27                 |
| Renewable energy consumption (MWh)                                                                                    | 41,665             |
| Renewable energy generation (MWh)                                                                                     | 46,215             |

### Criteria Used

The Selected Sustainability Performance Data have been prepared in accordance with Vicinity's "FY22 Sustainability Reporting Criteria", available on Vicinity Centres' [website](#) ("the Criteria").

### Basis for Conclusion

We conducted our work in accordance with Australian Standard on Assurance Engagements ASAE 3000 (Standard). In accordance with the Standard we have:

- used our professional judgement to plan and perform the engagement to obtain limited assurance that we are not aware of any material misstatements in the Selected Sustainability Performance Data, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on their effectiveness; and
- ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

### Summary of Procedures Performed

Our limited assurance conclusion is based on the evidence obtained from performing the following procedures:

- gaining an understanding of the reporting processes supporting the business activities related to the Selected Sustainability Performance Data;



- conducting interviews with relevant Vicinity personnel to understand the internal controls, governance structure and reporting process over the Selected Sustainability Performance Data;
- evaluating the appropriateness of the Criteria with respect to the Selected Sustainability Performance Data;
- undertaking analytical review procedures to support the reasonableness of the data;
- walkthroughs and testing of the Selected Sustainability Performance Data to source documentation on a sample basis;
- identifying and testing assumptions supporting the calculations; and
- reviewing the Vicinity Centres Annual Report 2022 for consistency with the Selected Sustainability Performance Data.

### How the Standard Defines Limited Assurance and Material Misstatement

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Misstatements, including omissions, are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the Directors of Vicinity Centres.

### Use of this Assurance Report

This report has been prepared for the Directors of Vicinity Centres for the purpose of providing an assurance conclusion on the Selected Sustainability Performance Data within the Vicinity 2022 Annual Report and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Directors of Vicinity Centres, or for any other purpose than that for which it was prepared.

### Management's responsibility

Management are responsible for:

- determining that the Criteria is appropriate to meet their needs;
- preparing and presenting the Selected Sustainability Performance Data in accordance with the Criteria; and
- establishing internal controls that enable the preparation and presentation of the Selected Sustainability Performance Data that is free from material misstatement, whether due to fraud or error.

### Our Responsibility

Our responsibility is to perform a limited assurance engagement in relation to the Selected Sustainability Performance Data for the year ended 30 June 2022, and to issue an assurance report that includes our conclusion.

### Our Independence and Quality Control

We have complied with our independence and other relevant ethical requirements of the *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Australian Professional and Ethical Standards Board, and complied with the applicable requirements of Australian Standard on Quality Control 1 to maintain a comprehensive system of quality control.

KPMG

Adrian King  
Partner  
Melbourne  
12 August 2022

Sarah Newman  
Director  
Melbourne  
12 August 2022



# FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2022

|                                                            |     |
|------------------------------------------------------------|-----|
| Directors' Report                                          | 49  |
| Auditor's Independence Declaration                         | 72  |
| Statement of Comprehensive Income                          | 73  |
| Balance Sheet                                              | 74  |
| Statement of Changes in Equity                             | 75  |
| Cash Flow Statement                                        | 76  |
| <b>NOTES TO THE FINANCIAL STATEMENTS</b>                   |     |
| About this Report                                          | 77  |
| Operations                                                 |     |
| 1. Segment information                                     | 79  |
| 2. Revenue and income                                      | 81  |
| 3. Taxes                                                   | 83  |
| 4. Investment properties                                   | 85  |
| 5. Equity accounted investments                            | 91  |
| 6. Earnings per security                                   | 92  |
| <b>Capital structure and financial risk management</b>     |     |
| 7. Interest bearing liabilities and derivatives            | 93  |
| 8. Capital and financial risk management                   | 96  |
| 9. Contributed equity                                      | 100 |
| 10. Distributions                                          | 100 |
| <b>Working capital</b>                                     |     |
| 11. Trade receivables and other assets                     | 101 |
| 12. Payables and other financial liabilities               | 103 |
| 13. Provisions                                             | 104 |
| <b>Remuneration</b>                                        |     |
| 14. Key Management Personnel                               | 105 |
| 15. Employee benefits expense                              | 105 |
| 16. Share based payments                                   | 105 |
| <b>Other disclosures</b>                                   |     |
| 17. Intangible assets                                      | 108 |
| 18. Leases                                                 | 109 |
| 19. Operating cash flow reconciliation                     | 110 |
| 20. Auditor's remuneration                                 | 111 |
| 21. Parent entity financial information                    | 111 |
| 22. Related parties                                        | 112 |
| 23. Commitments and contingencies                          | 112 |
| 24. Other Group accounting matters                         | 113 |
| 25. Events occurring after the end of the reporting period | 113 |
| <b>Directors' Declaration</b>                              | 114 |
| <b>Independent Auditor's Report</b>                        | 115 |

## DIRECTORS' REPORT

The Directors of Vicinity Limited present the Financial Report of Vicinity Centres (Vicinity or the Group) for the year ended 30 June 2022. Vicinity Centres is a stapled group comprising Vicinity Limited (the Company) and Vicinity Centres Trust (the Trust). Although separate entities, the Stapling Deed entered into by the Company and the Trust ensures that shares in the Company and units in the Trust are 'stapled' together and are traded collectively on the Australian Securities Exchange (ASX), under the code 'VCX.'

### DIRECTORS

The Boards of Directors of the Company and Vicinity Centres RE Ltd, as Responsible Entity (RE) of the Trust (together, the Vicinity Board) consist of the same Directors. The following persons were members of the Vicinity Board from 1 July 2021 and up to the date of this report unless otherwise stated:

- 1. Chairman**  
Trevor Gerber (Independent)
- 2. Non-executive Directors**  
Clive Appleton  
David Thurin AM  
Janette Kendall (Independent)  
Karen Penrose<sup>1</sup> (Independent)  
Peter Kahan (Independent)  
Tim Hammon (Independent)
- 3. Executive Director**  
Grant Kelley (CEO and Managing Director)

Further information on the background and experience of the Directors is contained on pages 34 to 35 of this report.

### COMPANY SECRETARIES

Carolyn Reynolds  
Rohan Abeyewardene

Further information on the background and experience of the Company Secretaries is contained on page 34 of this report.

### PRINCIPAL ACTIVITIES

The principal activities of the Group during the year continued to be property investment, property management, property development, leasing and funds management. The Group has its principal place of business at Level 4, Chadstone Tower One, 1341 Dandenong Road, Chadstone, Victoria 3148.

### REVIEW OF RESULTS AND OPERATIONS

The Operating and Financial Review is contained on pages 79 to 104 of this report.

### SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The Group's performance continued to be adversely impacted by COVID-19 pandemic ('COVID-19' or 'the pandemic') related disruptions during the year. Key factors impacting Vicinity's financial and operational performance included:

- The extended lockdowns with mandated closure of non-essential retail in New South Wales (NSW) and Victoria (VIC) from July 2021 until late October 2021. Together, these states account for approximately two thirds of the Group's portfolio by value. Foot traffic was once again affected in certain assets following the outbreak of Omicron in late December 2021, however retail sales remained strong as shoppers visited centres less frequently but purchased more.
- Assets located in central business districts ('CBD') continue to experience headwinds as foot traffic has yet to return to pre-pandemic levels, impacted by the protracted return of office workers, and domestic and international travellers. The second half of the financial year saw an improvement in foot traffic to CBD centres on weekends.
- The Group continued to provide rental assistance in the form of rental waivers, payment deferrals and other temporary modifications to leases to eligible SME tenants and other tenants in categories and locations that continue to experience financial hardship and distress. These negotiations were undertaken in accordance with the general principles of the Australian Government's *SME Commercial Code of Conduct and Leasing Principles During COVID-19* or with the applicable regulations in Victoria and NSW (collectively referred to as the 'SME Codes'). Following the expiry of the SME Codes in March 2022, the Group continued to provide rental support to tenants in locations and categories most impacted by the pandemic, notably SME and CBD retailers.

The full extent of the pandemic and its impact on the economy and consumers remains uncertain. As a result, certain significant judgements, estimates and assumptions have been made in determining the carrying value of certain assets and liabilities at 30 June 2022. These are further discussed in the 'About this Report' section of the financial report.

1. As announced to the ASX on 26 May 2022, Ms Karen Penrose intends to resign from Vicinity's Board with her resignation to take effect on 15 September 2022.



## DIRECTORS' REPORT

### DISTRIBUTIONS

Total distributions declared by the Group during the year and up to the date of this report were as follows:

|                                                             | Total<br>\$m | Cents per<br>VCX stapled<br>security |
|-------------------------------------------------------------|--------------|--------------------------------------|
| Interim, for the six-month period ended 31 December 2021    | 213.9        | 4.7                                  |
| Final, for the six-month period ended 30 June 2022          | 259.5        | 5.7                                  |
| <b>Total Distributions, for the year ended 30 June 2022</b> | <b>473.4</b> | <b>10.4</b>                          |

An interim distribution of 4.7 cents per VCX stapled security, which equates to \$213.9 million, was paid on 8 March 2022.

On 17 August 2022, the Directors declared a distribution in respect of the Group's earnings for the six-month ended 30 June 2022 of 5.7 cents per VCX stapled security, which equates to total final distribution of \$259.5 million. The final distribution will be paid on 12 September 2022.

### DIRECTOR-RELATED INFORMATION

#### Meetings of Directors held during the year<sup>1</sup>

|                 | Board    |          | Special Purpose Board <sup>2</sup> |          | Audit Committee |          | Remuneration and Human Resources Committee |          | Risk and Compliance Committee |          | Nominations Committee |          |
|-----------------|----------|----------|------------------------------------|----------|-----------------|----------|--------------------------------------------|----------|-------------------------------|----------|-----------------------|----------|
|                 | Eligible | Attended | Eligible                           | Attended | Eligible        | Attended | Eligible                                   | Attended | Eligible                      | Attended | Eligible              | Attended |
| Trevor Gerber   | 6        | 6        | 19                                 | 19       | 4               | 4        | 5                                          | 4        | –                             | –        | 2                     | 2        |
| Clive Appleton  | 6        | 6        | 19                                 | 18       | –               | –        | –                                          | –        | –                             | –        | –                     | –        |
| David Thurin AM | 6        | 6        | 19                                 | 19       | –               | –        | –                                          | –        | –                             | –        | –                     | –        |
| Grant Kelley    | 6        | 6        | 19                                 | 19       | –               | –        | –                                          | –        | –                             | –        | –                     | –        |
| Janette Kendall | 6        | 6        | 19                                 | 19       | –               | –        | 5                                          | 5        | 5                             | 5        | –                     | –        |
| Karen Penrose   | 6        | 6        | 19                                 | 19       | 4               | 4        | –                                          | –        | 5                             | 5        | –                     | –        |
| Peter Kahan     | 6        | 6        | 19                                 | 17       | 4               | 4        | 5                                          | 4        | –                             | –        | 2                     | 2        |
| Tim Hammon      | 6        | 6        | 19                                 | 19       | –               | –        | 5                                          | 5        | 5                             | 5        | 2                     | 2        |

1. All Directors have a standing invitation to attend Committee meetings and regularly attend meetings of Committees of which they are not members. Such attendance is not reflected in the above table.

2. Special purpose Board meetings were convened to consider a range of special purpose matters, including Vicinity's response to COVID-19, corporate transactions (including but not limited to Vicinity's acquisition of a 50% interest in Harbour Town Premium Outlets Centre and sale of its 50% interest in Runaway Bay Centre) and property development.

#### Director security holdings

Director security holdings are detailed within the Remuneration Report.

#### Indemnification and insurance of Directors and Officers

The Company must indemnify the Directors, on a full indemnity basis and to the full extent permitted by law, against all losses or liabilities incurred by the Directors as officers of the Company or of a related body corporate provided that the loss or liability does not arise out of misconduct, including lack of good faith.

During the financial year, the Company insured its Directors, Secretaries and Officers against liability to third parties and for costs incurred in defending any civil or criminal proceedings that may be brought against them in their capacity as Directors, Secretaries or Officers of Vicinity. This excludes a liability that arises out of wilful breach of duty or improper use of inside information. The policy also insures the Company for any indemnity payments it may make to its Officers in respect of costs and liabilities incurred. Disclosure of the premium payable is prohibited under the conditions of the policy.

## DIRECTORS' REPORT

### AUDITOR-RELATED INFORMATION

Ernst & Young (EY) is the auditor of the Group and is located at 8 Exhibition Street, Melbourne, Victoria 3000.

#### Indemnification of the auditor

To the extent permitted by law, the Company has agreed to indemnify EY, as part of the terms of its audit engagement agreement, against claims by third parties arising from the audit (for an unspecified amount). The indemnity does not apply to any loss arising out of any breach of the audit engagement agreement or from EY's negligent, wrongful or wilful acts or omissions. No payment has been made under this indemnity to EY during or since the end of the financial year.

#### Non-audit services

The Group may decide to employ the auditor on assignments additional to statutory audit duties where the auditor's expertise and experience with the Group is essential and will not compromise auditor independence.

Details of the amounts paid or payable to EY for audit and assurance and non-audit services provided during the year are set out in Note 20 to the financial statements.

The Board has considered the non-audit services provided during the year and is satisfied these services are compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth) for the following reasons:

- The non-audit services and the ratio of non-audit to audit services provided by EY are reviewed by the Audit Committee in accordance with the External Audit Policy to ensure that, in the Audit Committee's opinion, they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing economic risks and rewards.

#### Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* (Cth) is included immediately following the Directors' Report.

### ENVIRONMENTAL REGULATION

The Group is subject to the reporting obligations under the *National Greenhouse and Energy Reporting (NGER) Act 2007* (Cth). This requires the Group to report annual greenhouse gas emissions, energy use and production for all assets under management for years ending 30 June. The Group met this obligation by submitting its NGER report to the Department of the Environment and Energy for the year ended 30 June 2021 by 31 October 2021. The 2022 NGER report will be submitted by the 31 October 2022 submission date.

### CORPORATE GOVERNANCE

In recognition of the need for high standards of corporate behaviour and accountability, the Directors of the Company have adopted and report against the fourth edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. The full Corporate Governance Statement is available on the Corporate Governance section of Vicinity's website at [vicinity.com.au](http://vicinity.com.au).

### OPTIONS OVER UNISSUED SECURITIES

There were 11,220,194 unissued ordinary securities under option in the form of performance and restricted rights as at 30 June 2022 and at the date of this report. Refer to the Remuneration Report for further details of the options outstanding for Key Management Personnel.

Option holders do not have any rights, by virtue of the option, to participate in any security issue of the Group.

### EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

#### Capital management activities

Subsequent to 30 June 2022, the following transactions were completed:

- Extended the maturity of \$475.0 million bank debt facilities by at least four years to July 2027;
- Repaid \$40.0 million of US Private Placement Notes;
- Cancelled \$400.0 million of bank debt limit with FY24 maturities; and
- Entered into \$500.0 million of new interest rate swaps.

Other than the matters described above, no other matters have arisen since the end of the reporting period which have significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

### ROUNDING OF AMOUNTS

The Company is an entity of a kind referred to in Legislative Instrument 2016/191, issued by the Australian Securities and Investments Commission (ASIC), relating to the "rounding off" of amounts in the Directors' Report. Accordingly, amounts in the Directors' Report have been rounded off to the nearest tenth of a million dollars (\$m) in accordance with that Legislative Instrument, unless stated otherwise.

Signed in accordance with a resolution of Directors.



**Trevor Gerber**  
Chairman

17 August 2022



## LETTER FROM THE CHAIRMAN OF THE REMUNERATION AND HUMAN RESOURCES COMMITTEE

Dear Securityholders,

On behalf of the Remuneration and Human Resources Committee of the Board (the Committee), I am pleased to present Vicinity's Remuneration Report for the financial year ended 30 June 2022 (FY22).

The Remuneration Report describes Vicinity's remuneration framework and the link between Company and individual performance, Vicinity's long-term strategy and values, and remuneration outcomes for FY22.

### Executive changes during FY22

During FY22, we made several changes to the Executive Committee (EC). Adrian Chye was appointed as Acting Chief Financial Officer (CFO) on 1 July 2021 and was appointed as CFO on 13 September 2021. Marie Festa joined the EC on 5 July 2021 in the newly created role of Chief Corporate Affairs Officer and David McNamara joined the EC on 1 February 2022 in the newly created role of Director, Funds Management.

### Year in review

In FY22, we saw a strong recovery in our financial results with our performance significantly exceeding forecasts at the start of FY22. This included better than expected cash collections due to sustained retail sector recovery and improved operating performance. Additionally, our capital management initiatives over the past few years position us well in the current macroeconomic environment.

The investment portfolio was enhanced through strategic acquisitions and disposals, and we are transitioning from planning to execution on our retail and mixed-use development pipeline to drive long term growth.

### FY22 remuneration outcomes

Other than for the appointment of the CFO, no changes were made to any elements of Executive Key Management Personnel (KMP) remuneration or Non-Executive Director fees in FY22.

Total statutory remuneration for each Executive KMP was higher than in FY21, primarily due to higher outcomes under the Short Term Incentive (STI). The FY22 STI outcomes for the Executive KMP are summarised in the table below.

| Executive KMP                                               | FY22 STI<br>% of maximum |
|-------------------------------------------------------------|--------------------------|
| Chief Executive Officer and Managing Director, Grant Kelley | 75.6                     |
| Chief Operating Officer, Peter Huddle                       | 72.9                     |
| Chief Financial Officer, Adrian Chye                        | 79.7                     |

From FY20, the performance period for the performance rights granted under the Long Term Incentive (LTI) Plan was increased from three to four years. Accordingly, the performance period for the FY20 LTI ends on 30 June 2023 and there was no testing of performance rights granted under the LTI Plan for FY22.

The Board determined that the first tranche of the FY21 discounted restricted rights vested. This represents 25% of the total one-off restricted rights granted for FY21, and these rights will be released to participants in September 2022.

### Our people

Good progress was made against key people initiatives. The Diversity, Inclusion and Belonging strategy was refreshed and a very positive result was achieved in the Employee Experience survey, with strong participation, a favourable engagement uplift and improved results across all factors. The easing of workplace restrictions has seen team members spending more face-to-face time with their colleagues, while continuing to utilise our 'hybrid working' arrangements.

In November 2021, 923 team members were gifted \$1,000 worth of securities under the Tax Exempt Restricted Securities Plan.

### FY22 Remuneration framework

Following a detailed review of the measures and hurdles for the LTI, the Total Return (TR) hurdles and the Total Securityholder Return (TSR) comparator group were revised.

The FY22 LTI grant of performance rights for the CEO was supported by securityholders at the 2021 Annual General Meeting.

### Conclusion

Our financial performance for FY22 improved significantly and solid progress was made against our strategic objectives. We significantly outperformed key peers and the broader A-REIT index over FY22. The executive remuneration outcomes for FY22 are aligned with our business performance and with securityholder experience.

We will continue to monitor the LTI TSR and TR components and update these as appropriate.

We look forward to ongoing dialogue with, and the support of, our securityholders, and welcome your feedback and comments on any aspect of this Report.



### Peter Kahan

Chairman – Remuneration and Human Resources Committee

# REMUNERATION REPORT

## Contents

|                                                            |    |
|------------------------------------------------------------|----|
| 1. Remuneration Report overview                            | 53 |
| 2. Remuneration framework                                  | 53 |
| 3. Company performance and executive remuneration outcomes | 56 |
| 4. Executive remuneration – further information            | 64 |
| 5. Non-executive Director remuneration                     | 68 |
| 6. Other remuneration information                          | 70 |

## 1. REMUNERATION REPORT OVERVIEW

This Remuneration Report outlines:

- Vicinity's reward principles and framework
- Vicinity's performance for FY22 and the link between Vicinity's performance, strategy execution and the remuneration outcomes for our Executive Key Management Personnel (KMP)
- remuneration received by Directors and Executive KMP

The contents of the Remuneration Report (as set out below) are governed by s300A of the *Corporations Act 2001* (Cth) and the Corporations Legislation. Unless otherwise noted, figures contained within this report are prepared on a basis consistent with the requirements of Australian Accounting Standards and have been audited.

### 1.1 Key Management Personnel

Vicinity's KMP include all Non-executive Directors and those executives who are deemed to have authority and responsibility for planning, directing and controlling the activities of Vicinity (Executive KMP). A KMP assessment is completed annually to determine which members of the EC should be disclosed as Executive KMP for the financial year. A summary of Executive KMP during the current and prior financial year is shown in Table 1.1 below.

Table 1.1: Executive KMP

| Name                       | Position                                                             | FY22      | FY21 |
|----------------------------|----------------------------------------------------------------------|-----------|------|
| Grant Kelley               | Chief Executive Officer and Managing Director (CEO)                  | ✓         | ✓    |
| Peter Huddle               | Chief Operating Officer (COO)                                        | ✓         | ✓    |
| Adrian Chye <sup>1</sup>   | Chief Financial Officer (CFO) ( <i>appointed 13 September 2021</i> ) | Part-year | ✗    |
| Nick Schiffer <sup>2</sup> | CFO                                                                  | ✗         | ✓    |

✓ KMP for full year ✗ not a KMP during the year

1. As announced on 13 September 2021, Adrian Chye was appointed to the role of CFO. The quantitative disclosures in this report are pro-rated for the period from 13 September 2021 to 30 June 2022.
2. As announced on 30 June 2021, Nick Schiffer resigned from the role of CFO and left the business on 1 July 2021. The quantitative disclosures in this report have been determined based on 30 June 2021 being the effective date of cessation of employment.

The list of Non-executive Directors during the current and prior financial year is included in section 5.2.

## 2. REMUNERATION FRAMEWORK

### 2.1 Reward principles and framework

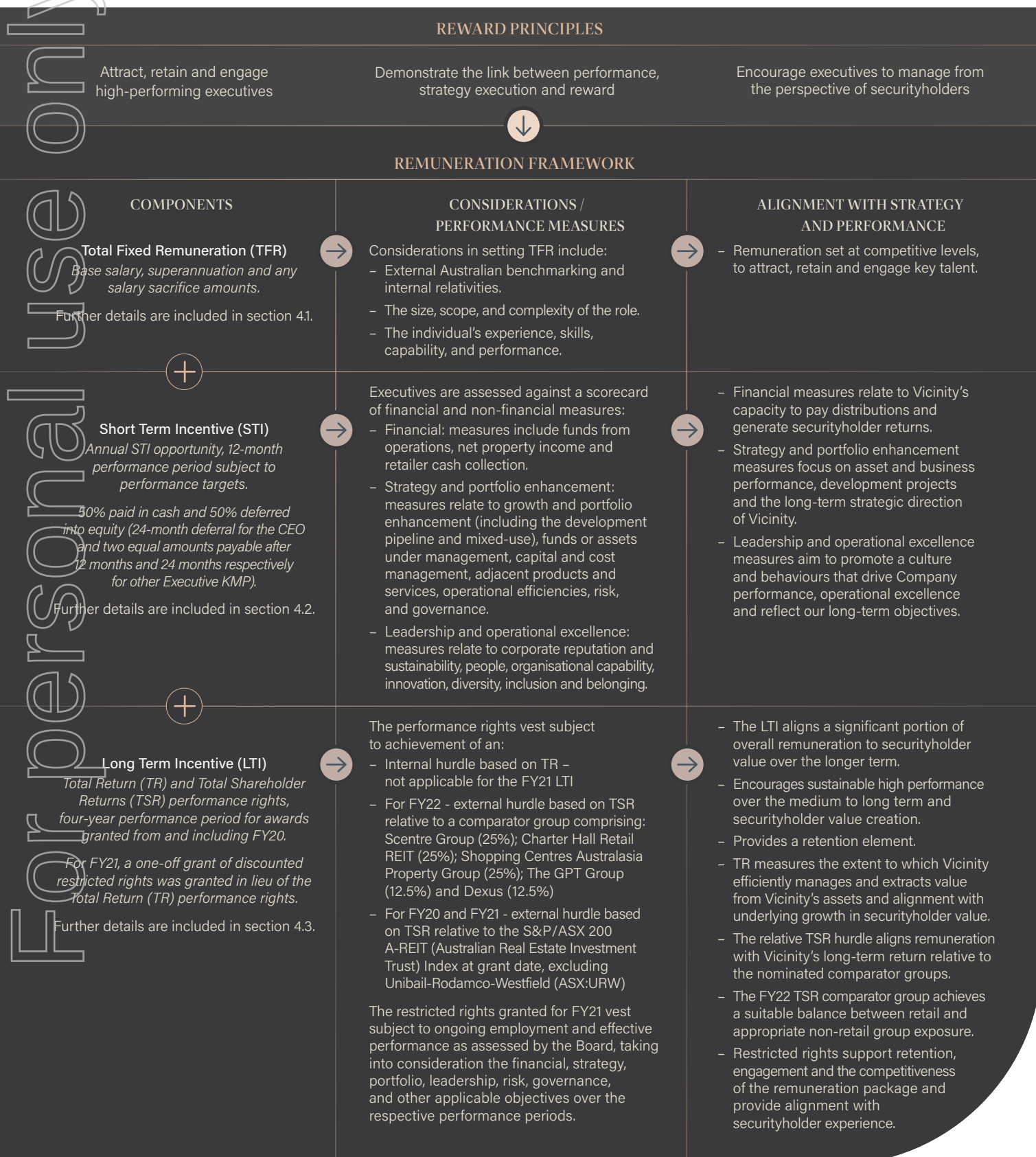
The objective of Vicinity's remuneration framework is to build capability by attracting, retaining, and engaging a talented executive team capable of managing and enhancing the business, while aligning their actions with securityholder interests. We recognise that remuneration represents just one of the factors that enables the attraction and retention of talent. We also seek to engage our executives over the long-term and to provide challenging work and development opportunities. This is assisted through linking executive remuneration to both short and long-term Company performance. Our framework encourages executives to focus on creating long term value and growth and complements our purpose of enriching community experiences while ensuring that short-term actions do not have a detrimental effect in the longer term.



## REMUNERATION REPORT

### 2. REMUNERATION FRAMEWORK CONTINUED

The diagram below provides an overview of how our reward principles are linked to the components of our remuneration framework and how these components are measured to ensure that executive and securityholder interests are aligned.



## REMUNERATION REPORT

### 2. REMUNERATION FRAMEWORK CONTINUED

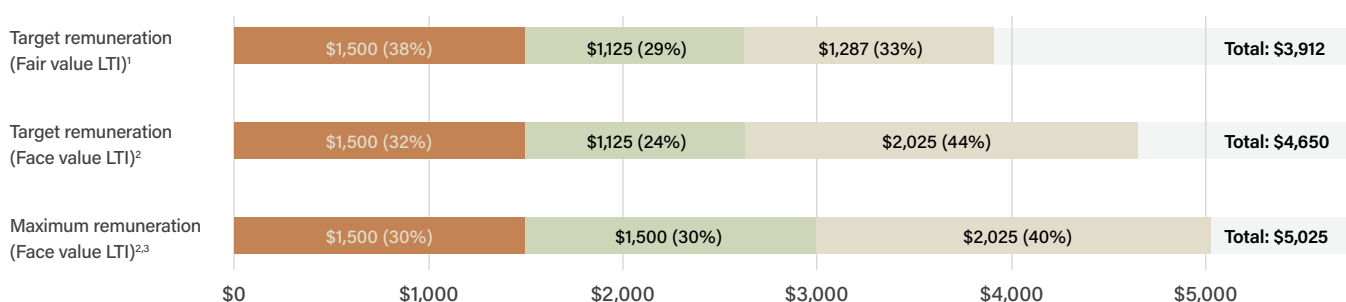
#### 2.2 Pay mix

A significant component of executive remuneration is linked to short and long-term Company performance to assist with aligning executive interests with those of securityholders. The components of total remuneration and the relative weightings of the fixed and at-risk components of total target remuneration (using fair value and face value of the FY22 LTI granted on 10 December 2021) and total maximum remuneration (using face value of the FY22 LTI) for the Executive KMP are detailed in Table 2.1 below.

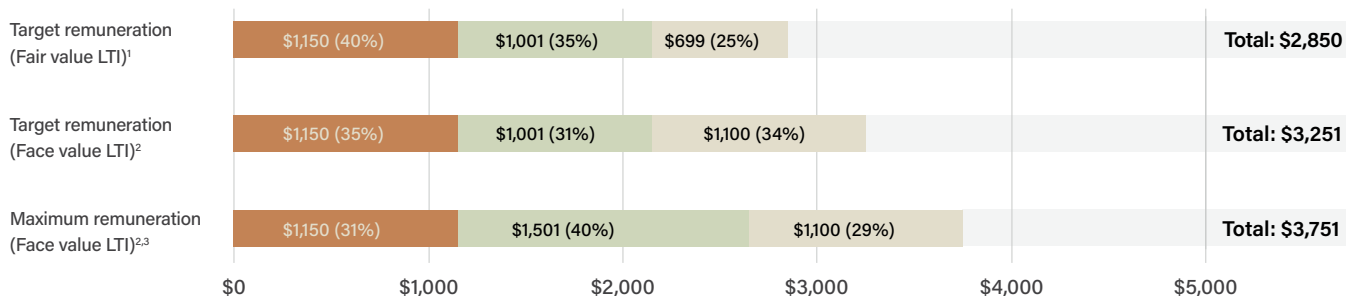
The LTI fair value is the value of the LTI calculated in accordance with AASB 2 Share Based Payments and takes into account the probability of performance hurdles being achieved for the TSR rights and the time value of the four-year vesting period for the TR performance rights. The LTI face value has not been adjusted for the probability of performance targets being achieved or potential changes in security price.

Table 2.1. Pay mix

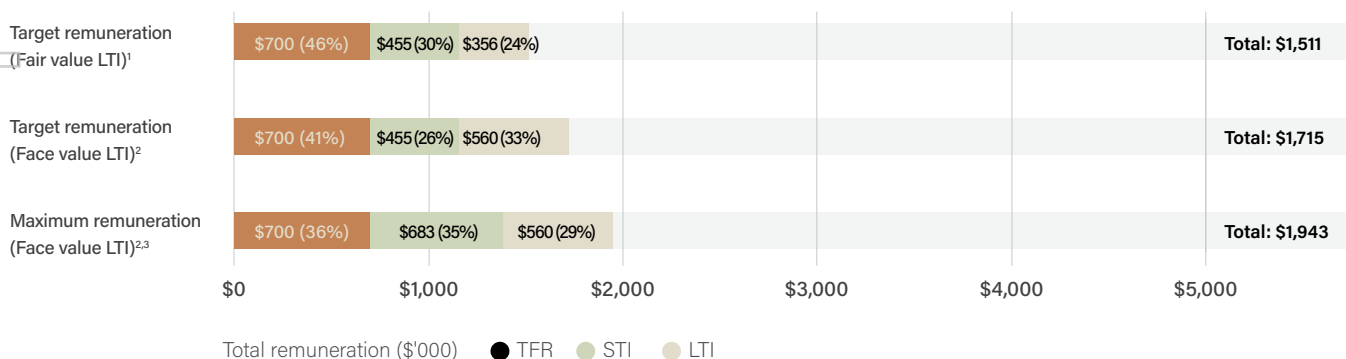
#### CHIEF EXECUTIVE OFFICER



#### CHIEF OPERATING OFFICER



#### CHIEF FINANCIAL OFFICER



- Includes the FY22 LTI based on the fair value of the performance rights awarded at the time of grant, valued in accordance with AASB 2 Share Based Payments, and the FY22 STI at target.
- Includes the FY22 LTI based on the face value of the performance rights awarded at the time of grant, which differs from the fair values, which are valued in accordance with AASB 2 Share Based Payments, and the FY22 STI at target.
- Includes the FY22 STI at maximum.

While there were no increases to Executive KMP remuneration in FY22, when compared to the equivalent pay mix tables in the FY21 Remuneration Report, the FY22 target and maximum remuneration for the CEO and COO is higher than in FY21, due to the 50% discount applied for the one-off use of restricted rights in FY21. The amounts for the Chief Financial Officer are based on the full value of the remuneration package and are not pro-rated for the period from 13 September 2021 to 30 June 2022.

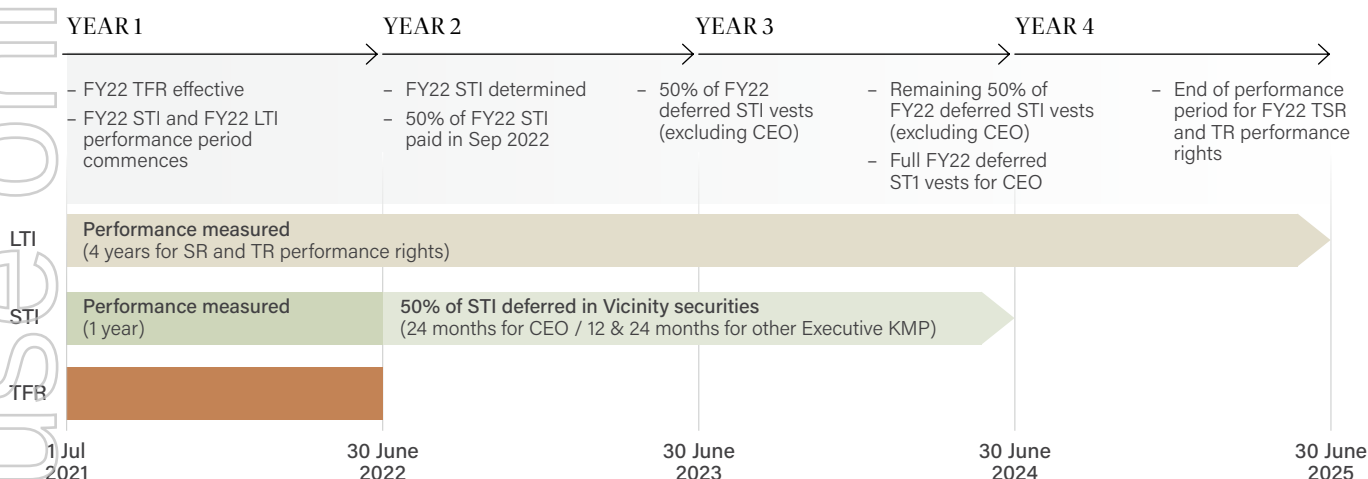


## REMUNERATION REPORT

### 2. REMUNERATION FRAMEWORK CONTINUED

Table 2.2. When remuneration is delivered

The diagram below provides a timeline of when remuneration is delivered, using FY22 as an example.



### 3. COMPANY PERFORMANCE AND EXECUTIVE REMUNERATION OUTCOMES

#### 3.1 Overview of Company performance

Vicinity reported a statutory net profit after tax of \$1,215 million in FY22, representing a \$1,473 million increase on the prior corresponding period. Statutory net profit principally comprised \$598.3 million of Funds From Operations ('FFO') and a non-cash net property valuation gain of \$553.5 million<sup>1</sup>.

Vicinity delivered 7.1% FFO growth in FY22, despite continued disruption from COVID-related lockdowns in New South Wales ('NSW') and Victoria during the 1H FY22 and the national outbreak of Omicron from late December 2021.

FFO growth was driven by an 8.0% uplift in Net Property Income ('NPI') to \$802.8 million, largely reflecting lower waivers and provisions, rental growth and improved ancillary income. This was partially offset by higher net interest costs and increased corporate overheads as Vicinity invested in capability in 2H FY22.

Retail sales surpassed pre-COVID levels in the second half of FY22, despite the outbreak of Omicron in late December 2021, demonstrating the resilience and underlying health of the Australian consumer. The resilient retail sector, combined with Vicinity's execution of its strategy and focus on delivering quality operational and leasing outcomes, continues to underpin the Company's ongoing positive recovery from the pandemic.

During the year, Vicinity enhanced its investment portfolio by acquiring and disposing of assets and delivered high quality asset management, notably across property management and leasing. Vicinity demonstrated its willingness to recycle capital from well optimised assets into higher growth assets, with the acquisition of Harbour Town Premium Outlets Gold Coast ('Harbour Town') and the sale of Runaway Bay, also on the Gold Coast. These transactions were accretive to FFO per security in FY22 and the acquisition of Harbour Town further bolstered Vicinity's category leadership position in the growing Outlet sector.

Vicinity has also advanced the delivery of its \$2.9 billion retail and mixed-development pipeline, with most of the development spend focused on six key assets; Chadstone, Box Hill Central and Victoria Gardens Shopping Centre in Victoria, Chatswood Chase Sydney and Bankstown Central in New South Wales and Buranda Central in Queensland.

As part of Vicinity's strategy to grow third party capital partnerships and bolster funds management credentials, David McNamara was appointed to the EC on 1 February 2022 in the newly created role of Director, Funds Management. Enhancing Vicinity's capabilities and focus in this area is intended to attract high quality, strategically-aligned partners to fund Vicinity's significant development pipeline and grow its funds management business.

Gearing of 25.1% remains at the lower end of the target range of 25%-35% and Vicinity has available liquidity of \$1.4 billion<sup>2</sup>. Vicinity maintained its investment grade credit ratings of A/stable (S&P) and A2/stable (Moody's) and repaid and cancelled \$800 million of bank debt facilities. Vicinity's weighted average cost of debt<sup>3</sup> was slightly higher at 4.0% and the weighted average debt maturity is 4.3 years based on limits and 4.8 years based on drawn debt.

Table 3.1 highlights key FY22 business performance metrics and executive remuneration outcomes. Further detail on these metrics and achievements is contained in Table 3.4.

1. Excludes statutory accounting adjustments.

2. Includes debt cancelled post period end.

3. The average over the 12 months ended 30 June 2022 and inclusive of margin, drawn line fees and drawn establishment fees.

## REMUNERATION REPORT

### 3. COMPANY PERFORMANCE AND EXECUTIVE REMUNERATION OUTCOMES

Table 3.1. Company performance and executive remuneration overview

| What Vicinity achieved                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | What executives received                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |  |                                     |     |      |     |      |     |      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-------------------------------------|-----|------|-----|------|-----|------|
| <b>FY22 performance</b> <ul style="list-style-type: none"> <li>Financial performance was strong when compared to FY21 and against forecasts at the start of FY22.</li> <li>FFO was \$598.3 million, up 7.1% compared to FY21.</li> <li>On a per security basis, FFO was 13.14 cents, compared to 12.28 cents in FY21.</li> <li>Distribution per security was 10.4 cents, up from 10.0 cents in FY21.</li> <li>Vicinity significantly outperformed key peers and the broader A-REIT index over FY22.</li> <li>Progressed strategic objectives: <ul style="list-style-type: none"> <li>Enhanced the investment portfolio by delivering high quality asset management and strategic acquisitions and disposals;</li> <li>Transitioned from planning to execution across a number of strategic retail and mixed-use developments to drive long term growth;</li> <li>Progressed third party capital by appointing Director, Funds Management and identifying potential opportunities to grow this part of the business;</li> <li>Successfully implemented capital management initiatives to maintain balance sheet flexibility;</li> <li>Leveraged strengthened sustainability credentials and ratings to deliver inaugural green bond;</li> <li>Continued disciplined approach to locking in high quality leasing deals that support future growth; and</li> <li>94% of new leasing deals with fixed growth of &gt;4%.</li> </ul> </li> <li>Refer to further commentary within Table 3.4.</li> </ul> | <b>FY22 fixed remuneration</b> <ul style="list-style-type: none"> <li>In FY22, other than for the CFO, the fixed remuneration for the CEO and Executive KMP remained unchanged.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |  |                                     |     |      |     |      |     |      |
| <b>Two-year performance period (1 July 2020 - 30 June 2022)</b> <ul style="list-style-type: none"> <li>The first tranche of the FY21 discounted restricted rights, which represents 25% of the total one-off restricted rights granted for FY21, had a performance period which ended on 30 June 2022.</li> <li>The vesting of the restricted rights is subject to ongoing employment and effective performance as assessed by the Board, taking into consideration the financial, strategy, portfolio, leadership, risk, governance, and other applicable objectives over the respective performance periods.</li> <li>The Board reviewed the performance conditions for vesting of these restricted rights in August 2022.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>FY22 STI outcomes</b> <ul style="list-style-type: none"> <li>The FY22 STI outcomes for Executive KMP, presented as a percentage of the maximum STI opportunity, are summarised below.</li> </ul> <table> <tr> <th></th><th>FY22<br/>STI outcome<br/>% of maximum</th></tr> <tr> <td>CEO</td><td>75.6</td></tr> <tr> <td>COO</td><td>72.9</td></tr> <tr> <td>CFO</td><td>79.7</td></tr> </table> <ul style="list-style-type: none"> <li>Additional information is provided in section 3.3.</li> </ul>                                                                                                                                                                                                                  |  | FY22<br>STI outcome<br>% of maximum | CEO | 75.6 | COO | 72.9 | CFO | 79.7 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | FY22<br>STI outcome<br>% of maximum                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |  |                                     |     |      |     |      |     |      |
| CEO                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 75.6                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |                                     |     |      |     |      |     |      |
| COO                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 72.9                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |                                     |     |      |     |      |     |      |
| CFO                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 79.7                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |                                     |     |      |     |      |     |      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>LTI outcomes</b> <ul style="list-style-type: none"> <li>The Board determined that the first tranche of the FY21 discounted restricted rights vested. These rights will be released to participants in September 2022.</li> <li>The restricted rights that vested for Executive KMP are as follows: CEO: 76,251, COO: 41,420 and CFO: 6,227.</li> <li>There was no testing of performance rights for the period ended 30 June 2022 as the performance period for the performance rights granted from FY20 was increased from three to four years and accordingly, the performance period for the FY20 LTI ends on 30 June 2023.</li> <li>Additional information is provided in section 3.4 and Table 4.1.1.</li> </ul> |  |                                     |     |      |     |      |     |      |

Table 3.2 below summarises details of Vicinity's financial performance for the current and past four financial years.



## REMUNERATION REPORT

### 3. COMPANY PERFORMANCE AND EXECUTIVE REMUNERATION OUTCOMES CONTINUED

Table 3.2. Five-year securityholder performance metrics

Operational performance continued to be disrupted by COVID-19 in FY22, however there were a number of clear signs that recovery was gaining momentum with improvements in retail sales, cash collection and asset valuations. Consequently, Vicinity was the second highest performer in the ASX 200 A-REIT sector in the past 12 months, after Arena REIT.

| Securityholder performance metrics                 | FY18  | FY19  | FY20    | FY21              | FY22    |
|----------------------------------------------------|-------|-------|---------|-------------------|---------|
| Security price as at 30 June (\$) <sup>1</sup>     | 2.59  | 2.45  | 1.43    | 1.54              | 1.835   |
| Net tangible assets per security (\$) <sup>2</sup> | 2.97  | 2.92  | 2.29    | 2.13              | 2.36    |
| Distributions declared per security (cents)        | 16.3  | 15.9  | 7.7     | 10.0 <sup>3</sup> | 10.4    |
| TR <sup>4</sup>                                    | 11.1% | 3.7%  | (18.6%) | (2.6%)            | 12.5%   |
| TSR of VCX for the year ended 30 June <sup>5</sup> | 7.0%  | 0.6%  | (39.9%) | 15.0%             | 21.8%   |
| TSR of the S&P/ASX 200 A-REIT Index <sup>5</sup>   | 13.0% | 19.3% | (21.3%) | 33.2%             | (12.3%) |
| TSR of the FY22 LTI comparator group <sup>6</sup>  | –     | –     | –       | –                 | 2.1%    |

1. Security price as at the last trading day of the financial year.

2. Calculated as Balance Sheet net assets less intangible assets, divided by the number of stapled securities on issue at period end. Includes right of use assets and net investments in leases.

3. Included 2.5 cents attributable to a number of one-off items.

4. Calculated at period end as: (change in NTA during the year + distributions declared)/opening NTA. As explained in section 3.4, certain adjustments may be made to the TR outcome included in this table for the purposes of determining the vesting of LTI awards.

5. TSR is calculated as the combination of security price movement from the opening security price, plus distributions (assumed to be reinvested) over the period, expressed as a percentage. Source: UBS.

6. The FY22 TSR comparator group comprises: Scentre Group (25%); Charter Hall Retail REIT (25%); Shopping Centres Australasia Property Group (25%); The GPT Group (12.5%) and Dexu (12.5%).

#### 3.2 Fixed Remuneration outcomes

##### Summary

Vicinity reviews the fixed remuneration component of Executive KMP packages annually to ensure they remain competitive to attract, retain, and engage key talent. External benchmarking is undertaken periodically that incorporates the size, scope, and complexity of each role, which is overlaid with an individual's experience, capability, and performance to determine their fixed remuneration.

##### Outcomes

In FY22, other than for the new CFO, the fixed remuneration for the CEO and Executive KMP remained unchanged.

#### 3.3 FY22 Short Term Incentive (STI) outcomes

##### Summary

Vicinity's STI provides Executive KMP and other members of the EC with the opportunity to be rewarded for achieving a combination of Vicinity's financial, strategy and portfolio enhancement, and leadership, governance, and operational excellence performance objectives through an annual performance-based reward. Many of these objectives contribute towards medium to long-term performance outcomes aligned to Vicinity's strategy. The STI outcome for Executive KMP was weighted against the three performance categories as outlined in Table 3.3.

Specific measures for individuals are set within these performance categories and are approved by the Board. Further details of the STI are set out in section 4.2.

Access to the STI is normally contingent on the achievement of a FFO gateway of 97.5% of target. This ensures that a minimum financial hurdle must be met before any incentive is paid. If the gateway is achieved, performance for each measure is assessed on a range from 'threshold' to 'maximum'. Maximum is set at a level that ensures that the maximum amount of STI is payable only when performance has significantly exceeded target measures.

The FFO gateway did not apply for FY22, given the extreme difficulties with setting robust financial targets. As was the case last year, the Board assessed the FY22 financial performance, taking into consideration overall securityholder experience and expectations.

Further detail on the assessment against the performance categories and measure are included in Tables 3.3 and 3.4. Details of the FY22 STI outcomes for Executive KMP are included in Table 3.5.

##### Outcomes

Tables 3.3, 3.4 and 3.5 outline performance against FY22 measures.

## REMUNERATION REPORT

### 3. COMPANY PERFORMANCE AND EXECUTIVE REMUNERATION OUTCOMES CONTINUED

Table 3.3. FY22 Executive KMP performance level achieved

Most objectives included in the strategy and portfolio category have financial milestones and budgets and will significantly impact financial performance. The combined financial and strategic and portfolio enhancement category weightings for each Executive KMP was 70%.

| Performance category                  | Weighting at target | Performance level achieved <sup>1</sup> |        |         |
|---------------------------------------|---------------------|-----------------------------------------|--------|---------|
|                                       |                     | Minimum                                 | Target | Maximum |
| Financial                             | 40%                 |                                         |        |         |
| Strategy and portfolio enhancement    | 30%                 |                                         |        |         |
| Leadership and operational excellence | 30%                 |                                         |        |         |

1. The line represents the range of outcomes, and the circles represent the average outcomes achieved by the Executive KMP. Please refer to Table 3.4 for more detail on business performance against FY22 measures.

Table 3.4: Executive KMP performance against FY22 measures

| Performance category and weighting              | Performance measure                                                                                                                                                                                                                                      | Reason chosen                                                                                                                                                                                                                                        | Performance outcome                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Financial (40%)</b>                          | Funds from operations (FFO), net property income (NPI) and retailer cash collection.                                                                                                                                                                     | FFO and NPI are key financial measures of performance and retailer cash collection is a critical measure relating to recovery from the pandemic.                                                                                                     | <ul style="list-style-type: none"> <li>Due to COVID-19, business conditions were extremely volatile and unpredictable at the start of FY22. Financial targets were set for FY22, but the targets were highly uncertain and no FY22 market guidance was able to be provided. Despite more extensive lockdowns in Victoria and New South Wales than expected, the financial results materially exceeded initial expectations.</li> <li>FFO up 7.1% to \$598.3 million, or 13.13 cents on a per security basis.</li> <li>NPI up 8.0% to \$802.8 million largely driven by lower waivers and provisions, growth in base rent and improved ancillary income.</li> <li>Rent cash collection improved to 91% of gross rental billings for FY22.</li> <li>Robust operational metrics benefited FY22 performance (including a favourable rebound in Victoria/New South Wales post lockdowns) as well as proactive initiatives to maximise outcomes, including: <ul style="list-style-type: none"> <li>completing COVID-19 lease variations pertaining to lockdowns in 2021</li> <li>favourable rent relief outcomes and therefore cash collections in FY22 compared to FY21</li> </ul> </li> </ul>                                                                                                                                                                                                                                                                                  |
| <b>Strategy and portfolio enhancement (30%)</b> | Objectives linked to growth and portfolio enhancement (including the development pipeline and mixed-use), funds or assets under management, capital and cost management, adjacent products and services, operational efficiencies, risk, and governance. | <p>Developing and implementing Vicinity's key strategic initiatives will underpin future value creation opportunities and growth.</p> <p>Focus on improving portfolio quality and operational efficiency, will underpin sustainable performance.</p> | <ul style="list-style-type: none"> <li>Enhanced the investment portfolio with successful acquisition of a 50% interest in Harbour Town Gold Coast and sale of Runaway Bay at an 18% premium to book value.</li> <li>Moved from planning to execution on the retail and mixed-use development pipeline to drive long term growth. Secured development approvals for key mixed-use opportunities, including Box Hill Central and Bankstown Central; development approvals lodged in respect of Victoria Gardens and Buranda Village.</li> <li>Owner approvals for key projects including Chadstone (Dining and Entertainment Terrace), Bankstown Central (Coles Fresh Food/Mini Majors) and Box Hill Central (Coles Mall and Hub Australia offices).</li> <li>Asset remediation projects either concluded or under construction at 10 assets.</li> <li>Successfully implemented capital management initiatives to maintain balance sheet flexibility.</li> <li>Leveraged strengthened sustainability credentials and ratings to issue \$300 million inaugural Green Bond.</li> <li>Progress achieved on adjacent products and services, particularly distribution, energy, and media related objectives.</li> <li>Expanded strategic partnerships via investments in the Taronga Ventures fund focusing on emerging technology and innovation across the built environment; and Global Marketplace to leverage e-commerce insights and omnichannel opportunities.</li> </ul> |



## REMUNERATION REPORT

### 3. COMPANY PERFORMANCE AND EXECUTIVE REMUNERATION OUTCOMES CONTINUED

Table 3.4. Executive KMP performance against FY22 measures continued

| Performance category and weighting                 | Performance measure                                                                                                                  | Reason chosen                                                                | Performance outcome                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Leadership and operational excellence (30%)</b> | Objectives linked to corporate reputation and sustainability, people, organisational capability, diversity, inclusion and belonging. | Non-financial objectives underpin growth and sustainability of our business. | <ul style="list-style-type: none"> <li>Completed a refresh of the sustainability strategy.</li> <li>Improved rankings in GRESB and DJSI benchmarks.</li> <li>Successfully embedded new leadership and organisational capabilities supported by related development programs and resources.</li> <li>Delivered operating model and organisational design changes across multiple business units.</li> <li>Achieved a very positive result in the 2022 Employee Experience (EX) survey, with strong participation, favourable engagement uplift and improved results across all factors.</li> <li>While we have an overall 40:40:20 gender balance, improving the gender balance across our Senior Leadership Group remains an ongoing priority.</li> <li>Strengthened relationships with existing JV partners and strong focus on establishing relationships with new partners.</li> <li>Tenant satisfaction (TenSAT/CenteSAT) scores improved significantly amid challenging retail conditions.</li> </ul> |

Table 3.5. FY22 STI outcomes for Executive KMP

| Executive KMP            | Target STI as % of TFR | Maximum STI opportunity as % of TFR <sup>1</sup> | Actual STI awarded (\$) | % of target STI opportunity awarded | % of maximum STI opportunity awarded | % of maximum STI opportunity forfeited |
|--------------------------|------------------------|--------------------------------------------------|-------------------------|-------------------------------------|--------------------------------------|----------------------------------------|
| Grant Kelley             | 75%                    | 100%                                             | 1,134,113               | 100.8                               | 75.6                                 | 24.4                                   |
| Peter Huddle             | 87%                    | 130.5%                                           | 1,094,447               | 109.4                               | 72.9                                 | 27.1                                   |
| Adrian Chye <sup>2</sup> | 65%                    | 97.5%                                            | 433,490                 | 119.5                               | 79.7                                 | 20.3                                   |

1. The maximum STI opportunity as % of TFR is the theoretical maximum the Executive KMP can receive. The maximum STI opportunity as a percentage of the target opportunity is 1.33 times and 1.5 times respectively for the CEO and other Executive KMP.

2. The target and maximum STI opportunity apply from 13 September 2021 and the actual FY22 STI awarded represents the STI awarded for the period as CFO from 13 September 2021 to 30 June 2022.

## REMUNERATION REPORT

### 3. COMPANY PERFORMANCE AND EXECUTIVE REMUNERATION OUTCOMES CONTINUED

#### 3.4 FY22 Long Term Incentive (LTI) outcomes and FY22 LTI grant

##### Summary

The first tranche of the FY21 restricted rights, which represents 25% of the total one-off restricted rights granted for FY21, had a performance period ending on 30 June 2022.

For LTI grants made from FY20, the performance period for performance rights is four years. Please refer to section 4.3 for further details of the LTI Plan, including details of the performance period for the restricted rights granted in FY21.

##### LTI outcomes for the period ended 30 June 2022

The Board determined that the first tranche of the FY21 discounted restricted rights vested. These rights will be released to participants in September 2022. The restricted rights that vested for Executive KMP are as follows: CEO: 76,251, COO: 41,420 and CFO: 6,227.

There was no testing of other performance rights for the period ended 30 June 2022 as the performance period for the performance rights granted from FY20 was increased from three to four years and accordingly, the performance period for the FY20 LTI ends on 30 June 2023.

Details of all current LTI holdings for Executive KMP are included in section 4.5.

##### FY22 LTI grant

The FY22 LTI grant (FY22 LTI) was made to the Executive KMP, other members of the EC and other senior executives with effect from 1 July 2021, with a four-year performance period that ends on 30 June 2025. The FY22 LTI grant for the CEO was supported by securityholders at the AGM. Table 3.6 shows the number of performance rights granted to the Executive KMP under the FY22 LTI. The number of performance rights granted was allocated using the 'face value' methodology. The fair value of the performance rights at grant date are also included in Table 3.6. Fair values are calculated in accordance with AASB 2 *Share Based Payments*.

As outlined, the performance rights may vest after four years provided the TSR and TR hurdles are met. Further details on the LTI performance hurdles are included in section 4.3.

Table 3.6. FY22 LTI grants

| Executive KMP | Grant date       | Face value of rights on grant date (\$) | Number of performance rights <sup>1</sup> | LTI face value as a percentage of TFR at grant date (%) | Fair value of rights on grant date <sup>2</sup> (\$) | LTI fair value as a percentage of TFR at grant date (%) |
|---------------|------------------|-----------------------------------------|-------------------------------------------|---------------------------------------------------------|------------------------------------------------------|---------------------------------------------------------|
| Grant Kelley  | 10 December 2021 | 2,025,000                               | 1,165,065                                 | 135%                                                    | 1,287,397                                            | 85.8%                                                   |
| Peter Huddle  | 10 December 2021 | 1,100,000                               | 632,875                                   | 95.65%                                                  | 699,326                                              | 60.8%                                                   |
| Adrian Chye   | 10 December 2021 | 560,000                                 | 322,190                                   | 80%                                                     | 356,020                                              | 50.9%                                                   |
| <b>Total</b>  |                  | <b>3,685,000</b>                        | <b>2,120,130</b>                          |                                                         | <b>2,342,743</b>                                     |                                                         |

1. The grants made to Executive KMP represent the face value LTI opportunity with effect from 1 July 2021. The security price used in the calculation is the volume weighted average price (VWAP) of Vicinity's securities 10 trading days immediately following the 2021 Annual General Meeting of \$1.7381.

2. Calculated based on a fair value per right of:

| Grant date       | TR rights (\$) | TSR rights (\$) | Overall fair value of LTI grants (\$) | Overall fair value of LTI grants as a % of face value |
|------------------|----------------|-----------------|---------------------------------------|-------------------------------------------------------|
| 10 December 2021 | 1.44           | 0.77            | 1.105                                 | 63.6                                                  |

The fair value of the performance rights as at the grant date was valued by independent consultants. The valuation of the TSR performance rights incorporates the probability of achieving market conditions whereas the valuation of the TR performance rights does not. This results in a lower fair value for TSR performance rights than for TR performance rights. Further details on the assumptions used to determine the fair value of the performance rights and the accounting for expenses relating to performance rights are included in Note 16 to the Financial Report. The minimum total value of the grant to the Executive KMP is nil should none of the applicable performance conditions be met.

## REMUNERATION REPORT

### 3. COMPANY PERFORMANCE AND EXECUTIVE REMUNERATION OUTCOMES CONTINUED

#### 3.5 Statutory remuneration tables

Table 3.7 sets out the statutory remuneration received by each current and former Executive KMP during the current and prior year. This table has been prepared in accordance with the requirements of the Corporations Act 2001 (Cth) and relevant Australian Accounting Standards. The figures provided under the performance rights and STI deferred columns are accounting values and do not reflect actual payments received or the full value of future deferred entitlements awarded during the year.

Table 3.7. Executive KMP statutory remuneration for FY22

| Executive KMP                          | Period | Short-term benefits           |                            |                                | Other benefits                       | Share based payments                                |                                | Post-employment                   | Termination benefits <sup>8</sup> (\$) | Total (\$) | % Performance-related <sup>9</sup> |
|----------------------------------------|--------|-------------------------------|----------------------------|--------------------------------|--------------------------------------|-----------------------------------------------------|--------------------------------|-----------------------------------|----------------------------------------|------------|------------------------------------|
|                                        |        | Base salary <sup>1</sup> (\$) | STI cash <sup>2</sup> (\$) | Non-monetary <sup>3</sup> (\$) | Leave entitlements <sup>4</sup> (\$) | Performance and restricted rights <sup>5</sup> (\$) | STI deferred <sup>6</sup> (\$) | Superannuation contributions (\$) |                                        |            |                                    |
| Grant Kelley                           | FY22   | 1,476,432                     | 567,056                    | 8,220                          | 115,272                              | 758,792                                             | 318,221                        | 23,568                            | –                                      | 3,267,561  | 50%                                |
|                                        | FY21   | 1,486,367                     | 388,125                    | 7,179                          | 105,108                              | 503,113                                             | 269,872                        | 21,694                            | –                                      | 2,781,458  | 42%                                |
| Peter Huddle                           | FY22   | 1,126,432                     | 547,223                    | 3,892                          | 40,168                               | 361,213                                             | 394,667                        | 23,568                            | –                                      | 2,497,163  | 52%                                |
|                                        | FY21   | 1,180,025                     | 400,175                    | 3,641                          | 144,065                              | 186,382                                             | 204,879                        | 21,694                            | –                                      | 2,140,861  | 37%                                |
| Adrian Chye <sup>7</sup>               | FY22   | 543,747                       | 216,745                    | 1,170                          | 35,340                               | 99,555                                              | 100,255                        | 18,945                            | –                                      | 1,015,757  | 41%                                |
|                                        | FY21   | –                             | –                          | –                              | –                                    | –                                                   | –                              | –                                 | –                                      | –          | –                                  |
| Total current Executive KMP            | FY22   | 3,146,611                     | 1,331,024                  | 13,282                         | 190,780                              | 1,219,560                                           | 813,143                        | 66,081                            | –                                      | 6,780,481  | 50%                                |
|                                        | FY21   | 2,666,392                     | 788,300                    | 10,820                         | 249,173                              | 689,495                                             | 474,751                        | 43,388                            | –                                      | 4,922,319  | 40%                                |
| Nick Schiffer                          | FY22   | –                             | –                          | –                              | –                                    | –                                                   | –                              | –                                 | –                                      | –          | –                                  |
|                                        | FY21   | 731,892                       | 259,000                    | 3,415                          | 61,350                               | 32,270                                              | –                              | 21,694                            | 397,000                                | 1,506,621  | 19%                                |
| Total current and former Executive KMP | FY22   | 3,146,611                     | 1,331,024                  | 13,282                         | 190,780                              | 1,219,560                                           | 813,143                        | 66,081                            | –                                      | 6,780,481  | 50%                                |
|                                        | FY21   | 3,398,284                     | 1,047,300                  | 14,235                         | 310,523                              | 721,765                                             | 474,751                        | 65,082                            | 397,000                                | 6,428,940  | 35%                                |

1. Base salary excludes the annual leave expense recognised in the financial statements for the period in accordance with AASB 119 *Employee Benefits*.

2. The cash component is 50% of the STI awarded for Executive KMP (including the CEO), and where applicable, is paid in September following the end of the financial year. Nick Schiffer's FY21 STI was not subject to deferral into securities and was paid fully in cash in September 2021.

3. Non-monetary benefits include death and total permanent disability and salary continuance insurance premiums paid by Vicinity on behalf of the Executive KMP.

4. Leave entitlements reflect the long service leave and annual leave expense recognised in the financial statements for the period in accordance with AASB 119 *Employee Benefits*.

5. Under Australian Accounting Standards the remuneration expense for performance rights and restricted rights is based on their fair value at grant date calculated in accordance with AASB 2 Share Based Payments. For the TSR performance rights and restricted rights, the fair value determined is progressively expensed over the vesting period of four years, regardless of the ultimate vesting outcome. For TR performance rights, the fair value is also progressively expensed over the vesting period; however, is reassessed and adjusted to reflect the amount ultimately expected to vest. The amount included as remuneration is not related to or indicative of the benefit (if any) that Executive KMP may ultimately realise should the performance rights or restricted rights vest.

6. 50% of the STI is deferred into restricted securities. For Grant Kelley (CEO), the deferred securities vest 24 months following the date of deferral. For other Executive KMP, deferred securities vest equally 12 and 24 months following the date of deferral. The value of STI deferred into securities (and as reported in this table) has been expensed over the relevant vesting period.

7. Represents remuneration received during FY22 from 13 September 2021 – 30 June 2022.

8. The termination benefits for Nick Schiffer for FY21 included a payment in lieu of notice of \$370,000 and other benefits valued at \$27,000. Inclusive of the FY21 STI award of \$259,000 which is disclosed separately as 'STI cash' and the FY21 fair value expense of \$59,087 for the restricted rights remaining on foot which is included as part of the 'Performance and restricted rights' amount, the total termination benefits were \$715,087.

9. Represents the sum of STI cash, performance, and restricted rights and STI deferred divided by the total remuneration, reflecting the actual percentage of remuneration at risk for the year.



## REMUNERATION REPORT

### 3. COMPANY PERFORMANCE AND EXECUTIVE REMUNERATION OUTCOMES CONTINUED

#### 3.6 Non-statutory remuneration

Table 3.8. Executive KMP actual remuneration for FY22

Table 3.8 sets out the 'actual' remuneration or 'take home pay' received by each current and former Executive KMP during the current and prior year. Actual remuneration differs from statutory remuneration (Table 3.7), which is prepared in accordance with the requirements of the Corporations Act 2001 (Cth) and Australian Accounting Standards, because the statutory table spreads the value of all equity grants (including STI deferred awards) across the relevant performance/vesting periods and includes the leave entitlements expense recognised for the period. The 'actual' remuneration table includes any remuneration that was previously deferred while the individual was KMP, that has become unrestricted. These amounts therefore represent 'actual' remuneration for FY22, even though they were awarded in prior financial years.

| Executive KMP                             | Period | Base salary and other benefits      |                                              |                                            |                                  | Share based payments                               |         | Termin -<br>ation<br>benefits <sup>1</sup><br>(\$) | Total<br>(\$) |
|-------------------------------------------|--------|-------------------------------------|----------------------------------------------|--------------------------------------------|----------------------------------|----------------------------------------------------|---------|----------------------------------------------------|---------------|
|                                           |        | Base<br>salary <sup>1</sup><br>(\$) | Superannuation<br>contributions <sup>1</sup> | Non -<br>monetary<br>benefits <sup>1</sup> | STI<br>cash <sup>1</sup><br>(\$) | Release<br>of STI<br>deferred <sup>2</sup><br>(\$) |         |                                                    |               |
| Grant Kelley                              | FY22   | 1,476,432                           | 23,568                                       | 8,220                                      | 567,056                          | –                                                  | –       | 2,075,276                                          |               |
|                                           | FY21   | 1,486,367                           | 21,694                                       | 7,179                                      | 388,125                          | 252,723                                            | –       | 2,156,088                                          |               |
| Peter Huddle                              | FY22   | 1,126,432                           | 23,568                                       | 3,892                                      | 547,223                          | 213,440                                            | –       | 1,914,555                                          |               |
|                                           | FY21   | 1,180,025                           | 21,694                                       | 3,641                                      | 400,175                          | 83,585                                             | –       | 1,689,120                                          |               |
| Adrian Chye                               | FY22   | 543,747                             | 18,945                                       | 1,170                                      | 216,745                          | –                                                  | –       | 780,607                                            |               |
|                                           | FY21   | –                                   | –                                            | –                                          | –                                | –                                                  | –       | –                                                  |               |
| Total current<br>Executive KMP            | FY22   | 3,146,611                           | 66,081                                       | 13,282                                     | 1,331,024                        | 213,440                                            | –       | 4,770,438                                          |               |
|                                           | FY21   | 2,666,392                           | 43,388                                       | 10,820                                     | 788,300                          | 336,308                                            | –       | 3,845,208                                          |               |
| Nick Schiffer                             | FY22   | –                                   | –                                            | –                                          | –                                | –                                                  | –       | –                                                  |               |
|                                           | FY21   | 731,892                             | 21,694                                       | 3,415                                      | 259,000                          | –                                                  | 397,000 | 1,413,001                                          |               |
| Total current and<br>former Executive KMP | FY22   | 3,146,611                           | 66,081                                       | 13,282                                     | 1,331,024                        | 213,440                                            | –       | 4,770,438                                          |               |
|                                           | FY21   | 3,398,284                           | 65,082                                       | 14,235                                     | 1,047,300                        | 336,308                                            | 397,000 | 5,258,209                                          |               |

1. As per table 3.7.

2. Amounts for FY22 represent the release of 116,316 securities for Peter Huddle under the FY21 Deferred STI following the 12-month restriction period which ended on 30 June 2022, based on a security price of \$1.835. Refer to Table 3.9 for further details. While Adrian Chye also had securities released under the FY21 Deferred STI following the 12-month restriction period, these securities were earned prior to his appointment as CFO and are therefore not included as part of his actual remuneration for FY22. Amounts for FY21 represent the release of 163,575 securities for Grant Kelley under the FY19 Deferred STI following the two-year restriction period which ended on 30 June 2021, based on a security price of \$1.545 and the release of 52,078 securities for Peter Huddle under the FY19 Deferred STI following the 18-month restriction period which ended on 31 December 2020, based on a security price of \$1.605.

Table 3.9. Deferred STI for KMP

Table 3.9 details the number of FY21 Deferred STI restricted securities granted to Grant Kelley and Peter Huddle and the market value of 50% of the securities which were released to Peter Huddle following the end of the 12-month restriction period on 30 June 2022. This aligns with the value included in Table 3.8. While Adrian Chye also had deferred STI securities released following the 12-month deferral period, these securities were earned prior to his appointment as CFO and are therefore not included as part of his actual remuneration for FY22.

| Executive KMP | Date of grant | Deferred<br>STI award | Value of<br>deferred equity<br>at time of grant<br>(\$) | Number of<br>restricted<br>securities<br>allocated <sup>1</sup> | Restriction<br>period<br>end date | Market value<br>of securities<br>released <sup>2</sup><br>(\$) |
|---------------|---------------|-----------------------|---------------------------------------------------------|-----------------------------------------------------------------|-----------------------------------|----------------------------------------------------------------|
| Grant Kelley  | 1 July 2021   | FY21                  | 388,125                                                 | 225,627                                                         | 30 June 2023                      | –                                                              |
| Peter Huddle  | 1 July 2021   | FY21                  | 200,088                                                 | 116,316                                                         | 30 June 2022                      | 213,440                                                        |
|               |               |                       | 200,087                                                 | 116,316                                                         | 30 June 2023                      | –                                                              |

1. The VWAP used to calculate the number of securities allocated at the time of grant was \$1.7202.

2. Based on the release of 50% of the restricted securities released to Peter Huddle and a security price on 30 June 2022 of \$1.835.

## REMUNERATION REPORT

### 4. EXECUTIVE REMUNERATION – FURTHER INFORMATION

This section contains further details of the three components of Executive KMP remuneration being:

- fixed remuneration
- STI
- LTI

#### 4.1 Fixed remuneration

Fixed remuneration comprises base salary and leave entitlements, superannuation contributions and any salary sacrifice amounts (for example, motor vehicle leases). Vicinity aims to provide a competitive level of fixed remuneration to attract, retain and engage key talent. External benchmarking is undertaken that incorporates the size, scope and complexity of each role, which is overlaid with an individual's experience, capability and performance to determine their fixed remuneration.

#### 4.2 STI

Refer to section 3.3 for a summary of the STI outcomes for FY22.

##### STI arrangements

| Opportunity                         | FY22 STI opportunity at a target level of performance as % of TFR                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | FY22 STI maximum opportunity as % of TFR | Maximum STI as a multiple of the target opportunity for exceptional individual and Vicinity performance |
|-------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|---------------------------------------------------------------------------------------------------------|
| Grant Kelley (CEO)                  | 75%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 100%                                     | 1.33 times                                                                                              |
| Peter Huddle (COO)                  | 87%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 130.5%                                   | 1.5 times                                                                                               |
| Adrian Chye (CFO)                   | 65%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 97.5%                                    | 1.5 times                                                                                               |
| Performance measurement period      | The STI performance measurement period is the full financial year. Where an Executive KMP commences employment or appointed during the year, their STI is evaluated and calculated on a pro-rata basis. Where an Executive KMP ceases employment during the year, if the STI is not forfeited, it is evaluated and paid on a pro-rata basis. Payment is made at the normal payment date applicable to other employees.                                                                                                                                                                                                                                                                           |                                          |                                                                                                         |
| Grant date, payment and deferral    | STI is provided as a combination of cash and deferred equity. 50% of the STI is deferred into equity for a period of 24 months for the CEO and into two equal amounts payable after 12 months and 24 months respectively for other Executive KMP. Dividends are paid on the deferred equity component during the deferral period.<br><br>Outcomes are calculated following the Board's review of Vicinity's audited financial results and any cash component is typically paid in September following the end of the financial year.                                                                                                                                                             |                                          |                                                                                                         |
| Performance targets and measurement | Section 3.3 provides a detailed summary of the performance objectives and measures and the subsequent results for Executive KMP for FY22.<br><br>Performance objectives for FY22 were finalised by the Board in the case of the CEO, and by the CEO and the Committee in the case of other Executive KMP. The Committee, with input from the Chairman of the Board, assesses the CEO's performance against his objectives and makes the recommendation to the Board for final determination.<br><br>The CEO assesses the performance of all other Executive KMP and other EC members relative to their individual objectives and makes recommendations to the Committee for final determination. |                                          |                                                                                                         |

## REMUNERATION REPORT

### 4. EXECUTIVE REMUNERATION – FURTHER INFORMATION CONTINUED

#### 4.3 LTI

Refer to section 3.4 for a summary of the LTI and outcomes for FY22..

#### LTI arrangements

| Type of equity awarded                  | <p><b>Performance rights</b></p> <p>Rights to Vicinity stapled securities at a future time for nil consideration, subject to the achievement of agreed performance hurdles at the end of the performance period (as set out below).</p> <p>Until the performance rights vest, an Executive KMP has no entitlement to receive dividends or distributions from, nor legal or beneficial interest in, and no voting rights associated with, the underlying stapled securities.</p> <p><b>Restricted rights</b></p> <p>As a one-off change for FY21 only, Executive KMP and other LTI participants were granted restricted rights, in lieu of the TR performance rights that have historically been granted. The face value of the restricted rights was equal to 50% of the face value of the TR performance rights that they replaced. The Board believes that the 50% discount to the face value of the TR performance rights typically granted is appropriate given the more certain vesting outcome for the restricted rights.</p> <p>Executive KMP and other LTI participants who were granted restricted rights, will receive distribution equivalent securities at the time of vesting equal to the distributions that would have been paid had they received distributions on the restricted rights up until the vesting date. The number of distribution equivalent securities will be calculated based on the distributions that would have been paid on the vested securities up until the vesting date, divided by the VWAP over the five trading days commencing on the first trading day immediately following the annual results announcement for the financial year ended prior to each respective vesting date. Stapled securities allocated on vesting of restricted rights will carry the same dividend, distribution and voting rights as other stapled securities issued by Vicinity.</p> |                                         |                    |                             |     |                            |                      |     |                            |                      |     |                            |                      |
|-----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------|-----------------------------|-----|----------------------------|----------------------|-----|----------------------------|----------------------|-----|----------------------------|----------------------|
| Performance period                      | <p>Performance rights: four years.</p> <p>The restricted rights granted for FY21 only, have a performance period as follows:</p> <table><tr><th>Percentage of restricted rights vesting</th><th>Performance period</th><th>Anticipated time of release</th></tr><tr><td>25%</td><td>1 July 2020 – 30 June 2022</td><td>Early September 2022</td></tr><tr><td>25%</td><td>1 July 2020 – 30 June 2023</td><td>Early September 2023</td></tr><tr><td>50%</td><td>1 July 2020 – 30 June 2024</td><td>Early September 2024</td></tr></table>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Percentage of restricted rights vesting | Performance period | Anticipated time of release | 25% | 1 July 2020 – 30 June 2022 | Early September 2022 | 25% | 1 July 2020 – 30 June 2023 | Early September 2023 | 50% | 1 July 2020 – 30 June 2024 | Early September 2024 |
| Percentage of restricted rights vesting | Performance period                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Anticipated time of release             |                    |                             |     |                            |                      |     |                            |                      |     |                            |                      |
| 25%                                     | 1 July 2020 – 30 June 2022                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Early September 2022                    |                    |                             |     |                            |                      |     |                            |                      |     |                            |                      |
| 25%                                     | 1 July 2020 – 30 June 2023                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Early September 2023                    |                    |                             |     |                            |                      |     |                            |                      |     |                            |                      |
| 50%                                     | 1 July 2020 – 30 June 2024                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Early September 2024                    |                    |                             |     |                            |                      |     |                            |                      |     |                            |                      |
| Performance hurdles                     | <p><b>Performance rights</b></p> <p>Allocations of performance rights are tested against two performance hurdles at the relevant vesting date:</p> <ul style="list-style-type: none"><li>– 50% are subject to the achievement of relative TSR<sup>1</sup></li><li>– 50% are tied to the achievement of TR (no TR performance rights were granted for FY21)<sup>2</sup></li></ul> <p>Each hurdle will be measured independently at the end of the respective performance periods.</p> <p><b>Restricted rights</b></p> <p>The restricted rights granted for FY21 will vest in accordance with the schedule set out above, subject to ongoing employment and effective performance as assessed by the Board, taking into consideration the financial, strategy, portfolio, leadership, risk, governance, and other applicable objectives over the respective performance periods. The Board retains the discretion to amend the level of vesting of the restricted rights to ensure the award outcomes are not unreasonable and that unintended windfall gains are avoided. In exercising its discretion, the Board will consider overall business performance and securityholder experience over the vesting period, as well as significant risk or conduct issues since the awards were granted.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                         |                    |                             |     |                            |                      |     |                            |                      |     |                            |                      |

1. Relative TSR combines the security price movement and dividends (which are assumed to be reinvested) to show total return to securityholders, relative to that of other companies in the comparator group. Prior to FY22, the Board decided that an appropriate comparator group for the relative TSR performance hurdle was the S&P/ASX 200 A-REIT Index at grant date, excluding Unibail-Rodamco-Westfield (ASX:URW). For FY22, the comparator group was amended and comprised: Scentre Group (25% weighting); Charter Hall Retail REIT (25% weighting); Shopping Centres Australasia Property Group (25% weighting); The GPT Group (12.5% weighting) and Dexus (12.5% weighting). Where appropriate, the Board has discretion to adjust the comparator group for events, including but not limited to takeovers, mergers or de-mergers, that might occur with respect to the entities in the comparator group.
2. TR is calculated each year as the change in Vicinity's NTA during the year plus distributions per security made divided by the NTA at the beginning of the year. The annual TR result for each year during the performance period is then used to calculate the compound annual TR for the three-year performance period for awards prior to FY20, or four-year performance period for awards from and including FY20.



## REMUNERATION REPORT

### 4. EXECUTIVE REMUNERATION – FURTHER INFORMATION CONTINUED

#### LTI arrangements

| Opportunity                                                                            | <p>The FY22 LTI opportunity was a face value of 135% of TFR for the CEO (FY21: 101.25% of TFR), 95.65% of TFR for the COO (FY21: 71.74% of TFR) and 80% of TFR for the CFO (FY21: not applicable). The face value of the FY21 LTI was reduced by 25% compared to prior years as the face value of the restricted rights was equal to 50% of the face value of the TR performance rights that they replaced.</p> <p>The number of performance rights and restricted rights allocated was determined based on the 10-day VWAP of Vicinity securities immediately following the 2021 Annual General Meeting.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                     |                                                     |  |     |  |    |  |                                                                     |                    |                                     |                    |                                                                                        |              |             |              |                                                                            |                                                     |                         |                                                     |                            |             |             |             |     |  |    |  |                    |                    |                                     |                    |                                          |              |            |              |                                  |                                                     |                       |                                                     |                           |             |            |             |
|----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-----------------------------------------------------|--|-----|--|----|--|---------------------------------------------------------------------|--------------------|-------------------------------------|--------------------|----------------------------------------------------------------------------------------|--------------|-------------|--------------|----------------------------------------------------------------------------|-----------------------------------------------------|-------------------------|-----------------------------------------------------|----------------------------|-------------|-------------|-------------|-----|--|----|--|--------------------|--------------------|-------------------------------------|--------------------|------------------------------------------|--------------|------------|--------------|----------------------------------|-----------------------------------------------------|-----------------------|-----------------------------------------------------|---------------------------|-------------|------------|-------------|
| Vesting schedule                                                                       | <p>The following vesting schedules apply for FY22:</p> <table><tr><th colspan="2">TSR</th><th colspan="2">TR</th></tr><tr><th>Vicinity's TSR relative to the weighted TSR of the Comparator Group</th><th>Percentage vesting</th><th>Compound annual TR target per annum</th><th>Percentage vesting</th></tr><tr><td>Exceeds the Comparator Group by 2.7% per annum (or 11.2% cumulatively over four years)</td><td>100% vesting</td><td>Above 7.25%</td><td>100% vesting</td></tr><tr><td>Between the Comparator Group and 2.7% per annum above the Comparator Group</td><td>Pro-rata straight-line vesting between 50% and 100%</td><td>Between 4.50% and 7.25%</td><td>Pro-rata straight-line vesting between 10% and 100%</td></tr><tr><td>Below the Comparator Group</td><td>Nil vesting</td><td>Below 4.50%</td><td>Nil vesting</td></tr></table> <p>The following vesting schedules apply for FY20 and FY21 (no TR performance rights were granted for FY21):</p> <table><tr><th colspan="2">TSR</th><th colspan="2">TR</th></tr><tr><th>Percentile ranking</th><th>Percentage vesting</th><th>Compound annual TR target per annum</th><th>Percentage vesting</th></tr><tr><td>Greater than or equal to 75th percentile</td><td>100% vesting</td><td>Above 9.5%</td><td>100% vesting</td></tr><tr><td>Between 51st and 75th percentile</td><td>Pro-rata straight-line vesting between 51% and 100%</td><td>Between 9.0% and 9.5%</td><td>Pro-rata straight-line vesting between 50% and 100%</td></tr><tr><td>Less than 51st percentile</td><td>Nil vesting</td><td>Below 9.0%</td><td>Nil vesting</td></tr></table> <p>Following testing, any rights that do not vest, lapse.</p> <p>The FY20 plan includes an absolute TSR 'gate' ensuring benefit will only be derived from the TSR performance rights when positive TSR performance is delivered over the four-year performance period. The Board retains discretion to adjust the number of TSR performance rights which vest where the TSR is negative. The absolute TSR 'gate' did not apply to TSR performance rights granted in FY21 or FY22.</p> |                                     |                                                     |  | TSR |  | TR |  | Vicinity's TSR relative to the weighted TSR of the Comparator Group | Percentage vesting | Compound annual TR target per annum | Percentage vesting | Exceeds the Comparator Group by 2.7% per annum (or 11.2% cumulatively over four years) | 100% vesting | Above 7.25% | 100% vesting | Between the Comparator Group and 2.7% per annum above the Comparator Group | Pro-rata straight-line vesting between 50% and 100% | Between 4.50% and 7.25% | Pro-rata straight-line vesting between 10% and 100% | Below the Comparator Group | Nil vesting | Below 4.50% | Nil vesting | TSR |  | TR |  | Percentile ranking | Percentage vesting | Compound annual TR target per annum | Percentage vesting | Greater than or equal to 75th percentile | 100% vesting | Above 9.5% | 100% vesting | Between 51st and 75th percentile | Pro-rata straight-line vesting between 51% and 100% | Between 9.0% and 9.5% | Pro-rata straight-line vesting between 50% and 100% | Less than 51st percentile | Nil vesting | Below 9.0% | Nil vesting |
| TSR                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | TR                                  |                                                     |  |     |  |    |  |                                                                     |                    |                                     |                    |                                                                                        |              |             |              |                                                                            |                                                     |                         |                                                     |                            |             |             |             |     |  |    |  |                    |                    |                                     |                    |                                          |              |            |              |                                  |                                                     |                       |                                                     |                           |             |            |             |
| Vicinity's TSR relative to the weighted TSR of the Comparator Group                    | Percentage vesting                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Compound annual TR target per annum | Percentage vesting                                  |  |     |  |    |  |                                                                     |                    |                                     |                    |                                                                                        |              |             |              |                                                                            |                                                     |                         |                                                     |                            |             |             |             |     |  |    |  |                    |                    |                                     |                    |                                          |              |            |              |                                  |                                                     |                       |                                                     |                           |             |            |             |
| Exceeds the Comparator Group by 2.7% per annum (or 11.2% cumulatively over four years) | 100% vesting                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Above 7.25%                         | 100% vesting                                        |  |     |  |    |  |                                                                     |                    |                                     |                    |                                                                                        |              |             |              |                                                                            |                                                     |                         |                                                     |                            |             |             |             |     |  |    |  |                    |                    |                                     |                    |                                          |              |            |              |                                  |                                                     |                       |                                                     |                           |             |            |             |
| Between the Comparator Group and 2.7% per annum above the Comparator Group             | Pro-rata straight-line vesting between 50% and 100%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Between 4.50% and 7.25%             | Pro-rata straight-line vesting between 10% and 100% |  |     |  |    |  |                                                                     |                    |                                     |                    |                                                                                        |              |             |              |                                                                            |                                                     |                         |                                                     |                            |             |             |             |     |  |    |  |                    |                    |                                     |                    |                                          |              |            |              |                                  |                                                     |                       |                                                     |                           |             |            |             |
| Below the Comparator Group                                                             | Nil vesting                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Below 4.50%                         | Nil vesting                                         |  |     |  |    |  |                                                                     |                    |                                     |                    |                                                                                        |              |             |              |                                                                            |                                                     |                         |                                                     |                            |             |             |             |     |  |    |  |                    |                    |                                     |                    |                                          |              |            |              |                                  |                                                     |                       |                                                     |                           |             |            |             |
| TSR                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | TR                                  |                                                     |  |     |  |    |  |                                                                     |                    |                                     |                    |                                                                                        |              |             |              |                                                                            |                                                     |                         |                                                     |                            |             |             |             |     |  |    |  |                    |                    |                                     |                    |                                          |              |            |              |                                  |                                                     |                       |                                                     |                           |             |            |             |
| Percentile ranking                                                                     | Percentage vesting                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Compound annual TR target per annum | Percentage vesting                                  |  |     |  |    |  |                                                                     |                    |                                     |                    |                                                                                        |              |             |              |                                                                            |                                                     |                         |                                                     |                            |             |             |             |     |  |    |  |                    |                    |                                     |                    |                                          |              |            |              |                                  |                                                     |                       |                                                     |                           |             |            |             |
| Greater than or equal to 75th percentile                                               | 100% vesting                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Above 9.5%                          | 100% vesting                                        |  |     |  |    |  |                                                                     |                    |                                     |                    |                                                                                        |              |             |              |                                                                            |                                                     |                         |                                                     |                            |             |             |             |     |  |    |  |                    |                    |                                     |                    |                                          |              |            |              |                                  |                                                     |                       |                                                     |                           |             |            |             |
| Between 51st and 75th percentile                                                       | Pro-rata straight-line vesting between 51% and 100%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Between 9.0% and 9.5%               | Pro-rata straight-line vesting between 50% and 100% |  |     |  |    |  |                                                                     |                    |                                     |                    |                                                                                        |              |             |              |                                                                            |                                                     |                         |                                                     |                            |             |             |             |     |  |    |  |                    |                    |                                     |                    |                                          |              |            |              |                                  |                                                     |                       |                                                     |                           |             |            |             |
| Less than 51st percentile                                                              | Nil vesting                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Below 9.0%                          | Nil vesting                                         |  |     |  |    |  |                                                                     |                    |                                     |                    |                                                                                        |              |             |              |                                                                            |                                                     |                         |                                                     |                            |             |             |             |     |  |    |  |                    |                    |                                     |                    |                                          |              |            |              |                                  |                                                     |                       |                                                     |                           |             |            |             |

#### 4.4 STI and LTI - Cessation of employment, clawback or change of control

The Board retains discretion to determine the treatment of the STI and LTI awards on the cessation of employment; however, generally:

- In the event of resignation or termination for cause, any eligibility for STI, deferred STI and LTI entitlements will be forfeited
- In the event of cessation of employment for such reasons as redundancy, death, total and permanent disablement or retirement:
  - a pro-rata amount of unvested performance rights and restricted rights which have not yet conditionally vested will remain on foot, with the balance forfeited. Performance rights may then conditionally vest at the end of the performance period subject to meeting the performance measures under the associated plan. Awards granted prior to the FY20 LTI are subject to a 12-month holding lock. In these circumstances, the continuous service condition will be deemed to have been waived
  - STI for the year will be pro-rated over the employment period and paid fully in cash at the same time as all others (no amounts are deferred into equity)
  - deferred STI will remain on foot and will vest at the normal vesting date

The Board also has the right to reduce future award payments or adjust unvested amounts to 'clawback' from participants if there has been a material misstatement in Vicinity's financial results. These provisions were strengthened for any awards to be granted from FY21 onwards to enable 'clawback' where a participant has acted fraudulently or dishonestly, engaged in gross misconduct, breached his or her duties or obligations to the Group or acted in a manner which brings the Group into disrepute.

In the event of a change in control, the Board has absolute discretion to determine the treatment for STI and LTI entitlements.

## REMUNERATION REPORT

### 4. EXECUTIVE REMUNERATION – FURTHER INFORMATION CONTINUED

#### 4.5 Total LTI holdings

Tables 4.1 and 4.1.1 below detail the total performance rights and restricted rights held by Executive KMP including the FY22 LTI grants detailed above.

Table 4.1. Total performance rights held by Executive KMP

| Executive KMP                             | Grant date  | End of performance period | Opening performance rights <sup>1</sup> | Granted as remuneration in FY22 | Performance rights lapsed | Performance rights vested | Closing unvested performance rights |
|-------------------------------------------|-------------|---------------------------|-----------------------------------------|---------------------------------|---------------------------|---------------------------|-------------------------------------|
| <b>Grant Kelley</b>                       |             |                           |                                         |                                 |                           |                           |                                     |
| FY22                                      | 10 Dec 2021 | 30 Jun 2025               | –                                       | 1,165,065                       | –                         | –                         | 1,165,065                           |
| FY21                                      | 11 Dec 2020 | 30 Jun 2024               | 610,013                                 | –                               | –                         | –                         | 610,013                             |
| FY20                                      | 10 Dec 2019 | 30 Jun 2023               | 762,941                                 | –                               | –                         | –                         | 762,941                             |
| <b>Total</b>                              |             |                           | <b>1,372,954</b>                        | <b>1,165,065</b>                | <b>–</b>                  | <b>–</b>                  | <b>2,538,019</b>                    |
| <b>Peter Huddle</b>                       |             |                           |                                         |                                 |                           |                           |                                     |
| FY22                                      | 10 Dec 2021 | 30 Jun 2025               | –                                       | 632,875                         | –                         | –                         | 632,875                             |
| FY21                                      | 11 Dec 2020 | 30 Jun 2024               | 331,365                                 | –                               | –                         | –                         | 331,365                             |
| FY20                                      | 10 Dec 2019 | 30 Jun 2023               | 414,437                                 | –                               | –                         | –                         | 414,437                             |
| <b>Total</b>                              |             |                           | <b>745,802</b>                          | <b>632,875</b>                  | <b>–</b>                  | <b>–</b>                  | <b>1,378,677</b>                    |
| <b>Adrian Chye</b>                        |             |                           |                                         |                                 |                           |                           |                                     |
| FY22                                      | 10 Dec 2021 | 30 Jun 2025               | –                                       | 322,190                         | –                         | –                         | 322,190                             |
| FY21                                      | 11 Dec 2020 | 30 Jun 2024               | 49,818                                  | –                               | –                         | –                         | 49,818                              |
| FY20                                      | 10 Dec 2019 | 30 Jun 2023               | 62,307                                  | –                               | –                         | –                         | 62,307                              |
| <b>Total</b>                              |             |                           | <b>112,125</b>                          | <b>322,190</b>                  | <b>–</b>                  | <b>–</b>                  | <b>434,315</b>                      |
| <b>Total number of performance rights</b> |             |                           | <b>2,230,881</b>                        | <b>2,120,130</b>                | <b>–</b>                  | <b>–</b>                  | <b>4,351,011</b>                    |

1. The opening balance for Adrian Chye represents performance rights awarded prior to his appointment as CFO.

Table 4.1.1. Total restricted rights held by Executive KMP

| Executive KMP                            | Grant date  | End of performance period | Opening restricted rights <sup>1</sup> | Restricted rights vested <sup>2</sup> | Closing unvested restricted rights |
|------------------------------------------|-------------|---------------------------|----------------------------------------|---------------------------------------|------------------------------------|
| <b>Grant Kelley</b>                      |             |                           |                                        |                                       |                                    |
|                                          | 11 Dec 2020 | 30 Jun 2022               | 76,251                                 | 76,251                                | 0                                  |
|                                          | 11 Dec 2020 | 30 Jun 2023               | 76,252                                 | –                                     | 76,252                             |
|                                          | 11 Dec 2020 | 30 Jun 2024               | 152,503                                | –                                     | 152,503                            |
| <b>Total</b>                             |             |                           | <b>305,006</b>                         | <b>76,251</b>                         | <b>228,755</b>                     |
| <b>Peter Huddle</b>                      |             |                           |                                        |                                       |                                    |
|                                          | 11 Dec 2020 | 30 Jun 2022               | 41,420                                 | 41,420                                | 0                                  |
|                                          | 11 Dec 2020 | 30 Jun 2023               | 41,421                                 | –                                     | 41,421                             |
|                                          | 11 Dec 2020 | 30 Jun 2024               | 82,841                                 | –                                     | 82,841                             |
| <b>Total</b>                             |             |                           | <b>165,682</b>                         | <b>41,420</b>                         | <b>124,262</b>                     |
| <b>Adrian Chye</b>                       |             |                           |                                        |                                       |                                    |
|                                          | 11 Dec 2020 | 30 Jun 2022               | 6,227                                  | 6,227                                 | 0                                  |
|                                          | 11 Dec 2020 | 30 Jun 2023               | 6,227                                  | –                                     | 6,227                              |
|                                          | 11 Dec 2020 | 30 Jun 2024               | 12,455                                 | –                                     | 12,455                             |
| <b>Total</b>                             |             |                           | <b>24,909</b>                          | <b>6,227</b>                          | <b>18,682</b>                      |
| <b>Total number of restricted rights</b> |             |                           | <b>495,597</b>                         | <b>123,898</b>                        | <b>371,699</b>                     |

1. The opening balance for Adrian Chye represents restricted rights awarded prior to his appointment as CFO.

2. Represents the vesting of the first tranche of the FY21 restricted rights which will be released in September 2022. This excludes distribution equivalent securities which will be calculated based on the distributions that would have been paid on the vested securities up until the vesting date, divided by the VWAP over the five trading days commencing on the first trading day immediately following the FY22 annual results announcement.

## REMUNERATION REPORT

### 4. EXECUTIVE REMUNERATION – FURTHER INFORMATION CONTINUED

#### 4.6 Service agreements

Remuneration and other terms of employment for Executive KMP are formalised in Executive Services Agreements (ESAs). The terms and conditions of employment of the Executive KMP reflect market conditions at the time of entering into their contract.

Key features of the Executive KMP ESAs include the following:

- eligibility to participate in short and long-term incentive plans
- ongoing employment until terminated by either the Executive KMP or Vicinity
- Vicinity may make payments in lieu of all or part of the applicable notice period

Notice period provisions are detailed below.

| Executive KMP | Termination by Vicinity |          | Termination by Executive KMP | Termination payment <sup>1</sup> |
|---------------|-------------------------|----------|------------------------------|----------------------------------|
|               | For cause               | Other    |                              |                                  |
| Grant Kelley  | Immediately             | 6 months | 6 months                     | 6 months' TFR                    |
| Peter Huddle  | Immediately             | 6 months | 6 months                     | 6 months' TFR                    |
| Adrian Chye   | Immediately             | 6 months | 6 months                     | 6 months' TFR                    |

1. Paid, subject to law, if Vicinity terminated the Executive KMP's employment agreement on notice and without cause, and makes payment in lieu of notice. Termination payments are generally not paid on resignation or termination with cause, although the Board may determine exceptions to this. No termination payment will exceed the limit under the Corporations Act 2001 (Cth).

### 5. NON-EXECUTIVE DIRECTOR REMUNERATION

#### 5.1 Remuneration philosophy

Non-executive Director fee levels are set with regard to time commitment and workload, the risk and responsibility attached to the role and external market benchmarking. Non-executive Director base fees were last increased effective 1 January 2018 and the current maximum fee pool of \$2.25 million was approved by Vicinity securityholders in November 2011. No element of Non-executive Director remuneration is 'at risk', that is, no element is based on the performance of Vicinity.

#### Board and Committee fees

FY22 Board and Committee fees are outlined in the table below:

Table 5.1. FY22 Board and Committee fees

| Board/Committee                            | Role                   | FY22 fees per annum <sup>1</sup> (\$) |
|--------------------------------------------|------------------------|---------------------------------------|
| Board                                      | Chairman               | 463,500                               |
|                                            | Non-executive Director | 164,800                               |
| Audit Committee                            | Chairman               | 41,200                                |
|                                            | Member                 | 20,600                                |
| Risk and Compliance Committee              | Chairman               | 41,200                                |
|                                            | Member                 | 20,600                                |
| Remuneration and Human Resources Committee | Chairman               | 41,200                                |
|                                            | Member                 | 20,600                                |
| Nominations Committee                      | Chairman               | No additional fee                     |
|                                            | Member                 | No additional fee                     |

1. Fees are inclusive of superannuation.



## REMUNERATION REPORT

### 5. NON-EXECUTIVE DIRECTOR REMUNERATION CONTINUED

The Chairman of the Board receives no further remuneration for Committee membership, although he may attend Committee meetings.

Non-executive Directors are entitled to be reimbursed for all reasonable business-related expenses, including travel on Company business, that may be incurred in the discharge of their duties.

#### 5.2 Fees and benefits paid

Table 5.2. Non-executive Directors' fees for FY22

| Non-executive Director                                      | Period | Short-term benefits    |                     | Post-employment benefits <sup>2</sup> | Total fees (\$) |
|-------------------------------------------------------------|--------|------------------------|---------------------|---------------------------------------|-----------------|
|                                                             |        | Fees <sup>1</sup> (\$) | Committee fees (\$) | Superannuation contributions (\$)     |                 |
| Trevor Gerber, Chair<br>(appointed 28 October 2015)         | FY22   | 439,932                | –                   | 23,568                                | 463,500         |
|                                                             | FY21   | 441,806                | –                   | 21,694                                | 463,500         |
| Clive Appleton <sup>3</sup><br>(appointed 1 September 2018) | FY22   | 164,800                | –                   | –                                     | 164,800         |
|                                                             | FY21   | 164,800                | –                   | –                                     | 164,800         |
| Tim Hammon<br>(appointed 15 December 2011)                  | FY22   | 149,819                | 56,181              | 20,600                                | 226,600         |
|                                                             | FY21   | 150,503                | 56,438              | 19,659                                | 226,600         |
| Peter Kahan<br>(appointed 11 June 2015)                     | FY22   | 149,819                | 56,181              | 20,600                                | 226,600         |
|                                                             | FY21   | 150,503                | 56,438              | 19,659                                | 226,600         |
| Janette Kendall<br>(appointed 1 December 2017)              | FY22   | 149,818                | 37,455              | 18,727                                | 206,000         |
|                                                             | FY21   | 150,502                | 37,626              | 17,872                                | 206,000         |
| Karen Penrose<br>(appointed 11 June 2015)                   | FY22   | 149,819                | 56,181              | 20,600                                | 226,600         |
|                                                             | FY21   | 150,503                | 56,438              | 19,659                                | 226,600         |
| Dr David Thurin AM<br>(appointed 11 June 2015)              | FY22   | 149,818                | –                   | 14,982                                | 164,800         |
|                                                             | FY21   | 150,502                | –                   | 14,298                                | 164,800         |
| <b>Total</b>                                                | FY22   | 1,353,825              | 205,998             | 119,077                               | 1,678,900       |
| <b>Non-executive Directors</b>                              | FY21   | 1,359,119              | 206,940             | 112,841                               | 1,678,900       |

1. Unless otherwise stated, fees represent fees paid to Non-executive Directors in their capacity as Directors of Vicinity Limited (the Company) and Vicinity Centre RE Ltd as Responsible Entity for Vicinity Centres Trust (the RE) whose Boards and Committees meet concurrently.

2. Non-executive Directors receive no post-employment benefits other than statutory superannuation.

3. Clive Appleton's fees are paid to The Gandel Group Pty Limited and therefore no superannuation contributions were made by Vicinity on his behalf.

## REMUNERATION REPORT

### 6. OTHER REMUNERATION INFORMATION

#### 6.1 Remuneration governance

The Board of Directors has responsibility to ensure that appropriate governance is in place in relation to all human resource matters including remuneration. To ensure that the Board acts independently of management and is fully informed when making remuneration decisions, the Board has established the following protocols:

- The Board has established the Remuneration and Human Resources Committee comprised of Non-executive Directors, which is responsible for reviewing and making recommendations on remuneration policies for Vicinity, including policies governing the remuneration of Executive KMP and other senior executives. Further information regarding the respective roles and responsibilities of the Board and the Committee are contained in their respective charters, available at [www.vicinity.com.au](http://www.vicinity.com.au), and in Vicinity's Corporate Governance Statement.
- When considering the recommendations of the Committee, the Board applies a policy of excluding any executives from being present and participating in discussions impacting their own remuneration.
- The Committee can seek advice from both management and external advisors in developing its remuneration recommendations for the Board.

#### 6.2 External advisors and consultants

To assist in performing its duties, and making recommendations to the Board, the Committee directly engages external advisors to provide input to the process of reviewing Executive KMP and Non-executive Director remuneration, and to provide advice on various aspects of the remuneration framework. This advice is sought when required and no advice was sought during FY22.

#### 6.3 Security trading restrictions

Vicinity's Securities Trading Policy prohibits Executive KMP and other LTI and deferred STI participants from hedging or otherwise limiting their exposure to risk in relation to unvested Vicinity securities issued or acquired under any applicable equity arrangements.

#### 6.4 Minimum securityholding requirement – Executive KMP

Vicinity operates a minimum securityholding requirement (MSR) for Executive KMP and other members of the EC. This requires the CEO and members of the EC to build and retain a minimum holding of securities equal to 100% and 60% of TFR respectively within five years from the introduction of the policy in 2016 or five years from the end of the first full financial year following an executive's commencement date, if later. Deferred STI restricted securities count towards the MSR. The Board will consider extending the five-year period for the CEO and other members of the EC should the MSR be unattainable due to the lapsing of the FY18, FY19 and any subsequent LTI grants and the cancellation of the FY20 STI, which was impacted by COVID-19.

#### 6.5 Minimum securityholding requirement – Non-executive Directors

Vicinity operates a MSR for Non-executive Directors. This encourages independent Directors to acquire a holding of securities with a minimum cost equal in value to one year of Non-executive Director base fees (net of income tax and superannuation) within five years from the introduction of the policy in 2016 or from the Director's commencement date, if later.

## REMUNERATION REPORT

### 6. OTHER REMUNERATION INFORMATION CONTINUED

#### 6.6 KMP securityholdings

The table below shows the securities held (directly or indirectly) by KMP as at 30 June 2022 and as at the date of this report.

If, at any time during the five-year accumulation period, a KMP achieves the MSR, the KMP is deemed to have met the MSR, notwithstanding that the holding value at the end of the five-year accumulation period or at the end of a financial year during the five-year period may be less than the MSR. All Non-executive Directors have achieved the current MSR.

Table 6.1. KMP securityholdings

|                                | Opening securities as at 1 July 2021 | Granted as remuneration <sup>1</sup> | Additions during the year | Closing securities as at 30 June 2022 |
|--------------------------------|--------------------------------------|--------------------------------------|---------------------------|---------------------------------------|
| <b>Non-executive Directors</b> |                                      |                                      |                           |                                       |
| Trevor Gerber                  | 220,834                              | –                                    | –                         | 220,834                               |
| Clive Appleton                 | 32,295                               | –                                    | –                         | 32,295                                |
| Tim Hammon                     | 63,889                               | –                                    | –                         | 63,889                                |
| Peter Kahan                    | 43,417                               | –                                    | –                         | 43,417                                |
| Janette Kendall                | 63,110                               | –                                    | –                         | 63,110                                |
| Karen Penrose                  | 57,917                               | –                                    | –                         | 57,917                                |
| Dr David Thurin AM             | 13,895,373                           | –                                    | –                         | 13,895,373                            |
| <b>Total</b>                   | <b>14,376,835</b>                    | <b>–</b>                             | <b>–</b>                  | <b>14,376,835</b>                     |
| <b>Executive KMP</b>           |                                      |                                      |                           |                                       |
| Grant Kelley                   | 336,209                              | 225,627                              | –                         | 561,836                               |
| Peter Huddle                   | 52,078                               | 232,632                              | –                         | 284,710                               |
| Adrian Chye                    | 41,265                               | 28,222                               | –                         | 69,487                                |
| <b>Total</b>                   | <b>429,552</b>                       | <b>486,481</b>                       | <b>–</b>                  | <b>916,033</b>                        |

1. Reflects the allocation of the FY21 Deferred STI restricted securities. For Adrian Chye, this reflects the FY21 Deferred STI restricted securities awarded prior to his appointment as CFO.

There were no other related party transactions or balances with KMP or their controlled entities, in relation to securities held.



## AUDITOR'S INDEPENDENCE DECLARATION



**Building a better  
working world**

Ernst & Young  
8 Exhibition Street  
Melbourne VIC 3000 Australia  
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000  
Fax: +61 3 8650 7777  
ey.com/au

### Auditor's Independence Declaration to the Directors of Vicinity Limited

As lead auditor for the audit of the financial report of Vicinity Limited for the financial year ended 30 June 2022, I declare to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b) No contraventions of any applicable code of professional conduct in relation to the audit; and
- c) No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Vicinity Limited and the entities it controlled during the financial year.

Ernst & Young

Alison Parker  
Partner  
17 August 2022

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

|                                                                                                                           | Note  | 30 Jun 22<br>\$m | 30 Jun 21<br>\$m |
|---------------------------------------------------------------------------------------------------------------------------|-------|------------------|------------------|
| <b>Revenue and income</b>                                                                                                 |       |                  |                  |
| Property ownership revenue and income                                                                                     |       | 1,123.2          | 1,118.7          |
| Management fee revenue from strategic partnerships                                                                        |       | 56.6             | 48.8             |
| Interest and other income                                                                                                 |       | 2.6              | 1.7              |
| <b>Total revenue and income</b>                                                                                           | 2(c)  | <b>1,182.4</b>   | <b>1,169.2</b>   |
| Share of net profit/(loss) of equity accounted investments                                                                | 5(b)  | 15.9             | (34.2)           |
| Property revaluation increment/(decrement) for directly owned properties                                                  | 4(b)  | 633.3            | (642.7)          |
| Direct property expenses                                                                                                  |       | (325.4)          | (299.0)          |
| Allowance for expected credit losses                                                                                      | 11(b) | (13.7)           | (88.0)           |
| Borrowing costs                                                                                                           | 7(c)  | (187.6)          | (165.6)          |
| Employee benefits expense                                                                                                 | 15    | (105.4)          | (97.6)           |
| Net foreign exchange movement on interest bearing liabilities                                                             |       | (10.3)           | 77.5             |
| Net mark-to-market movement on derivatives                                                                                |       | 88.6             | (119.9)          |
| Depreciation of right of use assets                                                                                       | 18(a) | (5.5)            | (6.1)            |
| Stamp duty written off on acquisition of investment property                                                              | 4(b)  | (22.6)           | -                |
| Other expenses                                                                                                            |       | (42.1)           | (40.7)           |
| <b>Net profit/(loss) before tax for the year</b>                                                                          |       | <b>1,207.6</b>   | <b>(247.1)</b>   |
| Income tax benefit/(expense)                                                                                              | 3(a)  | 7.6              | (10.9)           |
| <b>Net income/(loss) for the year</b>                                                                                     |       | <b>1,215.2</b>   | <b>(258.0)</b>   |
| Other comprehensive income                                                                                                |       | -                | -                |
| <b>Total comprehensive income/(loss) for the year</b>                                                                     |       | <b>1,215.2</b>   | <b>(258.0)</b>   |
| <b>Total income/(loss) and total comprehensive income/(loss) for the year attributable to stapled securityholders as:</b> |       |                  |                  |
| Securityholders of Vicinity Limited                                                                                       |       | 8.2              | 3.0              |
| Securityholders of other stapled entities of the Group                                                                    |       | 1,207.0          | (261.0)          |
| <b>Total comprehensive income/(loss) for the year</b>                                                                     |       | <b>1,215.2</b>   | <b>(258.0)</b>   |
| <b>Earnings per security attributable to securityholders of the Group:</b>                                                |       |                  |                  |
| Basic earnings per security (cents)                                                                                       | 6     | 26.69            | (5.67)           |
| Diluted earnings per security (cents)                                                                                     | 6     | 26.64            | (5.67)           |

The above consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

## BALANCE SHEET

AS AT 30 JUNE 2022

|                                                   | Note  | 30 Jun 22<br>\$m | 30 Jun 21<br>\$m |
|---------------------------------------------------|-------|------------------|------------------|
| <b>Current assets</b>                             |       |                  |                  |
| Cash and cash equivalents                         |       | 55.6             | 47.2             |
| Trade receivables and other assets                | 11(a) | 117.1            | 109.4            |
| Derivative financial instruments                  | 7(e)  | 0.3              | –                |
| <b>Total current assets</b>                       |       | <b>173.0</b>     | <b>156.6</b>     |
| <b>Non-current assets</b>                         |       |                  |                  |
| Investment properties                             | 4(a)  | 14,366.4         | 13,294.3         |
| Equity accounted investments                      | 5(a)  | 513.8            | 479.4            |
| Intangible assets                                 | 17    | 164.2            | 164.2            |
| Plant and equipment                               |       | 3.4              | 2.9              |
| Derivative financial instruments                  | 7(e)  | 228.8            | 110.4            |
| Right of use assets and net investments in leases | 18(a) | 27.2             | 26.8             |
| Deferred tax assets                               | 3(c)  | 69.3             | 61.7             |
| Other assets                                      | 11(a) | 6.5              | 1.5              |
| <b>Total non-current assets</b>                   |       | <b>15,379.6</b>  | <b>14,141.2</b>  |
| <b>Total assets</b>                               |       | <b>15,552.6</b>  | <b>14,297.8</b>  |
| <b>Current liabilities</b>                        |       |                  |                  |
| Interest bearing liabilities                      | 7(a)  | 40.0             | –                |
| Distribution payable                              |       | –                | 300.4            |
| Payables and other financial liabilities          | 12    | 196.9            | 148.2            |
| Lease liabilities                                 | 18(a) | 27.7             | 34.1             |
| Provisions                                        | 13    | 81.1             | 79.8             |
| Derivative financial instruments                  | 7(e)  | 1.0              | –                |
| <b>Total current liabilities</b>                  |       | <b>346.7</b>     | <b>562.5</b>     |
| <b>Non-current liabilities</b>                    |       |                  |                  |
| Interest bearing liabilities                      | 7(a)  | 3,712.5          | 3,281.9          |
| Lease liabilities                                 | 18(a) | 361.4            | 354.4            |
| Provisions                                        | 13    | 4.0              | 3.9              |
| Derivative financial instruments                  | 7(e)  | 242.9            | 213.8            |
| <b>Total non-current liabilities</b>              |       | <b>4,320.8</b>   | <b>3,854.0</b>   |
| <b>Total liabilities</b>                          |       | <b>4,667.5</b>   | <b>4,416.5</b>   |
| <b>Net assets</b>                                 |       | <b>10,885.1</b>  | <b>9,881.3</b>   |
| <b>Equity</b>                                     |       |                  |                  |
| Contributed equity                                | 9     | 9,102.2          | 9,102.2          |
| Share based payment reserve                       |       | 6.0              | 3.5              |
| Retained profits                                  |       | 1,776.9          | 775.6            |
| <b>Total equity</b>                               |       | <b>10,885.1</b>  | <b>9,881.3</b>   |

The above consolidated Balance Sheet should be read in conjunction with the accompanying notes.



# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

| Note                                                                           | Attributable to securityholders of Vicinity Limited |              |                        |           | Attributable to securityholders of other stapled entities of the Group |              |                      |           | VCX Group              |                  |
|--------------------------------------------------------------------------------|-----------------------------------------------------|--------------|------------------------|-----------|------------------------------------------------------------------------|--------------|----------------------|-----------|------------------------|------------------|
|                                                                                | Contributed equity \$m                              | Reserves \$m | Accumulated losses \$m | Total \$m | Contributed equity \$m                                                 | Reserves \$m | Retained profits \$m | Total \$m | Contributed equity \$m | Total equity \$m |
| As at 1 July 2020                                                              | 539.5                                               | 0.9          | (220.9)                | 319.5     | 8,530.4                                                                | -            | 1,709.7              | 10,240.1  | 10,559.6               |                  |
| Net profit/(loss) for the year                                                 | -                                                   | -            | 3.0                    | 3.0       | -                                                                      | -            | (261.0)              | (261.0)   | (258.0)                |                  |
| Total comprehensive income/(loss) for the year                                 | -                                                   | -            | 3.0                    | 3.0       | -                                                                      | -            | (261.0)              | (261.0)   | (258.0)                |                  |
| <b>Transactions with securityholders in their capacity as securityholders:</b> |                                                     |              |                        |           |                                                                        |              |                      |           |                        |                  |
| Shares issued                                                                  | 1.9                                                 | -            | -                      | 1.9       | 30.7                                                                   | -            | -                    | 30.7      | 32.6                   |                  |
| Share issue costs (net of tax)                                                 | -                                                   | -            | -                      | -         | (0.3)                                                                  | -            | -                    | (0.3)     | (0.3)                  |                  |
| Net movements in share based payment reserve                                   | -                                                   | 2.6          | -                      | 2.6       | -                                                                      | -            | -                    | -         | 2.6                    |                  |
| Distributions declared                                                         | -                                                   | -            | -                      | -         | -                                                                      | -            | (455.2)              | (455.2)   | (455.2)                |                  |
| Total equity as at 30 June 2021                                                | 541.4                                               | 3.5          | (217.9)                | 327.0     | 8,560.8                                                                | -            | 993.5                | 9,554.3   | 9,881.3                |                  |
| As at 1 July 2021                                                              | 541.4                                               | 3.5          | (217.9)                | 327.0     | 8,560.8                                                                | -            | 993.5                | 9,554.3   | 9,881.3                |                  |
| Net profit for the year                                                        | -                                                   | -            | 8.2                    | 8.2       | -                                                                      | -            | 1,207.0              | 1,207.0   | 1,215.2                |                  |
| Total comprehensive income for the year                                        | -                                                   | -            | 8.2                    | 8.2       | -                                                                      | -            | 1,207.0              | 1,207.0   | 1,215.2                |                  |
| <b>Transactions with securityholders in their capacity as securityholders:</b> |                                                     |              |                        |           |                                                                        |              |                      |           |                        |                  |
| Net movements in share based payment reserve                                   | -                                                   | 2.5          | -                      | 2.5       | -                                                                      | -            | -                    | -         | 2.5                    |                  |
| Distributions declared                                                         | -                                                   | -            | -                      | -         | -                                                                      | -            | (213.9)              | (213.9)   | (213.9)                |                  |
| Total equity as at 30 June 2022                                                | 541.4                                               | 6.0          | (209.7)                | 337.7     | 8,560.8                                                                | -            | 1,986.6              | 10,547.4  | 10,885.1               |                  |

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2022

|                                                                                    | Note | 30 Jun 22<br>\$m | 30 Jun 21<br>\$m |
|------------------------------------------------------------------------------------|------|------------------|------------------|
| <b>Cash flows from operating activities</b>                                        |      |                  |                  |
| Receipts in the course of operations                                               |      | 1,318.2          | 1,286.6          |
| Payments in the course of operations                                               |      | (561.6)          | (498.9)          |
| Distributions and dividends received from equity accounted and managed investments |      | 14.1             | 19.4             |
| Net operating cash flows retained by equity accounted entities                     |      | 9.4              | 5.4              |
| Interest and other revenue received                                                |      | 0.1              | 0.5              |
| Interest paid                                                                      |      | (181.3)          | (160.8)          |
| Net cash inflows from operating activities – proportionate <sup>1</sup>            |      | 598.9            | 652.2            |
| Less: net operating cash flows retained by equity accounted entities               |      | (9.4)            | (5.4)            |
| <b>Net cash inflows from operating activities</b>                                  | 19   | <b>589.5</b>     | <b>646.8</b>     |
| <b>Cash flows from investing activities</b>                                        |      |                  |                  |
| Payments for capital expenditure on investment properties                          |      | (253.0)          | (160.4)          |
| Proceeds from disposal of investment properties                                    | 4(b) | 130.4            | 37.2             |
| Payments for acquisition of investment property                                    | 4(b) | (358.5)          | (1.1)            |
| Payment for acquisition of other investments                                       |      | (14.0)           | –                |
| Stamp duty paid upon acquisition of investment property                            | 4(b) | (22.6)           | –                |
| Proceeds from disposal of other investments                                        |      | 7.0              | –                |
| Payments for plant and equipment                                                   |      | (1.6)            | (1.2)            |
| <b>Net cash outflows from investing activities</b>                                 |      | <b>(512.3)</b>   | <b>(125.5)</b>   |
| <b>Cash flows from financing activities</b>                                        |      |                  |                  |
| Proceeds from issue of shares                                                      |      | –                | 32.6             |
| Transaction costs on issue of shares                                               |      | –                | (0.3)            |
| Proceeds from borrowings                                                           |      | 1,367.0          | 406.0            |
| Repayment of borrowings                                                            |      | (910.0)          | (978.0)          |
| Payment of lease liabilities                                                       |      | (5.8)            | (5.2)            |
| Distributions paid to external securityholders                                     |      | (514.3)          | (154.8)          |
| Debt establishment costs paid                                                      |      | (1.6)            | (1.5)            |
| Acquisition of shares on-market for settlement of share-based payments             |      | (4.1)            | (0.3)            |
| <b>Net cash outflows from financing activities</b>                                 |      | <b>(68.8)</b>    | <b>(701.5)</b>   |
| <b>Net increase/(decrease) in cash and cash equivalents held</b>                   |      | <b>8.4</b>       | <b>(180.2)</b>   |
| Cash and cash equivalents at the beginning of the year                             |      | 47.2             | 227.4            |
| <b>Cash and cash equivalents at the end of the year</b>                            |      | <b>55.6</b>      | <b>47.2</b>      |

1. Proportionate cash flows from operating activities includes total operating cash flows from consolidated and equity accounted entities.

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

## ABOUT THIS REPORT

### Reporting entity

The financial statements are those of the stapled Group comprising Vicinity Limited (the Company) and Vicinity Centres Trust (the Trust) (collectively 'the Group'). The Stapling Deed entered into by the Company and the Trust ensures that shares in the Company and units in the Trust are 'stapled' together and are traded collectively on the Australian Securities Exchange (ASX) under the code 'VCX'. For financial reporting purposes, the Company has been identified as the parent entity of the Group.

The Company and the Trust are for-profit entities that are domiciled and operate wholly in Australia.

### Basis of preparation

This general purpose Financial Report:

- Has been prepared in accordance with the *Corporations Act 2001* (Cth) and Australian Accounting Standards (AASBs) issued by the Australian Accounting Standards Board. Compliance with AASBs ensures compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- Is presented in Australian dollars (\$) and rounded to the nearest tenth of a million dollars (\$m) in accordance with ASIC Legislative Instrument 2016/191 (unless otherwise stated);
- Has been prepared in accordance with the historical cost convention, except for certain financial assets and liabilities, and investment properties which have been recognised at fair value; and
- Was authorised for issue by the Board of Directors on 17 August 2022.

The presentation of certain items has been adjusted as necessary to provide more meaningful information in the context of the Group. Where the presentation or classification of items in the Financial Report is amended, comparative amounts are also reclassified unless it is impractical. The adjustments made to the presentation of items had no impact on the net assets or net profit/loss of the Group.

### Impact of new standards, interpretations and amendments adopted by the Group

New and amended standards that became effective as of 1 July 2021 did not have a material impact on the financial statements of the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's accounting policies. The Group has not adopted any standard, interpretation or amendment that has been issued but is not yet effective.

### COVID-19 pandemic

The COVID-19 pandemic ('COVID-19' or the 'pandemic') continued to adversely impact the Group's operations and financial results during the year as well as certain judgements and estimates made in the preparation of the financial statements. Where relevant, additional disclosure has been included within the notes to the financial statements on accounting judgements and estimates subject to a significant level of uncertainty due to the pandemic. These judgements and estimates are summarised in the 'Significant accounting judgements, estimates and assumptions' section below.

### Going concern

The Group has a net current deficiency of \$173.7 million (current liabilities exceed current assets), and has considered the following factors at 30 June 2022 in determining that the Financial Report of the Group should be prepared on a going concern basis:

- The Group has available liquidity including undrawn facilities of \$1,842.0 million, cash and cash equivalents of \$55.6 million and generates sufficient operating cash flows to meet its current obligations as they fall due; and
- The Group has assessed scenarios which consider varying levels of unfavourable impacts of the pandemic on items such as cash flows, excess liquidity and compliance with key debt covenants, including gearing and interest cover ratios. Based on these scenarios, the Group is expected to be able to pay its debts as and when they fall due for a period of 12 months from the date of these financial statements.



## ABOUT THIS REPORT

### Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires the Group to make judgements in the application of accounting policies and estimates when developing assumptions that affect the reported amounts of certain revenues, expenses, assets and liabilities. These judgements and estimates are made considering historical experience and other reasonable and relevant factors but are inherently uncertain. Due to this inherent uncertainty, actual results may differ from these judgements and estimates.

The COVID-19 pandemic has increased the level of judgement and estimation applied in the preparation of the financial report at 30 June 2022. Additional disclosures including sensitivity analyses have been included within the relevant notes to the financial statements. The table below summarises the areas of the Financial Report subject to significant judgement and estimation including the increased uncertainty due to the impacts of COVID-19:

| Item                                                           | Area of judgement or estimation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Note    |
|----------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| <b>Revenue and income and recoverability of tenant debtors</b> | <p>The Group's revenue and income largely consists of fixed rental obligations due under lease agreements which are paid monthly in advance. Therefore, rental income and the assessment of the recoverability of tenant debtors have not been subject to a significant level of judgement or estimation prior to the pandemic.</p> <p>Retail trade has been unfavourably impacted by COVID-19 due to the impact of snap lockdowns mandated by state governments to contain COVID-19 outbreaks during the year, largely in the first half of FY22. In addition, assets located in central business districts ('CBD') continue to experience headwinds as foot traffic has yet to return to pre-pandemic levels, impacted by the protracted return of office workers, and domestic and international travellers.</p> <p>The Group continued to provide rental assistance in the form of rental waivers, payment deferrals and other temporary modifications to leases to eligible SME tenants and other tenants in categories and locations that continue to experience financial hardship and distress. These negotiations were undertaken in accordance with the general principles of the Australian Government's <i>SME Commercial Code of Conduct and Leasing Principles During COVID-19</i> or with the applicable regulations in Victoria and NSW (collectively referred to as the 'SME Codes'). Following the expiry of the SME Codes in March 2022, the Group continued to provide rental support to tenants in locations and categories most impacted by the pandemic, notably SME and CBD retailers. A number of these negotiations are still ongoing as at 30 June 2022.</p> <p>As a result, the rental income receivable at 30 June 2022 has remained elevated compared to pre-pandemic levels. Significant judgement and estimation has been required in determining allowance for expected credit losses on these receivables due to the uncertain outcome of rental assistance negotiations, collection rates and the impact of rising inflation and interest rates on retailers.</p> | 2<br>11 |
| <b>Valuation of investment properties</b>                      | <p>Key inputs into valuations such as capitalisation rates, discount rates, terminal yields and market rental growth rates are not based on observable market data and require an estimate of the future impact of events, such as the COVID-19 pandemic and rising inflation and interest rates. Specific adjustments have also been made to the key valuation inputs of assets located in CBDs.</p> <p>These are subject to a significant level of estimation and judgement.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 4       |
| <b>Recognition of deferred tax assets</b>                      | <p>The Company recognises a deferred tax asset, primarily relating to historical tax losses. The recoverability of this deferred tax asset is dependent on the generation of sufficient future taxable income by the Company to utilise those tax losses. Estimation is required in forecasting future taxable income and judgement is applied in assessing an appropriate forecast period.</p> <p>The pandemic has continued to cause a degree of uncertainty in determining certain key assumptions within the assessment of future taxable income of the Company, particularly future fund, property, and development management fee revenues, which are linked to the underlying performance and valuation of the investment properties under management by the Company and the timing and execution of the Group's property development activities.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 3       |
| <b>Recoverability of intangible assets</b>                     | <p>Key assumptions and inputs into the determination of fair value of the Group's cash generating unit, such as forecast cash flows, discount and terminal value growth rates, are subject to significant estimation.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 17      |
| <b>Valuation of derivative financial instruments</b>           | <p>The fair value of derivative financial instruments is estimated using valuation techniques, including referencing to the current fair value of other instruments that are substantially the same.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 7       |

## OPERATIONS

### 1. SEGMENT INFORMATION

The Group's operating segments identified for internal reporting purposes are:

- **Property Investment:** performance is assessed based on net property income which comprises revenue less expenses derived from investment in retail property; and
- **Strategic Partnerships:** performance is assessed based on fee income from property management, development and leasing of third party capital and includes fees from the management of wholesale property funds.

Information on these segments is presented on a proportionate basis. This presents net property income and investment property assets relating to equity accounted properties as if they were consolidated investment properties within the Group's segment results. This allows for consistent internal reporting on all investment property assets and segment activities to the Chief Operating Decision Makers (CODM) to make strategic decisions, regardless of ownership structure arrangements. Consistent with prior year, the CODM were the CEO and Managing Director (CEO), Chief Operating Officer (COO) and the Chief Financial Officer (CFO).

Group performance is assessed based on funds from operations (FFO), which is calculated as statutory net profit, adjusted for fair value movements, certain unrealised and non-cash items, amounts which are capital in nature and other items that are not considered to be in the ordinary course of business. In addition to FFO, adjusted funds from operations (AFFO) is considered when assessing the performance of the Group. AFFO represents the Group's FFO adjusted for investment property maintenance capital and static tenant leasing costs and other capital items incurred during the year. FFO and AFFO are determined with reference to guidelines published by the Property Council of Australia (PCA) and are non-IFRS measures.

#### a) Segment results

The segment financial information and metrics provided to the CODM are set out below.

| Financial performance                                             | 30 Jun 22<br>\$m | 30 Jun 21<br>\$m |
|-------------------------------------------------------------------|------------------|------------------|
| <b>Property Investment segment</b>                                |                  |                  |
| Net property income                                               | 802.8            | 743.4            |
| <b>Strategic Partnerships segment</b>                             |                  |                  |
| Property management, development and leasing fees                 | 49.9             | 42.5             |
| Funds management fees                                             | 2.6              | 3.2              |
| <b>Total segment income</b>                                       | <b>855.3</b>     | <b>789.1</b>     |
| Corporate overheads (net of internal property management fees)    | (94.7)           | (86.4)           |
| Net interest expense                                              | (162.3)          | (143.9)          |
| <b>Funds from operations (FFO)</b>                                | <b>598.3</b>     | <b>558.8</b>     |
| <i>Adjusted for:</i>                                              |                  |                  |
| Maintenance capital and static tenant leasing costs               | (101.5)          | (73.1)           |
| <b>Adjusted funds from operations (AFFO)</b>                      | <b>496.8</b>     | <b>485.7</b>     |
| <b>Key metrics</b>                                                |                  |                  |
|                                                                   | <b>30 Jun 22</b> | <b>30 Jun 21</b> |
| FFO per security <sup>1</sup> (cents per security)                | 13.14            | 12.28            |
| AFFO per security <sup>1</sup> (cents per security)               | 10.91            | 10.67            |
| Distribution per security (DPS) <sup>2</sup> (cents per security) | 10.40            | 10.00            |
| Total distributions declared <sup>2</sup> (\$m)                   | 473.4            | 455.2            |
| AFFO payout ratio (total distributions declared \$m/AFFO \$m) (%) | 95.3%            | 93.7%            |
| FFO payout ratio (total distributions declared \$m/FFO \$m) (%)   | 79.1%            | 81.5%            |

1. The calculation of FFO and AFFO per security for the period uses the basic weighted average number of securities on issue as calculated in Note 6.

2. Distributions per security and the total distribution declared are calculated based on estimated number of securities outstanding at the time of the distribution record date.

## OPERATIONS

### 1. SEGMENT INFORMATION CONTINUED

#### b) Reconciliation of net profit/(loss) after tax to FFO

|                                                                                       | 30 Jun 22<br>\$m | 30 Jun 21<br>\$m |
|---------------------------------------------------------------------------------------|------------------|------------------|
| <b>Net profit/(loss) after tax</b>                                                    | <b>1,215.2</b>   | <b>(258.0)</b>   |
| Property revaluation (increment)/decrement for directly owned properties <sup>1</sup> | (633.3)          | 642.7            |
| Non-distributable loss relating to equity accounted investments <sup>1</sup>          | 10.8             | 56.6             |
| Amortisation of incentives and leasing costs <sup>2</sup>                             | 62.5             | 58.3             |
| Straight-lining of rent adjustment <sup>3</sup>                                       | 3.9              | (1.9)            |
| Net mark-to-market movement on derivatives <sup>3</sup>                               | (88.6)           | 119.9            |
| Net unrealised foreign exchange movement on interest bearing liabilities <sup>3</sup> | 10.3             | (77.5)           |
| Income tax (benefit)/expense <sup>4</sup>                                             | (7.6)            | 10.9             |
| Stamp duty                                                                            | 22.6             | –                |
| Preliminary development planning and marketing costs <sup>5</sup>                     | 1.0              | 0.4              |
| Other non-distributable items                                                         | 1.5              | 7.4              |
| <b>Funds from operations (FFO)</b>                                                    | <b>598.3</b>     | <b>558.8</b>     |

The material adjustments to net loss after tax to arrive at FFO and reasons for their exclusion are described below:

1. FFO excludes non-distributable fair value movements relating to directly owned investment properties and equity accounted investments.
2. Lease incentives and leasing costs are capitalised to investment properties. Amortisation of these items is then recognised as an expense in accordance with Australian Accounting Standards. In accordance with the PCA Guidelines amortisation of these items are excluded from FFO as:
  - a) Static (non-development) lease incentives committed during the year relating to static centres are reflected within maintenance capital and static tenant leasing costs within the AFFO calculation at Note 1(a); and
  - b) Development leasing costs are included within the capital cost of the relevant development project.
3. Represent non-cash adjustments as required by Australian Accounting Standards and are excluded from FFO.
4. Income tax for the year represents the non-cash recognition of deferred tax assets and has therefore been excluded from FFO.
5. Preliminary development planning and marketing costs are one-off and discrete to the respective property.

#### c) Reconciliation of segment income to total revenue

Refer to Note 2(c) for a reconciliation of total segment income to total revenue and income in the Statement of Comprehensive Income.

#### d) Segment assets and liabilities

The property investment segment reported to the CODM includes investment properties held directly and those that are held through equity accounted entities. A breakdown of the total investment properties in the property investment segment is shown below. All other assets and liabilities are not allocated by segment for reporting to the CODM.

|                                                                             | Note | 30 Jun 22<br>\$m | 30 Jun 21<br>\$m |
|-----------------------------------------------------------------------------|------|------------------|------------------|
| Investment properties <sup>1</sup>                                          | 4(a) | 13,958.6         | 12,897.3         |
| Investment properties included in equity accounted investments <sup>2</sup> |      | 565.5            | 571.0            |
| <b>Total interests in directly owned investment properties</b>              |      | <b>14,524.1</b>  | <b>13,468.3</b>  |
| Assets under management on behalf of strategic partners <sup>3</sup>        |      | 9,194.7          | 8,779.9          |
| <b>Total assets under management</b>                                        |      | <b>23,718.8</b>  | <b>22,248.2</b>  |

1. Total investment properties at Note 4(a) less investment property leaseholds and planning and holding costs.
2. Excludes planning and holding costs of \$10.6 million (30 June 2021: \$6.6 million) relating to investment properties included in equity accounted investments.
3. Represents the value of property interests managed, but not owned, consolidated or otherwise accounted for by the Group.



## OPERATIONS

### 2. REVENUE AND INCOME

#### a) Accounting policies

##### Property ownership revenue and income

The Group derives revenue and income in connection with the leasing and operation of its portfolio of investment properties. These comprise:

##### – Lease rental income

The Group derives lease rental income as lessor from the leasing of the retail space within these investment properties. Lease rental income is recognised on a straight-line basis over the lease term. Items included in the straight-lining calculation are fixed rental payments, in-substance fixed payments, lease incentives given to tenants and fixed rental increases that form part of lease agreements. Note 2(b) includes the accounting for lease modifications.

##### – Revenue from recovery of property outgoings

Under certain tenant lease agreements, the Group recovers from tenants a portion of costs incurred by the Group in the operation and maintenance of its shopping centres. The Group, acting as principal, incurs these costs with third party suppliers and includes them within direct property expenses in the Statement of Comprehensive Income. Recovery amounts are invoiced to tenants each month (over time) at the start of the month for the provision of that month's services based on an annual estimate. Accordingly, where recovery amounts are received in advance, no adjustment is made for the effects of a financing component. Adjustments to reflect recoveries based on actual costs incurred are recorded within revenue in the Statement of Comprehensive Income and billed annually.

##### – Other property related revenue

Other property related revenue includes fees earned from advertising, carparking and the on selling of other services at the Group's shopping centres. The material components of this revenue are recognised over time as the relevant services are provided and relevant performance obligations satisfied.

##### Management fee revenue from strategic partnerships

These comprise:

##### – Property management fees

The Group manages retail investment properties on behalf of its co-owners and other external parties. In connection with the provision of these management services the Group derives fee revenue from:

- Ongoing retail investment property management. This is recognised monthly (over time) as property management services are provided. In accordance with the relevant property management agreements, fee revenue is calculated as a percentage of a property's gross revenue and income. Fees are invoiced and paid in the month the service is provided.
- Tenant leasing management services. Fees are recognised and invoiced at either the date of lease instruction or lease execution (point in time) depending on the specific property management agreement. Revenue is generally calculated as a percentage of year one rental income achieved.

##### – Property development fees

The Group provides development management and development leasing services to its co-owners and other external parties. The Group accounts for all property development services provided under these agreements as a single performance obligation as all activities involved in property development management are highly interrelated. Property development fees are therefore calculated in accordance with the relevant development agreement and recognised over time on a time elapsed input method over the life of the relevant development project.

##### – Funds management fees

The Group provides fund management services to wholesale property funds and property mandates. Services are provided on an ongoing basis and revenue is calculated and recognised monthly (over time) as fund management services are provided in accordance with the relevant fund constitutions.

#### b) COVID-19 rental assistance

The Group continued to provide rental assistance in the form of rental waivers, payment deferrals and other temporary modifications to leases to eligible SME tenants and other tenants in categories and locations that continue to experience financial hardship and distress. These negotiations were undertaken in accordance with the general principles of the SME Codes. Following the expiry of the SME Codes in March 2022, the Group continued to provide rental support to tenants in locations and categories most impacted by the pandemic, notably SME and CBD retailers.

The impact of rental assistance agreements on the financial statements are discussed below.

##### Rental assistance agreed

Rental assistance is agreed once both the Group and the tenant have executed the legal agreement outlining the terms of the assistance. As providing rental assistance during the pandemic was not contemplated within the Group's pre-existing lease arrangements, these are treated as modifications of the pre-existing leases (lease modifications).

Lease modifications had the following effects on the financial statements in the current year:

- Waivers of lease receivables recognised as lease rental income prior to the date of an amended lease agreement being executed are written off through the Statement of Comprehensive Income, except to the extent of a pre-existing allowance for expected credit losses relating to outstanding lease receivables. For the year ended 30 June 2022, \$57.3 million of lease receivables were waived (30 June 2021: \$120.9 million), of which \$33.0 million related to lease receivables recognised in prior financial periods (30 June 2021: \$58.3 million).
- Lease rental income due over the remaining lease term, which incorporates any future reductions including waivers to fixed lease payments as compared to the original lease agreement, is recognised on a straight-line basis over the remaining lease term. Executed amended lease agreements in the current financial year resulted in approximately \$10.2 million of rental waivers processed during the year (30 June 2021: \$12.0 million) with a further \$0.8 million to be recognised in future periods (30 June 2021: \$4.2 million). Accounting adjustments required to straight-line the impact of these reductions has reduced lease rental income by \$3.2 million for the year ended 30 June 2022 (30 June 2021: \$11.0 million increase in lease rental income).
- Rent for which payment is deferred to a later date (rent is normally payable monthly in advance) continues to be recognised as lease rental income with a corresponding lease receivable in the period to which the occupancy relates. For the year ended 30 June 2022, rental payments of \$11.3 million were deferred to future reporting periods (30 June 2021: \$16.7 million) and \$10.0 million of deferred rent receivables was re-billed (30 June 2021: \$7.4 million). As at 30 June 2022, rental payments of approximately \$11.6 million were deferred to future reporting periods (30 June 2021: \$10.3 million).

As at 30 June 2022, approximately 9,000 agreements for rental assistance had been executed since the commencement of COVID-19 (30 June 2021: 6,100 agreements).

## OPERATIONS

### 2. REVENUE AND INCOME CONTINUED

#### b) COVID-19 rental assistance continued

##### Rental assistance under negotiation

Until rental assistance is agreed, lease rental income and lease receivables continue to be recognised in accordance with the terms of the original lease agreement. At the end of the reporting period, an estimate of the lease receivables expected to be waived once an agreement is reached is included within the allowance for expected credit losses. The Group estimates approximately 1,300 agreements for rental assistance are still to be completed (30 June 2021: 2,000). Some tenants may require more than one rental assistance agreement depending on the impacts of COVID-19 on their operations.

Further information on the lease receivables waived and expected credit losses recognised during the year (relating to both rental assistance agreed and under negotiation) and as at 30 June 2022 is included in Note 11.

#### c) Summary of revenue and income

A summary of the Group's total revenue and income included within the Statement of Comprehensive Income by segment and reconciliation to total segment income is shown below.

|                                                                                  | 30 Jun 22<br>\$m                  |                                      |                | 30 Jun 21<br>\$m                  |                                      |                |
|----------------------------------------------------------------------------------|-----------------------------------|--------------------------------------|----------------|-----------------------------------|--------------------------------------|----------------|
|                                                                                  | Property<br>Investment<br>segment | Strategic<br>Partnerships<br>segment | Total          | Property<br>Investment<br>segment | Strategic<br>Partnerships<br>segment | Total          |
| Recovery of property outgoings <sup>1</sup>                                      | 211.4                             | –                                    | 211.4          | 181.5                             | –                                    | 181.5          |
| Other property related revenue <sup>1</sup>                                      | 91.8                              | –                                    | 91.8           | 88.9                              | –                                    | 88.9           |
| Property management and development fees <sup>2</sup>                            | –                                 | 54.0                                 | 54.0           | –                                 | 45.6                                 | 45.6           |
| Funds management fees <sup>2</sup>                                               | –                                 | 2.6                                  | 2.6            | –                                 | 3.2                                  | 3.2            |
| <b>Total revenue from contracts with customers</b>                               | <b>303.2</b>                      | <b>56.6</b>                          | <b>359.8</b>   | <b>270.4</b>                      | <b>48.8</b>                          | <b>319.2</b>   |
| Lease rental income <sup>1</sup>                                                 | 820.0                             | –                                    | 820.0          | 848.3                             | –                                    | 848.3          |
| Interest and other income                                                        | 2.6                               | –                                    | 2.6            | 1.7                               | –                                    | 1.7            |
| <b>Total income</b>                                                              | <b>822.6</b>                      | <b>–</b>                             | <b>822.6</b>   | <b>850.0</b>                      | <b>–</b>                             | <b>850.0</b>   |
| <b>Total revenue and income</b>                                                  | <b>1,125.8</b>                    | <b>56.6</b>                          | <b>1,182.4</b> | <b>1,120.4</b>                    | <b>48.8</b>                          | <b>1,169.2</b> |
| <i>Reconciliation to segment income</i>                                          |                                   |                                      |                |                                   |                                      |                |
| Property-related expenses included in segment income                             |                                   |                                      | (395.2)        |                                   |                                      | (363.9)        |
| Allowance for expected credit losses                                             |                                   |                                      | (13.7)         |                                   |                                      | (88.0)         |
| Net property income from equity accounted investments included in segment income |                                   |                                      | 25.1           |                                   |                                      | 24.2           |
| Straight-lining of rent adjustment                                               |                                   |                                      | 3.9            |                                   |                                      | (1.9)          |
| Amortisation of static lease incentives and other project items                  |                                   |                                      | 62.5           |                                   |                                      | 58.3           |
| Interest and other revenue not included in segment income                        |                                   |                                      | (9.7)          |                                   |                                      | (8.8)          |
| <b>Total segment income</b>                                                      |                                   |                                      | <b>855.3</b>   |                                   |                                      | <b>789.1</b>   |

1. Included within 'Property ownership revenue and income' in the Statement of Comprehensive Income.

2. Included within 'Management fee revenue from strategic partnerships' in the Statement of Comprehensive Income.

## OPERATIONS

### 3. TAXES

#### a) Group taxation summary

##### Income tax

##### *Vicinity Centres Trust (flow through trust structure)*

The Trust and its controlled trusts are not liable to pay income tax (including capital gains tax) on the basis that the taxable income from the Trust's property investments is taxed on a flow through basis in the hands of the Trust's securityholders in accordance with the Attribution Managed Investment Trust Regime. The Trust's securityholders pay tax at their marginal tax rates, in the case of Australian resident securityholders, or through the withholding rules that apply to non-resident securityholders investing in Managed Investment Trusts. As a result, the Group has zero income tax expense recognised in respect of the Trust's profit.

##### *Vicinity Limited (corporate tax group)*

The Company and its subsidiaries have formed a tax consolidated group (TCG). Under this arrangement, the Company, the head entity of the TCG, accounts for its own current and deferred tax amounts and assumes those from subsidiaries in the TCG. Members of the TCG have entered into a tax funding arrangement (TFA) which sets out the funding obligations of members of the TCG in respect of tax amounts. The TFA requires payments to/from the head entity to be recognised via an inter-entity receivable/payable which is at call.

Income tax expense for the year is calculated at the Australian corporate tax rate of 30% and comprises current and deferred tax expense, any adjustments relating to current tax of prior periods and movements in unrecognised tax losses. These amounts are recognised in the income statement, except to the extent they relate to items recognised directly in other comprehensive income or equity. Current tax expense represents the expense relating to the expected taxable income at the applicable rate for the current financial year.

Deferred tax assets and liabilities are measured based on the expected manner of recovery of the carrying value of an asset or liability. Deferred tax charges represent the future tax consequences of recovering or settling the carrying amount of an asset or liability. These future tax consequences are recorded as deferred tax assets to the extent it is probable that future taxable profits or deferred tax liabilities will be available to utilise them. Where appropriate, deferred tax assets and liabilities are offset as permitted by Australian Accounting Standards.

A summary of the components of Vicinity Limited's income tax expense is shown below:

|                                                  | 30 Jun 22<br>\$m | 30 Jun 21<br>\$m |
|--------------------------------------------------|------------------|------------------|
| Current income tax expense                       | (4.9)            | (8.8)            |
| Deferred income tax benefit                      | 0.3              | 6.5              |
| Adjustment for current year tax of prior periods | (0.5)            | (0.3)            |
| Increase/(Decrease) in deferred tax assets       | 12.7             | (8.3)            |
| <b>Income tax benefit/(expense)</b>              | <b>7.6</b>       | <b>(10.9)</b>    |

##### Statutory taxes and levies

The Group also incurs federal, state based and local authority taxes including land tax, council rates and levies. These are included within direct property expenses in the Statement of Comprehensive Income. Additionally, employee benefits expense within the Statement of Comprehensive Income includes employment-related taxes such as fringe benefits tax, payroll tax and Workcover contributions.

##### Goods and services tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST) except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included within the Balance Sheet. Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities that is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

##### Voluntary tax transparency code

The Group is a signatory to the Tax Transparency Code. Further information on the Group's statutory taxes, levies and GST are disclosed in the Tax Transparency section of the Annual Report.



## OPERATIONS

### 3. TAXES CONTINUED

#### b) Reconciliation between net profit and income tax benefit

|                                                                                  | 30 Jun 22<br>\$m | 30 Jun 21<br>\$m |
|----------------------------------------------------------------------------------|------------------|------------------|
| Profit/(Loss) before tax for the year                                            | 1,207.6          | (247.1)          |
| Less: (Profit)/Loss attributed to the Trust and not subject to tax <sup>1</sup>  | (1,194.5)        | 252.2            |
| <b>Net profit before tax attributable to securityholders of Vicinity Limited</b> | <b>13.1</b>      | <b>5.1</b>       |
| Prima facie income tax expense at 30%                                            | (3.9)            | (1.5)            |
| Tax effect of amounts not taxable in calculating income tax expense:             |                  |                  |
| Net adjustment relating to share based payments                                  | 0.3              | (0.7)            |
| Other permanent differences                                                      | (1.7)            | (0.1)            |
| Prior period adjustments                                                         | 0.2              | (0.3)            |
| Increase/(Decrease) in unrecognised deferred tax assets (allowable deductions)   | 12.7             | (8.3)            |
| <b>Income tax benefit/(expense)</b>                                              | <b>7.6</b>       | <b>(10.9)</b>    |

1. As outlined above, taxable income from the Trust's property investments is taxed on a flow through basis in the hands of the Trust's securityholders. Includes adjustment for \$12.5 million income tax benefit recognised by Vicinity Limited which has been recorded against the Vicinity Group's unrecognised deferred tax assets disclosed below (30 June 2021: \$8.8 million expense).

#### c) Movement in temporary differences

##### Significant Judgement and Estimate including the impact of the COVID-19 pandemic

The forecasts of future taxable income are based on the Group's budgeting and planning process and adjusted for tax specific consequences for the Company. This process requires estimates to be made in developing assumptions about income and expenses (and their tax consequences) in future periods and significant judgement is applied in determining the length of the future time period to use in the assessment.

The pandemic has continued to cause a degree of uncertainty in determining certain key assumptions within the assessment of future taxable income of the Company, particularly around the future fund, property, and development management fee revenues, which are linked to the underlying performance and valuation of the investment properties under management by the Company and the timing and execution of the Group's property development activities. If the assumptions differ from management's estimates, this may result in additional recognition or reversal of deferred tax assets in future financial periods.

A summary of the movements in deferred tax balances is as follows:

|                                            | Provisions<br>\$m | Other<br>\$m | Tax losses<br>\$m | Total<br>\$m |
|--------------------------------------------|-------------------|--------------|-------------------|--------------|
| <b>At 30 June 2020</b>                     | <b>11.0</b>       | <b>6.4</b>   | <b>55.2</b>       | <b>72.6</b>  |
| Current tax expense                        | -                 | -            | (8.8)             | (8.8)        |
| Adjustment of current tax of prior periods | -                 | -            | (0.3)             | (0.3)        |
| Deferred income tax movements              | 8.2               | (1.7)        | (8.3)             | (1.8)        |
| Transfers                                  | -                 | 0.4          | (0.4)             | -            |
| <b>At 30 June 2021</b>                     | <b>19.2</b>       | <b>5.1</b>   | <b>37.4</b>       | <b>61.7</b>  |
| Current tax expense                        | -                 | -            | (4.9)             | (4.9)        |
| Adjustment of current tax of prior periods | -                 | -            | (0.5)             | (0.5)        |
| Deferred income tax movements              | 5.2               | (4.9)        | 12.7              | 13.0         |
| Transfers                                  | -                 | 0.2          | (0.2)             | -            |
| <b>At 30 June 2022</b>                     | <b>24.4</b>       | <b>0.4</b>   | <b>44.5</b>       | <b>69.3</b>  |

Unrecognised deferred tax assets comprising of unused tax losses totalled \$9.4 million at 30 June 2022 (30 June 2021: \$21.8 million). These unrecognised deferred tax assets do not expire.

## OPERATIONS

### 4. INVESTMENT PROPERTIES

The Group's investment properties represent freehold and leasehold interests in land and buildings held either to derive rental income or for capital appreciation, or both. They are initially measured at cost, including related transaction costs. Subsequently, at each reporting period, they are carried at their fair values based on the market value, being the price that would be received to sell an investment property in an orderly, arm's length transaction between market participants at the reporting date.

Fair values for investment properties are determined by independent (external) valuers or internal valuations. These valuations include the cost of capital works in progress on development projects.

#### a) Portfolio summary

| Shopping centre type                             | 30 Jun 22            |                 |                             | 30 Jun 21            |                 |                             |
|--------------------------------------------------|----------------------|-----------------|-----------------------------|----------------------|-----------------|-----------------------------|
|                                                  | Number of properties | Value \$m       | Weighted average cap rate % | Number of properties | Value \$m       | Weighted average cap rate % |
| Super Regional                                   | 1                    | 3,137.5         | 3.88                        | 1                    | 3,016.0         | 3.88                        |
| Major Regional                                   | 7                    | 2,027.5         | 5.85                        | 7                    | 2,012.0         | 5.92                        |
| Central Business Districts                       | 7                    | 2,000.5         | 4.94                        | 7                    | 1,965.0         | 4.97                        |
| Regional <sup>1</sup>                            | 8                    | 1,776.8         | 6.14                        | 9                    | 1,702.6         | 6.58                        |
| Outlet Centre                                    | 8                    | 2,264.5         | 5.54                        | 7                    | 1,744.9         | 5.93                        |
| Sub Regional <sup>1,2</sup>                      | 23                   | 2,558.8         | 6.12                        | 23                   | 2,289.3         | 6.57                        |
| Neighbourhood                                    | 3                    | 193.0           | 5.68                        | 3                    | 167.5           | 6.23                        |
| Planning and holding costs <sup>3</sup>          | –                    | 50.4            | n/a                         | –                    | 40.6            | n/a                         |
| <b>Total</b>                                     | <b>57</b>            | <b>14,009.0</b> | <b>5.30</b>                 | <b>57</b>            | <b>12,937.9</b> | <b>5.50</b>                 |
| Add: Investment property leaseholds <sup>4</sup> |                      | 357.4           |                             |                      | 356.4           |                             |
| <b>Total investment properties</b>               |                      | <b>14,366.4</b> |                             |                      | <b>13,294.3</b> |                             |

- Ellenbrook Central was reclassified from Sub Regional to Regional due to the increase in its gross lettable area (GLA) post completion of its redevelopment during the year.
- Box Hill Central (North Precinct) is not included in the weighted average cap rate at 30 June 2022 given the valuation for the property was derived based on a 'project related site assessment' method.
- Planning and holding costs relating to planned major development projects are capitalised and carried within the overall investment property balance. The status of each project is reviewed each period to determine if continued capitalisation of these costs remains appropriate.
- Refer to Note 18(a) for further details of investment property leasehold balances.

#### b) Movements for the year

The following investment property transactions occurred during the year:

- Acquisition of 50% interest in Harbour Town Premium Outlets Centre on the Gold Coast for \$358.0 million<sup>1</sup> on 30 November 2021; and
- Sale of 50% interest in Runaway Bay Centre on 9 May 2022 for \$132.0 million<sup>1</sup>.

A reconciliation of the movements in investment properties is shown in the table below.

|                                                                                       | 30 Jun 22 \$m   | 30 Jun 21 \$m   |
|---------------------------------------------------------------------------------------|-----------------|-----------------|
| Opening balance at 1 July                                                             | 12,937.9        | 13,521.9        |
| Acquisitions including associated stamp duty and transaction costs                    | 381.2           | 13.0            |
| Capital expenditure <sup>2</sup>                                                      | 275.1           | 153.2           |
| Capitalised borrowing costs <sup>3</sup>                                              | 1.5             | 0.4             |
| Disposals including transaction costs                                                 | (130.4)         | (50.6)          |
| Property revaluation increment/(decrement) for directly owned properties <sup>4</sup> | 632.7           | (643.6)         |
| Stamp duty written off on acquisition of investment property                          | (22.6)          | –               |
| Amortisation of incentives and leasing costs <sup>5</sup>                             | (62.5)          | (58.3)          |
| Straight-lining of rent adjustment <sup>5</sup>                                       | (3.9)           | 1.9             |
| <b>Closing balance at 30 June</b>                                                     | <b>14,009.0</b> | <b>12,937.9</b> |

- Amount excludes transaction costs and stamp duty incurred on acquisition.
- Includes development costs, maintenance capital expenditure, lease incentives, fit-out and other capital costs.
- Borrowing costs incurred in the construction of qualifying assets have been capitalised at a weighted average rate of 4.2% (30 June 2021: 3.9%).
- The property revaluation increment of \$632.7 million is before the addition of investment property leaseholds (30 June 2021: \$643.6 million revaluation decrement). The \$633.3 million revaluation increment (30 June 2021: \$642.7 million revaluation decrement) presented within the Statement of Comprehensive Income includes a \$0.6 million revaluation increment (30 June 2021: \$0.9 million revaluation increment) of investment property leaseholds held at fair value.
- For leases where Vicinity is the lessor in the lease arrangement.

## OPERATIONS

### 4. INVESTMENT PROPERTIES CONTINUED

#### c) Portfolio valuation

##### Significant Judgement and Estimate including the impact of the COVID-19 pandemic

The Group's valuation process is governed by the Board and the internal management Investment and Capital Committee. The process is reviewed periodically to consider regulatory changes, changes in market conditions and other requirements where relevant including the impact of COVID-19. The determination of an investment property valuation requires assumptions to be made which may not be based on observable market data in all instances (i.e. capitalisation rates) and estimating the future impact of events such as the COVID-19 pandemic and rising inflation and interest rates. This means the valuation of an investment property requires significant judgement and estimation.

All of the Group's independent valuers have removed 'material valuation uncertainty' clauses from their valuation reports as part of the 30 June 2022 valuation process (30 June 2021: majority of the Group's independent valuers noted the existence of material valuation uncertainty). This is primarily due to the availability of comparable property transaction market evidence used to determine market-based capitalisation and discount rates, and less likelihood that state governments will enforce extended lockdowns in the future.

Assets located in CBDs continue to experience headwinds as foot traffic has yet to return to pre-pandemic levels, impacted by the protracted return of office workers, and domestic and international travellers. These factors mean that there continues to be specific adjustments to the key valuation inputs of these assets at 30 June 2022.

##### Valuation process

The valuation process requires:

- Each property to be independently valued at least once per year;
- Independent valuers (who are selected from a pre-approved panel) that are appropriately qualified. Qualified independent valuers must be authorised by law to carry out such valuations and have at least five years' valuation experience (including at least two years in Australia), and have been rotated across all properties at a minimum every three years. The pre-approved panel has been updated in the current year and all properties have now been valued under the new appointments;
- Internal valuations to be undertaken at the end of the reporting period (half-year and year-end) if a property is not due for an independent valuation;
- Where an internal valuation shows a variance greater than 10% from the last independent valuation, a new independent valuation to be undertaken (even if this results in a property being independently valued twice in one year). Consideration is also given to key metrics such as foot traffic, sales and rental collections relative to pre COVID-19 levels;
- Internal valuations to be reviewed by a director of an independent valuation firm to assess the assumptions adopted and the reasonableness of the outcomes; and
- The Group to provide information to independent valuers on the observed impacts of COVID-19 on each investment property. Where relevant, the Group assess the reasonableness of COVID-19 related adjustments incorporated by independent valuers against the observed impacts of the pandemic on each property and expected future impacts based on the facts and circumstances existing at 30 June 2022.

As at 30 June 2022, 30 assets were independently valued (external) and 27 assets were valued internally (30 June 2021: 36 independent valuations and 21 internal valuations). Each property in the portfolio however has been independently valued at least once in the financial year, in-line with the Group's valuation process.

##### Additional considerations for New South Wales investment properties (30 June 2021)

For the year ended 30 June 2021, the Group considered that the significant increase in COVID-19 cases observed in New South Wales in June 2021, and the lockdown restrictions of Greater Sydney and other regional areas effective 26 June 2021, provided enough evidence at 30 June 2021 that further lockdown restrictions in New South Wales were likely to continue to be implemented after the end of the period. The independent valuers had not specifically considered a further lockdown in New South Wales as likely prior to providing valuations to the Group due to the close proximity of the increase in cases and lockdowns to 30 June 2021. Accordingly, the Group made an internal estimate of the impact of possible further lockdown restrictions on independently determined 30 June 2021 fair values. This identified an additional revaluation decrement of \$10.8 million to the carrying value of directly owned investment properties and an additional \$2.0 million of share of net losses of equity accounted investments at 30 June 2021, based on a most likely scenario of restrictions implemented for up to an eight-week period.

##### Valuation methodology

To determine the fair value of investment properties as at 30 June 2022:

- Independent valuations commonly adopt a fair value within the range calculated with reference to the 'capitalisation of net income' and 'discounted cash flow' methods;
- Internal valuations utilise the latest available property financial information in the 'capitalisation of net income' method with a crosscheck using the discounted cash flow method;
- Both independent and internal valuations employ the 'residual value' method when valuing development properties; and
- Where the fair value for a site is unlikely to be determined by the current usage at the site (i.e. not based on the cashflows generated from the current usage such as retail), the valuer may employ a number of different methods to derive this valuation, including a direct comparison of land value approach or a project related site assessment valuation (based on the highest and best use for the site at any given time).



## OPERATIONS

### 4. INVESTMENT PROPERTIES CONTINUED

#### c) Portfolio valuation continued

The table below details each valuation methodology:

| Valuation method                                         | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Discounted cash flow</b>                              | <p>Projected cash flows for a selected investment period (usually 10 years) are derived from contracted or future estimates of market rents, operating costs, lease incentives and capital expenditure.</p> <p>The cash flows assume the property is sold at the end of the investment period (10 years) for a terminal value. This terminal value is calculated by capitalising in perpetuity assumed market rent income at the end of the investment period by an appropriate terminal yield, except for leasehold properties where the terminal value may be calculated by other methodology to account for the finite term remaining on the ground lease at that time.</p> <p>Fair value is determined to be the present value of these projected cash flows, which is calculated by applying a market-derived discount rate to the cash flows.</p> |
| <b>Capitalisation of net income</b>                      | <p>The fully leased annual net income of the property is capitalised in perpetuity from the valuation date, except for leasehold properties where in most instances, depending on the term remaining on the ground lease, the fully leased annual net income of the property is capitalised for the remaining ground lease term. Various adjustments are then made to the calculated result, including estimated future incentives, capital expenditure, vacancy allowances and reversions to market rent. The capitalisation rate reflects the nature, location and tenancy profile of the property together with current market investment criteria, as evidenced by current market transactions.</p>                                                                                                                                                 |
| <b>Residual value (for properties under development)</b> | <p>The value of the asset on completion is calculated using the capitalisation of net income and discounted cash flow methods as described above, based on the forecast income profile at development completion. The estimated cost to complete the development, including construction costs and associated expenditures, finance costs, and an allowance for developer's risk and profit, and post development stabilisation is deducted from the value of the asset on completion to derive the current value.</p>                                                                                                                                                                                                                                                                                                                                  |
| <b>Project related site assessment valuation</b>         | <p>Where the fair (and highest) value of the asset is unlikely to be derived from the cashflows of its current usage (e.g. retail), the valuation may have regard to a likely redevelopment of the site and the residual value a purchaser may pay for the site today given a market accepted profit margin (determined by the level of risk associated with developing the site).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

#### Key assumptions and inputs

As the capitalisation of income and discounted cash flow valuation methods include key inputs that are not based on observable market data (namely derived capitalisation and discount rates), investment property valuations are considered "Level 3" of the fair value hierarchy (refer to Note 24 for further details on the fair value hierarchy).

Key unobservable inputs used by the Group in determining the fair value of its investment properties are summarised below.

| Unobservable inputs                      | 30 Jun 22       |                         | 30 Jun 21       |                         | Sensitivity                                                                                                                                 |
|------------------------------------------|-----------------|-------------------------|-----------------|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
|                                          | Range of inputs | Weighted average inputs | Range of inputs | Weighted average inputs |                                                                                                                                             |
| Capitalisation rate <sup>1</sup>         | 3.88% – 8.00%   | 5.30%                   | 3.88% – 8.00%   | 5.50%                   | The higher the capitalisation rate, discount rate, terminal yield, and expected downtime due to tenants vacating, the lower the fair value. |
| Discount rate <sup>2</sup>               | 6.00% – 8.50%   | 6.49%                   | 6.00% – 9.00%   | 6.74%                   |                                                                                                                                             |
| Terminal yield <sup>3</sup>              | 4.13% – 7.75%   | 5.51%                   | 4.13% – 8.00%   | 5.70%                   |                                                                                                                                             |
| Expected downtime (for tenants vacating) | 3 to 13 months  | 8 months                | 3 to 15 months  | 7 months                |                                                                                                                                             |
| Market rents and rental growth rate      | 1.94% – 3.40%   | 2.95%                   | 2.13% – 3.22%   | 2.81%                   | The higher the assumed market rent and rental growth rate, the higher the fair value.                                                       |

- The capitalisation rate is the required annual yield of net market income used to determine the value of the property. The rate is determined with regards to comparable market transactions.
- The discount rate is a required annual total rate of return used to convert the forecast cash flow of an asset into present value terms. It should reflect the required rate of return of the property given its risk profile relative to competing uses of capital. The rate is determined with regards to comparable market transactions.
- The terminal yield is the capitalisation rate used to convert forecast annual income into a forecast asset value at the end of the holding period when carrying out a discounted cash flow calculation. The rate is determined with regards to comparable market transactions and the expected risk inherent in the cash flows at the end of the cash flow period. Leasehold properties with tenure less than 20 years (at the end of the 10-year investment horizon) have been excluded from this sensitivity for comparative reasons given the terminal value calculation can differ to take into account the finite term remaining on the leasehold at that time.

## OPERATIONS

### 4. INVESTMENT PROPERTIES CONTINUED

#### c) Portfolio valuation continued

##### Key assumptions and inputs continued

The key inputs and assumptions at 30 June 2022 have also incorporated specific unobservable adjustments relating to COVID-19. These adjustments reduced investment property fair values and included (where appropriate):

- Allowances for rental waivers and tenant support ranging from nil-5 months on average at each property to be provided to tenants impacted by past lockdowns instigated by state governments as a response to the COVID-19 outbreaks (30 June 2021: range from nil-7 months across the portfolio);
- Additional capital, downtime and stabilisation allowances for the replacement of existing tenants that do not renew lease agreements or for tenants that are expected to take longer to recover;
- Lower short to medium term market rent growth rates for CBD properties due to anticipated prolonged recovery period; and
- Higher than historical average allowance for tenant incentives to lease space at assets over the short to medium term.

All the above key assumptions have been taken from the latest external valuation reports and internal valuation assessments (where applicable). For all investment properties except for Box Hill North, the current use is considered the highest and best use. For Box Hill North, the highest and best use is a mixed-use development site.

##### Sensitivity analysis

The following sensitivities illustrate the impact of changes in key unobservable inputs (in isolation) on the fair value of the Group's investment properties at 30 June 2022. Specific key unobservable inputs may impact only the capitalisation of net income method, the discounted cash flow method or both methods.

##### Discounted cash flow method

| 30 Jun 22<br>\$m              | Carrying<br>value | Discount<br>rate<br>-0.25% | Discount<br>rate<br>+0.25% | 10-year rental<br>growth rate<br>-0.25% | 10-year rental<br>growth rate<br>+0.25% |
|-------------------------------|-------------------|----------------------------|----------------------------|-----------------------------------------|-----------------------------------------|
| Actual valuation <sup>1</sup> | 13,958.6          |                            |                            |                                         |                                         |
| Impact on actual valuation    |                   | +266.3                     | (260.4)                    | (211.3)                                 | +214.6                                  |
| Resulting valuation           |                   | 14,224.9                   | 13,698.2                   | 13,747.3                                | 14,173.2                                |

##### Capitalisation of net income method

| 30 Jun 22<br>\$m              | Carrying<br>value | Capitalisation<br>rate<br>-0.25% | Capitalisation<br>rate<br>+0.25% |
|-------------------------------|-------------------|----------------------------------|----------------------------------|
| Actual valuation <sup>1</sup> | 13,958.6          |                                  |                                  |
| Impact on actual valuation    |                   | +726.3                           | (655.1)                          |
| Resulting valuation           |                   | 14,684.9                         | 13,303.5                         |

<sup>1</sup> Excludes planning and holding costs and investment property leaseholds.

#### d) List of investment properties held

The tables below summarise the carrying value for each investment property.

##### i. Super Regional

|                             | Ownership<br>interest % | Valuation type<br>30 Jun 22 | Carrying value   |                  |
|-----------------------------|-------------------------|-----------------------------|------------------|------------------|
|                             |                         |                             | 30 Jun 22<br>\$m | 30 Jun 21<br>\$m |
| Chadstone                   | 50                      | Independent                 | 3,137.5          | 3,016.0          |
| <b>Total Super Regional</b> |                         |                             | <b>3,137.5</b>   | <b>3,016.0</b>   |

##### ii. Major Regional

|                             | Ownership<br>interest % | Valuation type<br>30 Jun 22 | Carrying value   |                  |
|-----------------------------|-------------------------|-----------------------------|------------------|------------------|
|                             |                         |                             | 30 Jun 22<br>\$m | 30 Jun 21<br>\$m |
| Bankstown Central           | 50                      | Internal                    | 260.0            | 260.5            |
| Bayside                     | 100                     | Internal                    | 435.0            | 430.0            |
| Galleria                    | 50                      | Internal                    | 225.0            | 235.0            |
| Mandurah Forum              | 50                      | Internal                    | 217.5            | 217.5            |
| Northland                   | 50                      | Independent                 | 402.5            | 402.5            |
| Roselands                   | 50                      | Internal                    | 167.5            | 139.0            |
| The Glen                    | 50                      | Independent                 | 320.0            | 327.5            |
| <b>Total Major Regional</b> |                         |                             | <b>2,027.5</b>   | <b>2,012.0</b>   |

## OPERATIONS

### 4. INVESTMENT PROPERTIES CONTINUED

#### d) List of investment properties held continued

##### iii. Central Business Districts

|                                         | Ownership interest % | Valuation type 30 Jun 22 | Carrying value |                |
|-----------------------------------------|----------------------|--------------------------|----------------|----------------|
|                                         |                      |                          | 30 Jun 22 \$m  | 30 Jun 21 \$m  |
| Emporium Melbourne                      | 50                   | Internal                 | 522.5          | 520.0          |
| Myer Bourke Street                      | 33                   | Internal                 | 135.0          | 135.0          |
| Queen Victoria Building <sup>1</sup>    | 50                   | Independent              | 279.0          | 270.3          |
| QueensPlaza                             | 100                  | Internal                 | 695.0          | 665.0          |
| The Galleries                           | 50                   | Independent              | 153.0          | 146.5          |
| The Myer Centre Brisbane                | 25                   | Independent              | 105.0          | 118.8          |
| The Strand Arcade                       | 50                   | Independent              | 111.0          | 109.4          |
| <b>Total Central Business Districts</b> |                      |                          | <b>2,000.5</b> | <b>1,965.0</b> |

1. The title to this property is leasehold and expires in 2083.

##### iv. Regional

|                                 | Ownership interest % | Valuation type 30 Jun 22 | Carrying value |                |
|---------------------------------|----------------------|--------------------------|----------------|----------------|
|                                 |                      |                          | 30 Jun 22 \$m  | 30 Jun 21 \$m  |
| Broadmeadows Central            | 100                  | Independent              | 283.5          | 260.4          |
| Colonnades                      | 50                   | Independent              | 138.3          | 113.2          |
| Cranbourne Park                 | 50                   | Independent              | 147.5          | 127.0          |
| Eastlands                       | 100                  | Internal                 | 178.0          | 163.0          |
| Elizabeth City Centre           | 100                  | Internal                 | 322.0          | 290.0          |
| Ellenbrook Central <sup>1</sup> | 100                  | Internal                 | 270.0          | 250.0          |
| Grand Plaza                     | 50                   | Independent              | 215.0          | 182.0          |
| Rockingham Centre               | 50                   | Independent              | 222.5          | 210.0          |
| Runaway Bay Centre <sup>2</sup> | –                    | –                        | –              | 107.0          |
| <b>Total Regional</b>           |                      |                          | <b>1,776.8</b> | <b>1,702.6</b> |

1. The classification changed from Sub Regional to Regional at 30 June 2022 due to increase in GLA post completion of its redevelopment during the year.  
 2. Disposed of during the year.

##### v. Outlet Centre

|                                                  | Ownership interest % | Valuation type 30 Jun 22 | Carrying value |                |
|--------------------------------------------------|----------------------|--------------------------|----------------|----------------|
|                                                  |                      |                          | 30 Jun 22 \$m  | 30 Jun 21 \$m  |
| DFO Brisbane <sup>1</sup>                        | 100                  | Independent              | 72.0           | 67.0           |
| DFO Essendon <sup>2</sup>                        | 100                  | Internal                 | 176.0          | 165.0          |
| DFO Homebush                                     | 100                  | Internal                 | 675.0          | 626.9          |
| DFO Moorabbin <sup>3</sup>                       | 100                  | Independent              | 102.0          | 104.0          |
| DFO Perth <sup>4</sup>                           | 50                   | Internal                 | 122.0          | 110.0          |
| DFO South Wharf <sup>5</sup>                     | 100                  | Independent              | 665.0          | 610.0          |
| DFO Uni Hill                                     | 50                   | Internal                 | 75.0           | 62.0           |
| Harbour Town Premium Outlets Centre <sup>6</sup> | 50                   | Internal                 | 377.5          | –              |
| <b>Total Outlet Centre</b>                       |                      |                          | <b>2,264.5</b> | <b>1,744.9</b> |

1. The right to operate the DFO Brisbane business expires in 2046.  
 2. The title to this property is leasehold and expires in 2048.  
 3. The title to this property is leasehold with an option to extend the ground lease to 2034 at the Group's discretion.  
 4. The title to this property is leasehold and expires in 2047.  
 5. The title to this property is leasehold and expires in 2108.  
 6. Acquired during the year.



## OPERATIONS

### 4. INVESTMENT PROPERTIES CONTINUED

#### d) List of investment properties held continued

##### vi. Sub Regional

|                                                | Ownership interest % | Valuation type 30 Jun 22 | Carrying value |                |
|------------------------------------------------|----------------------|--------------------------|----------------|----------------|
|                                                |                      |                          | 30 Jun 22 \$m  | 30 Jun 21 \$m  |
| Altona Gate Shopping Centre                    | 100                  | Internal                 | 112.0          | 107.0          |
| Armidale Central                               | 100                  | Independent              | 36.6           | 34.5           |
| Box Hill Central (North Precinct)              | 100                  | Independent              | 125.0          | 118.0          |
| Box Hill Central (South Precinct) <sup>1</sup> | 100                  | Internal                 | 248.0          | 203.0          |
| Buranda Village                                | 100                  | Independent              | 42.5           | 38.0           |
| Carlingford Court                              | 50                   | Independent              | 111.2          | 98.6           |
| Castle Plaza                                   | 100                  | Independent              | 168.7          | 142.0          |
| Gympie Central                                 | 100                  | Internal                 | 80.0           | 72.5           |
| Halls Head Central                             | 50                   | Independent              | 41.8           | 38.3           |
| Karratha City                                  | 50                   | Independent              | 51.2           | 49.3           |
| Kurralta Central                               | 100                  | Independent              | 55.8           | 45.5           |
| Lake Haven Centre                              | 100                  | Internal                 | 300.0          | 270.0          |
| Livingston Marketplace                         | 100                  | Independent              | 88.0           | 79.5           |
| Maddington Central                             | 100                  | Internal                 | 101.0          | 90.0           |
| Mornington Central                             | 50                   | Internal                 | 47.0           | 35.0           |
| Nepean Village                                 | 100                  | Internal                 | 206.0          | 201.3          |
| Northgate                                      | 100                  | Independent              | 97.0           | 83.0           |
| Roxburgh Village                               | 100                  | Internal                 | 106.0          | 93.0           |
| Sunshine Marketplace                           | 50                   | Independent              | 65.5           | 61.5           |
| Taigum Square                                  | 100                  | Internal                 | 96.0           | 89.0           |
| Warriewood Square                              | 50                   | Independent              | 140.5          | 127.8          |
| Warwick Grove                                  | 100                  | Internal                 | 173.0          | 152.0          |
| Whitsunday Plaza                               | 100                  | Internal                 | 66.0           | 60.5           |
| <b>Total Sub Regional</b>                      |                      |                          | <b>2,558.8</b> | <b>2,289.3</b> |

i. The title to this property is leasehold with options to extend the ground lease to 2134 at the Group's discretion.

##### vii. Neighbourhood

|                            | Ownership interest % | Valuation type 30 Jun 22 | Carrying value |               |
|----------------------------|----------------------|--------------------------|----------------|---------------|
|                            |                      |                          | 30 Jun 22 \$m  | 30 Jun 21 \$m |
| Dianella Plaza             | 100                  | Independent              | 76.0           | 63.0          |
| Oakleigh Central           | 100                  | Independent              | 90.0           | 80.0          |
| Victoria Park Central      | 100                  | Independent              | 27.0           | 24.5          |
| <b>Total Neighbourhood</b> |                      |                          | <b>193.0</b>   | <b>167.5</b>  |

#### e) Future undiscounted lease payments to be received from operating leases

The Group's investment properties are leased to tenants under operating leases with rentals payable monthly. Future minimum undiscounted lease payments to be received for the non-cancellable period of operating leases of investment properties are shown in the table below. These include amounts to be received for recovery of property outgoings for tenants on gross leases which will be accounted for as revenue from contracts with customers when earned<sup>1</sup>. Rentals which may be received when tenant sales exceed set thresholds and separately invoiced amounts for recovery of property outgoings are excluded<sup>1</sup>.

The amounts shown in the table below have not been adjusted for the possible impacts of further rental waivers and deferrals to tenants as a result of the pandemic as disclosed in Notes 2 and 11 which, once agreed, may reduce the future lease payments to be received disclosed below.

|                                                                               | 30 Jun 22 \$m  | 30 Jun 21 \$m  |
|-------------------------------------------------------------------------------|----------------|----------------|
| Not later than one year                                                       | 840.9          | 817.8          |
| Two years                                                                     | 709.4          | 686.7          |
| Three years                                                                   | 555.1          | 555.2          |
| Four years                                                                    | 441.2          | 410.9          |
| Five years                                                                    | 327.0          | 305.2          |
| Later than five years                                                         | 817.9          | 796.3          |
| <b>Total undiscounted lease payments to be received from operating leases</b> | <b>3,691.5</b> | <b>3,572.1</b> |

1. Refer to Note 2 for the proportion of revenue earned relating to the recovery of property outgoings.

## OPERATIONS

### 5. EQUITY ACCOUNTED INVESTMENTS

Equity accounted investments primarily consists of:

- Investment property joint ventures with strategic partners where the property ownership interest is held through a jointly owned trust rather than direct ownership into the property title. The Group has contractual arrangements that establish joint control over the economic activities of these trusts, based on standard market terms; and
- Investment in an e-commerce business (Global Marketplace Pty Ltd), during the year where the Group has significant influence.

These investments are accounted for using the equity method.

#### a) Summary of equity accounted investments

|                                                            | Ownership      |                | Carrying value   |                  |
|------------------------------------------------------------|----------------|----------------|------------------|------------------|
|                                                            | 30 Jun 22<br>% | 30 Jun 21<br>% | 30 Jun 22<br>\$m | 30 Jun 21<br>\$m |
| Chatswood Chase Sydney (Joint Venture) <sup>1,2</sup>      | 51             | 51             | 416.4            | 404.7            |
| Victoria Gardens Retail Trust (Joint Venture) <sup>2</sup> | 50             | 50             | 87.5             | 74.6             |
| Vicinity Asset Operations Pty Ltd (Associate)              | 40             | 40             | 0.4              | 0.1              |
| Global Marketplace Pty Ltd (Associate)                     | 20             | –              | 9.5              | –                |
| <b>Closing balance</b>                                     |                |                | <b>513.8</b>     | <b>479.4</b>     |

- Investment in joint venture held through CC Commercial Trust. The Group and its joint venture partner each have equal voting rights over the relevant activities of the joint venture.
- The assets of investment property joint ventures substantially consist of investment properties held at fair value. As such the value of equity accounted investments recognised by the Group is subject to the same significant judgement and estimate as disclosed in Note 4(c).

#### b) Movements for the year

|                                                                      | 30 Jun 22<br>\$m | 30 Jun 21<br>\$m |
|----------------------------------------------------------------------|------------------|------------------|
| <b>Opening balance</b>                                               | <b>479.4</b>     | <b>527.6</b>     |
| Additional investments made during the year                          | 40.8             | 6.6              |
| Share of net gain/(loss) of equity accounted investments             | 15.9             | (34.2)           |
| Distributions of net income declared by equity accounted investments | (22.3)           | (20.6)           |
| <b>Closing balance</b>                                               | <b>513.8</b>     | <b>479.4</b>     |

#### c) Summarised financial information of joint ventures

##### Chatswood Chase Sydney

Summarised financial information represents 51% of the underlying financial information of the Chatswood Chase Sydney joint venture.

|                                     | 30 Jun 22<br>\$m | 30 Jun 21<br>\$m |
|-------------------------------------|------------------|------------------|
| Investment properties (non-current) | 417.5            | 430.8            |
| Other net working capital           | (1.1)            | (26.1)           |
| <b>Net assets</b>                   | <b>416.4</b>     | <b>404.7</b>     |
| Total revenue and income            | 24.4             | 26.2             |
| Aggregate net loss after income tax | (0.3)            | (32.5)           |

##### Victoria Gardens Retail Trust

Summarised financial information represents 50% of the underlying financial statement information of the Victoria Gardens Retail Trust joint venture.

|                                            | 30 Jun 22<br>\$m | 30 Jun 21<br>\$m |
|--------------------------------------------|------------------|------------------|
| Investment properties (non-current)        | 158.6            | 146.8            |
| Interest bearing liabilities (non-current) | (68.2)           | (68.6)           |
| Other net working capital                  | (2.9)            | (3.6)            |
| <b>Net assets</b>                          | <b>87.5</b>      | <b>74.6</b>      |
| Total revenue and income                   | 9.8              | 9.2              |
| Interest expense                           | (0.1)            | (1.9)            |
| Aggregate net gain/(loss) after income tax | 16.9             | (1.6)            |

## OPERATIONS

### 5. EQUITY ACCOUNTED INVESTMENTS CONTINUED

#### d) Related party transactions with equity accounted investments during the year

##### Chatswood Chase Sydney

Asset management fees earned by the Group for management services provided to Chatswood Chase Sydney totalled \$5,548,000 (30 June 2021: \$4,164,000). At 30 June 2022, no amounts remain payable to the Group (30 June 2021: \$nil). Distribution income from the Group's investment in Chatswood Chase Sydney was \$18,256,000 (30 June 2021: \$17,714,000) with \$339,000 remaining receivable at 30 June 2022 (30 June 2021: \$24,758,000).

##### Victoria Gardens Retail Trust

Asset management fees earned by the Group for management services provided to Victoria Gardens Retail Trust totalled \$2,322,000 (30 June 2021: \$1,706,000). At 30 June 2022, no amounts remain payable to the Group (30 June 2021: \$nil). Distribution income from the Group's investment in Victoria Gardens Retail Trust was \$3,999,000 (30 June 2021: \$2,508,000) with \$6,178,000 remaining receivable at 30 June 2022 (30 June 2021: \$3,679,000).

##### Vicinity Asset Operations Pty Ltd

Rent and outgoings earned from VAO as a tenant of the Group's centres was \$4,473,000 (30 June 2021: \$2,123,000). Dividends paid to the Group were \$nil (30 June 2021: \$375,000). The Group has receivables from VAO of \$1,383,000 at 30 June 2022 (30 June 2021: \$923,000).

### 6. EARNINGS PER SECURITY

The basic and diluted earnings per security for the Group are calculated below in accordance with the requirements of AASB 133 *Earnings per Share*.

Basic earnings per security is determined by dividing the net profit or loss after income tax by the weighted average number of securities outstanding during the year.

Diluted earnings per security adjusts the weighted average number of securities for the weighted average number of performance rights on issue.

Basic and diluted earnings per security are as follows:

|                                                                             | 30 Jun 22 | 30 Jun 21 |
|-----------------------------------------------------------------------------|-----------|-----------|
| <b>Earnings per security attributable to securityholders of the Group:</b>  |           |           |
| Basic earnings per security (cents)                                         | 26.69     | (5.67)    |
| Diluted earnings per security (cents) <sup>1</sup>                          | 26.64     | (5.67)    |
| <b>Earnings per security attributable to securityholders of the Parent:</b> |           |           |
| Basic earnings per security (cents)                                         | 0.18      | 0.07      |
| Diluted earnings per security (cents)                                       | 0.18      | 0.07      |

1. For the year ended 30 June 2021, this was calculated using the weighted average number of securities used as the denominator in calculating basic earnings per security as the Group recorded a loss after tax.

The following net profit/(loss) after income tax amounts are used as the numerator in calculating earnings per stapled security of the Group and the Parent:

|                                                                                    | 30 Jun 22<br>\$m | 30 Jun 21<br>\$m |
|------------------------------------------------------------------------------------|------------------|------------------|
| Earnings used in calculating basic and diluted earnings per security of the Group  | 1,215.2          | (258.0)          |
| Earnings used in calculating basic and diluted earnings per security of the Parent | 8.2              | 3.0              |

The following weighted average number of securities are used in the denominator in calculating earnings per security of the Group and the Parent:

|                                                                                                                                     | 30 Jun 22<br>Number<br>(m) | 30 Jun 21<br>Number<br>(m) |
|-------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|
| Weighted average number of securities used as the denominator in calculating basic earnings per security                            | 4,552.2                    | 4,551.5                    |
| Adjustment for potential dilution from performance rights on issue                                                                  | 9.1                        | 8.2                        |
| Weighted average number of securities and potential securities used as the denominator in calculating diluted earnings per security | 4,561.3                    | 4,559.7                    |



## CAPITAL STRUCTURE AND FINANCIAL RISK MANAGEMENT

### 7. INTEREST BEARING LIABILITIES AND DERIVATIVES

Interest bearing liabilities are initially recognised at fair value, net of transaction costs incurred and subsequently measured at amortised cost using the effective interest rate method. Foreign currency denominated notes are translated to AUD at the applicable exchange rate at year end with the gain or loss attributable to exchange rate movements recognised in the Statement of Comprehensive Income.

During the year, the following financing activities have occurred:

- \$300.0 million six-year inaugural Green Bond was issued under Vicinity's Sustainable Finance Framework which is aligned with global market standards for sustainable debt and the United Nations Sustainable Development Goals.
- Net drawdowns of \$573.0 million of bank debt were made throughout the period to fund the acquisition of Harbour Town Premium Outlets Centre and capital expenditure requirements, net of the sale proceeds of Runaway Bay.
- \$400.0 million of bank debt limit cancellations.

#### a) Summary of facilities

The following table outlines the Group's interest bearing liabilities at balance date:

|                                            | 30 Jun 22<br>\$m | 30 Jun 21<br>\$m |
|--------------------------------------------|------------------|------------------|
| <b>Current liabilities</b>                 |                  |                  |
| <b>Unsecured</b>                           |                  |                  |
| US Private Placement Notes (USPPs)         | 40.0             | –                |
| <b>Total current liabilities</b>           | <b>40.0</b>      | <b>–</b>         |
| <b>Non-current liabilities</b>             |                  |                  |
| <b>Unsecured</b>                           |                  |                  |
| Bank debt                                  | 233.0            | 76.0             |
| AUD Medium Term Notes (AMTNs) <sup>1</sup> | 1,158.1          | 857.4            |
| GBP European Medium Term Notes (GBMTNs)    | 615.6            | 642.9            |
| HKD European Medium Term Notes (HKMTNs)    | 118.2            | 109.9            |
| USPPs                                      | 842.6            | 822.8            |
| EUR European Medium Term Notes (EUMTNs)    | 755.9            | 786.7            |
| Deferred debt costs <sup>2</sup>           | (10.9)           | (13.8)           |
| <b>Total non-current liabilities</b>       | <b>3,712.5</b>   | <b>3,281.9</b>   |
| <b>Total interest bearing liabilities</b>  | <b>3,752.5</b>   | <b>3,281.9</b>   |

1. Non-current unsecured AMTNs include \$60.0 million issued under the Group's EUMTN programme and \$300.0 million Green Bond.

2. Deferred debt costs comprise the unamortised value of borrowing costs paid on establishment or refinance of debt facilities. These costs are deferred on the Balance Sheet and amortised at the effective interest rate to borrowing costs in the Statement of Comprehensive Income.

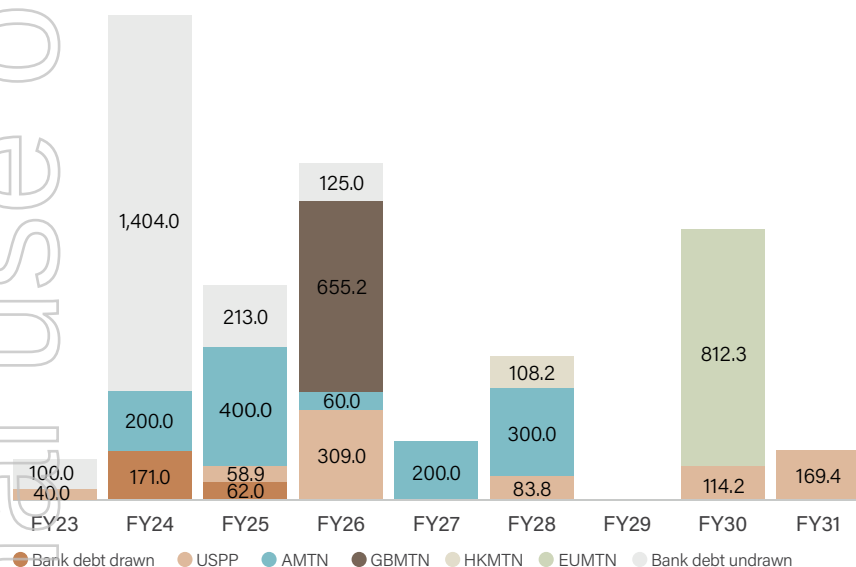
## CAPITAL STRUCTURE AND FINANCIAL RISK MANAGEMENT

### 7. INTEREST BEARING LIABILITIES AND DERIVATIVES CONTINUED

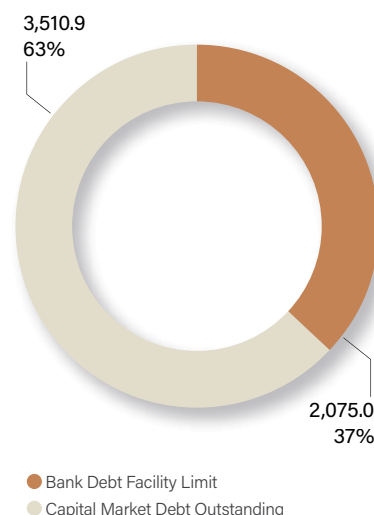
#### b) Facility maturity and availability

The charts below outline the maturity of the Group's total available facilities at 30 June 2022 by type, and the bank to capital markets debt ratio. Of the \$5,585.9 million total available facilities (30 June 2021: \$5,686.0 million), \$1,842.0 million remains undrawn at 30 June 2022 (30 June 2021: \$2,399.0 million).

AVAILABLE FACILITIES EXPIRY PROFILE (\$M)<sup>1</sup>



BANK TO CAPITAL MARKET DEBT RATIO (\$M,%)



1. The carrying amount of the USPPs, GBMTNs, HKMTNs, EUMTNs and AMTNs in the Balance Sheet is net of adjustments for fair value items and foreign exchange translation of -\$19.4 million (30 June 2021: -\$8.7 million). These adjustments are excluded from the calculation of total facilities available and amounts drawn as shown in the charts. Additionally, deferred debt costs of \$10.9 million (30 June 2021: \$13.8 million) are not reflected in the amount drawn.

#### c) Borrowing costs

Borrowing costs consist of interest and other costs incurred in connection with borrowing funds (such as establishment fees, legal and other fees). Borrowing costs are expensed to the Statement of Comprehensive Income using the effective interest rate method, except for borrowing costs incurred for the development of investment properties which are capitalised to the cost of the investment property during the period of development. Borrowing costs also include finance charges on lease liabilities.

|                                                                                        | 30 Jun 22<br>\$m | 30 Jun 21<br>\$m |
|----------------------------------------------------------------------------------------|------------------|------------------|
| Interest and other costs on interest bearing liabilities and derivatives               | 155.6            | 136.0            |
| Amortisation of deferred debt costs                                                    | 4.5              | 4.5              |
| Amortisation of face value discounts                                                   | 1.7              | 1.9              |
| Amortisation of fair value adjustments relating to discontinuation of hedge accounting | (1.3)            | (1.2)            |
| Amortisation of AMTN, GBMTN and EUMTN fair value adjustment                            | -                | (2.1)            |
| Interest charge on lease liabilities                                                   | 28.6             | 26.9             |
| Capitalised borrowing costs                                                            | (1.5)            | (0.4)            |
| <b>Total borrowing costs</b>                                                           | <b>187.6</b>     | <b>165.6</b>     |

#### d) Defaults and covenants

At 30 June 2022, the Group had no defaults on debt obligations or breaches of lending covenants (30 June 2021: nil).

#### e) Derivatives

As detailed further in Note 8, derivative instruments are held to hedge against the interest rate risk and foreign currency risk of the Group's borrowings. Derivatives are initially recognised at fair value and subsequently remeasured to their fair value at each reporting period. The fair value of these derivatives is estimated using valuation techniques, including referencing to the current fair value of other instruments that are substantially the same or calculation of discounted cash flows. These valuation techniques use observable Level 2 inputs, mainly interest rates and interest rate curves as well as foreign currency rates and foreign currency curves.

In respect of derivative financial instruments within the Statement of Comprehensive Income:

- Movements in fair value are recognised within net mark-to-market movement on derivatives; and
- The net interest received or paid is included within borrowing costs.

## CAPITAL STRUCTURE AND FINANCIAL RISK MANAGEMENT

### 7. INTEREST BEARING LIABILITIES AND DERIVATIVES CONTINUED

#### e) Derivatives continued

The carrying amount and notional principal amounts of these instruments are shown in the table below:

|                                                                                        | Carrying amount  |                  | Notional principal amount (AUD) |                  |
|----------------------------------------------------------------------------------------|------------------|------------------|---------------------------------|------------------|
|                                                                                        | 30 Jun 22<br>\$m | 30 Jun 21<br>\$m | 30 Jun 22<br>\$m                | 30 Jun 21<br>\$m |
| Interest rate swaps (floating to fixed)                                                | 0.3              | –                | 100.0                           | –                |
| <b>Total current assets</b>                                                            | <b>0.3</b>       | <b>–</b>         | <b>n/a</b>                      | <b>n/a</b>       |
| Cross currency swaps (pay AUD floating receive USD fixed)                              | 87.7             | 94.1             | 302.5                           | 302.5            |
| Cross currency swaps (pay AUD floating receive GBP fixed)                              | –                | 0.2              | –                               | 243.4            |
| Cross currency swaps (pay AUD floating receive HKD fixed)                              | 6.4              | 10.8             | 108.2                           | 108.2            |
| Interest rate swaps (fixed to floating) <sup>1</sup> (30 June 2021: floating to fixed) | 134.7            | 5.3              | 1,925.0                         | 100.0            |
| <b>Total non-current assets</b>                                                        | <b>228.8</b>     | <b>110.4</b>     | <b>n/a</b>                      | <b>n/a</b>       |
| Interest rate swaps (fixed to floating)                                                | (1.0)            | –                | 600.0                           | –                |
| <b>Total current liabilities</b>                                                       | <b>(1.0)</b>     | <b>–</b>         | <b>n/a</b>                      | <b>n/a</b>       |
| Cross currency swaps (pay AUD floating receive GBP fixed)                              | (8.2)            | (0.1)            | 357.8                           | 411.8            |
| Cross currency swaps (pay AUD floating receive USD fixed)                              | (72.1)           | (8.0)            | 655.2                           | 357.8            |
| Cross currency swaps (pay AUD floating receive EUR fixed)                              | (152.9)          | (30.8)           | 812.3                           | 812.3            |
| Interest rate swaps (floating to fixed) (30 June 2021: fixed to floating)              | (9.7)            | (174.9)          | 300.0                           | 2,525.0          |
| <b>Total non-current liabilities</b>                                                   | <b>(242.9)</b>   | <b>(213.8)</b>   | <b>n/a</b>                      | <b>n/a</b>       |
| <b>Total net carrying amount of derivative financial instruments</b>                   | <b>(14.8)</b>    | <b>(103.4)</b>   | <b>n/a</b>                      | <b>n/a</b>       |

1. Notional value excludes the \$300.0 million swaps with a forward start date in August 2025 (30 June 2021: \$300.0 million). The fair value of this forward start contract at 30 June 2022 is included in the carrying value of \$134.7 million (30 June 2021: \$5.3 million).

#### f) Changes in interest bearing liabilities arising from financing activities

The table below details changes in the Group's interest bearing liabilities arising from financing activities, including both cash and non-cash changes:

|                                                                 | 30 Jun 22<br>\$m | 30 Jun 21<br>\$m |
|-----------------------------------------------------------------|------------------|------------------|
| <b>Opening balance</b>                                          | <b>3,281.9</b>   | <b>3,929.8</b>   |
| New bond issuance                                               | 300.0            | –                |
| Net drawdowns/(repayments) of borrowings                        | 157.0            | (422.0)          |
| Foreign exchange rate adjustments recognised in profit and loss | 10.3             | (77.5)           |
| Payment of deferred debt costs                                  | (1.6)            | (1.5)            |
| Amortisation of face value discount                             | 1.7              | 1.9              |
| Amortisation of deferred debt costs                             | 4.5              | 4.5              |
| Maturity of AMTN                                                | –                | (150.0)          |
| Fair value movements, non-cash                                  | (1.3)            | (3.3)            |
| <b>Closing balance</b>                                          | <b>3,752.5</b>   | <b>3,281.9</b>   |

#### g) Fair value of interest bearing liabilities

As at 30 June 2022, the Group's interest bearing liabilities had a fair value of \$3,526.5 million (30 June 2021: \$3,497.5 million).

The carrying amount of these interest bearing liabilities was \$3,752.5 million (30 June 2021: \$3,281.9 million). The difference between the carrying amount and the fair value of interest bearing liabilities is due to:

- Deferred debt costs included in the carrying value which are not included in the fair value; and
- Movements in market discount rates on fixed rate interest bearing liabilities since initial recognition. As fair value is calculated by discounting the contractual cash flows using prevailing market discount rates (with similar terms, maturity and credit quality) any movements in these discount rates since initial recognition will give rise to differences between fair value and the carrying value (which is at amortised cost).

Had the fixed rate interest bearing liabilities been recognised at fair value, these would have been classified as Level 2 under the fair value hierarchy as the market discount rates used are indirectly observable.



## CAPITAL STRUCTURE AND FINANCIAL RISK MANAGEMENT

### 8. CAPITAL AND FINANCIAL RISK MANAGEMENT

In the course of its operations the Group is exposed to certain financial risks that could affect the Group's financial position and performance. This note explains the sources of the risks below, how they are managed by the Group and exposure at reporting date:

- Interest rate risk, Note 8(a);
- Foreign exchange risk, Note 8(b);
- Liquidity risk, Note 8(c); and
- Credit risk, Note 8(d).

Information about the Group's objectives for managing capital is contained in Note 8(e).

#### Risk management approach

The Group's treasury team is responsible for the day to day management of the Group's capital requirements and the financial risks identified above. These activities are overseen by the internal management Capital Management Committee (CMC), operating under the CMC Charter and the treasury policy. This policy is endorsed by the Audit Committee and approved by the Board. The overall objectives of the CMC are to:

- Ensure that the Group has funds available to meet all financial obligations, working capital and committed capital expenditure requirements;
- Monitor and ensure compliance with all relevant financial covenants and other undertakings under the Group's debt facilities;
- Reduce the impact of adverse interest rate or foreign exchange movements on the Group's financial performance and position using approved financial instruments;
- Diversify banking counterparties to mitigate counterparty credit risk; and
- Ensure the Group treasury team operates in an appropriate control environment, with effective systems and procedures.

#### a) Interest rate risk

##### Nature and sources of risk

Interest rate risk represents the potential for changes in market interest rates to impact the total interest expense on floating rate borrowings (cash flow interest rate risk) or the fair value of derivatives (fair value interest rate risk) held by the Group.

##### Risk management

Interest rate swaps are used to manage cash flow interest rate risk by targeting a hedge ratio on the Group's interest-bearing liabilities. Under the terms of the interest rate swaps, the Group agrees to exchange, at specified intervals, amounts based on the difference between fixed interest rates and the floating market interest rate calculated by reference to an agreed notional principal amount. None of these derivatives are currently in designated hedge relationships. They are also not permitted to be entered into for speculative purposes and therefore the Group is not significantly exposed to fair value interest rate risk.

##### Exposure

As at the balance date, the Group had the following exposure to cash flow interest rate risk:

|                                                                             | 30 Jun 22<br>\$m | 30 Jun 21<br>\$m |
|-----------------------------------------------------------------------------|------------------|------------------|
| Total interest bearing liabilities (Note 7(a))                              | 3,752.5          | 3,281.9          |
| <i>Reconciliation to drawn debt</i>                                         |                  |                  |
| Deferred debt costs                                                         | 10.9             | 13.8             |
| Fair value and foreign exchange adjustments to GBMTNs                       | 39.6             | 12.3             |
| Fair value and foreign exchange adjustments to USPPs                        | (107.4)          | (47.5)           |
| Fair value adjustments to AMTNs                                             | 1.9              | 2.6              |
| Foreign exchange adjustments to HKMTNs                                      | (10.0)           | (1.7)            |
| Fair value and foreign exchange adjustments to EUMTNs                       | 56.4             | 25.6             |
| <b>Total drawn debt</b>                                                     | <b>3,743.9</b>   | <b>3,287.0</b>   |
| Less: Fixed rate borrowings                                                 | (1,040.0)        | (740.0)          |
| <b>Variable rate borrowings exposed to cash flow interest rate risk</b>     | <b>2,703.9</b>   | <b>2,547.0</b>   |
| Less: Notional principal of outstanding interest rate swap contracts        | (2,125.0)        | (2,425.0)        |
| <b>Net variable rate borrowings exposed to cash flow interest rate risk</b> | <b>578.9</b>     | <b>122.0</b>     |
| <b>Hedge ratio<sup>1</sup></b>                                              | <b>84.5%</b>     | <b>96.3%</b>     |

1. Calculated as net variable rate borrowings exposed to cash flow interest rate risk divided by total drawn debt less cash on term deposit.

## CAPITAL STRUCTURE AND FINANCIAL RISK MANAGEMENT

### 8. CAPITAL AND FINANCIAL RISK MANAGEMENT CONTINUED

#### a) Interest rate risk continued

##### Sensitivity

A shift in the floating interest rate of +/- 100 bps, assuming the net exposure to cash flow interest rate risk as at 30 June 2022 remains unchanged for the next 12 months, would impact the Group's cash interest cost for the next 12 months by \$5.8 million (30 June 2021 +/- 25 bps: \$0.3 million).

A shift in the forward interest rate curve of +/- 100 bps, assuming the net exposure to fair value interest rate risk as at 30 June 2022 remains unchanged for the next 12 months, would impact net profit and equity for the next 12 months by \$36.0 million (30 June 2021 +/- 25 bps: \$5.6 million).

This sensitivity analysis should not be considered a projection.

#### b) Foreign exchange rate risk

##### Nature and sources of risk

Foreign exchange risk represents the potential for changes in market foreign exchange rates to impact the cash flows arising from the Group's foreign denominated interest bearing liabilities (cash flow foreign exchange rate risk) or the fair value of derivatives and the carrying value of interest bearing liabilities (fair value foreign exchange rate risk) held by the Group.

##### Risk management

Cash flow foreign exchange rate risk is managed through the use of cross currency swaps, which swap the foreign currency interest payments on foreign denominated interest bearing liabilities into Australian dollars and fix the exchange rate for the conversion of the principal repayment. None of these derivatives are currently in designated hedge relationships. They are also not permitted to be entered into for speculative purposes and therefore the Group is not significantly exposed to fair value foreign exchange risk.

##### Exposure

As at the balance date, the Group had entered into cross currency swaps with terms offsetting those of all foreign denominated interest bearing liabilities and therefore had no significant net exposure to cash flow foreign exchange rate risk (30 June 2021: nil net exposure). The Group has exposure to fair value foreign exchange risk on the valuation of the derivative financial instruments. The table below summarises the foreign denominated interest bearing liabilities held by the Group. Details of cross currency swaps held are shown in Note 7(e).

| Foreign denominated interest bearing liabilities | Foreign currency | 30 Jun 22<br>m | 30 Jun 21<br>m |
|--------------------------------------------------|------------------|----------------|----------------|
| GBMTNs                                           | GBP £            | 350.0          | 350.0          |
| HKMTNs                                           | HKD \$           | 640.0          | 640.0          |
| USPPs                                            | USD \$           | 523.0          | 523.0          |
| EUMTNs                                           | EUR €            | 500.0          | 500.0          |

##### Sensitivity

A shift in the forward GBP, HKD, EUR and USD exchange rate curves of +/- 5.0 cents, assuming the net exposure to fair value foreign exchange rate risk as at 30 June 2022 remains unchanged for the next 12 months, would impact net profit and equity for the next 12 months by \$1.3 million (30 June 2021 +/- 5.0 cents: \$24.8 million).

This sensitivity analysis should not be considered a projection.

## CAPITAL STRUCTURE AND FINANCIAL RISK MANAGEMENT

### 8. CAPITAL AND FINANCIAL RISK MANAGEMENT CONTINUED

#### c) Liquidity risk

##### Nature and sources of risk

Liquidity risk represents the risk that the Group will be unable to meet financial obligations as they fall due.

##### Risk management

To manage this risk, sufficient capacity under the Group's financing facilities is maintained to meet the funding needs identified in the Group's latest forecasts. This is achieved through obtaining and maintaining funding from a range of sources (e.g. banks and Australian and foreign debt capital markets), maintaining sufficient undrawn debt capacity and cash balances, and managing the amount of borrowings that mature, or facilities that expire, in any one year.

##### Exposure

The contractual maturity of cash on term deposit, interest bearing liabilities and the interest payment profile on interest bearing liabilities and derivatives are shown below. Estimated interest and principal payments are calculated based on the forward interest and foreign exchange rates prevailing at year end and are undiscounted. Timing of payments is based on current contractual obligations. Refer to Note 12 for details on trade payables and other financial liabilities and Note 18(b) for lease liabilities that are not included in the table below.

|                                                         | Less than<br>1 year<br>\$m | 1 to 3<br>years<br>\$m | Greater than<br>3 years<br>\$m | Total<br>\$m   |
|---------------------------------------------------------|----------------------------|------------------------|--------------------------------|----------------|
| <b>30 Jun 22</b>                                        |                            |                        |                                |                |
| Bank debt                                               | –                          | 233.0                  | –                              | 233.0          |
| AMTNs                                                   | –                          | 600.0                  | 560.0                          | 1,160.0        |
| GBMTNs                                                  | –                          | –                      | 649.5                          | 649.5          |
| HKMTNs                                                  | –                          | –                      | 126.0                          | 126.0          |
| USPPs                                                   | 40.0                       | 85.0                   | 791.3                          | 916.3          |
| EUMTNs                                                  | –                          | –                      | 910.4                          | 910.4          |
| Estimated interest payments and line fees on borrowings | 132.8                      | 233.2                  | 236.1                          | 602.1          |
| Estimated net interest rate swap cash (inflows)         | (6.4)                      | (46.6)                 | (91.2)                         | (144.2)        |
| Estimated gross cross currency swap cash outflows       | 80.8                       | 317.8                  | 2,556.1                        | 2,954.7        |
| Estimated gross cross currency swap cash (inflows)      | (63.1)                     | (212.0)                | (2,553.7)                      | (2,828.8)      |
| <b>Total contractual outflows</b>                       | <b>184.1</b>               | <b>1,210.4</b>         | <b>3,184.5</b>                 | <b>4,579.0</b> |

|                                                         | Less than<br>1 year<br>\$m | 1 to 3<br>years<br>\$m | Greater than<br>3 years<br>\$m | Total<br>\$m   |
|---------------------------------------------------------|----------------------------|------------------------|--------------------------------|----------------|
| <b>30 Jun 21</b>                                        |                            |                        |                                |                |
| Bank debt                                               | –                          | 76.0                   | –                              | 76.0           |
| AMTNs                                                   | –                          | 200.0                  | 660.0                          | 860.0          |
| GBMTNs                                                  | –                          | –                      | 656.8                          | 656.8          |
| HKMTNs                                                  | –                          | –                      | 112.0                          | 112.0          |
| USPPs                                                   | –                          | 40.0                   | 778.8                          | 818.8          |
| EUMTNs                                                  | –                          | –                      | 918.5                          | 918.5          |
| Estimated interest payments and line fees on borrowings | 104.5                      | 200.2                  | 268.0                          | 572.7          |
| Estimated net interest rate swap cash outflow           | 63.4                       | 85.9                   | 25.3                           | 174.6          |
| Estimated gross cross currency swap cash outflows       | 45.1                       | 114.1                  | 2,532.7                        | 2,691.9        |
| Estimated gross cross currency swap cash (inflows)      | (61.3)                     | (123.0)                | (2,594.2)                      | (2,778.5)      |
| <b>Total contractual outflows</b>                       | <b>151.7</b>               | <b>593.2</b>           | <b>3,357.9</b>                 | <b>4,102.8</b> |



## CAPITAL STRUCTURE AND FINANCIAL RISK MANAGEMENT

### 8. CAPITAL AND FINANCIAL RISK MANAGEMENT CONTINUED

#### d) Credit risk

##### Nature and sources of risk

Credit risk is the risk that a tenant or counterparty to a financial asset held by the Group fails to meet their financial obligations. The Group's financial assets that are subject to credit risk are bank deposits, tenant receivables and derivative financial assets.

##### Risk management

To mitigate credit risk in relation to derivative counterparties and bank deposits the Group has policies to limit exposure to any one financial institution and only deal with those parties with high credit quality. To mitigate tenant credit risk, an assessment is performed taking into consideration the financial background of the tenant and the amount of any security deposit or bank guarantee provided as collateral under the lease, as is usual in leasing agreements. On an ongoing basis, trade receivable balances from tenants are monitored with the Group considering receivables that have not been paid for 30 days after the invoice date as past due. The COVID-19 pandemic has increased credit risk on tenant receivables as many of the Group's tenants were unable or chose not to trade, or had their trade significantly impacted during the year. Note 11 further discusses the assessment of credit risk on tenant receivables at 30 June 2022.

##### Exposure

The maximum exposure to credit risk at the balance date is the carrying amount of the Group's financial assets which are recognised within the Balance Sheet net of allowance for losses. There are no significant concentrations of credit risk with any tenant or tenant group.

#### e) Capital management

The Group seeks to maintain a strong and conservative capital structure with appropriate liquidity, low gearing and a diversified debt profile (by source and tenor). The Group has credit ratings of 'A2/stable' from Moody's Investors Service and 'A/stable' from Standard & Poor's.

Key metrics monitored are gearing ratio and interest cover ratio. These metrics are shown below.

##### Gearing ratio

The gearing ratio is calculated in the table below as:

- Drawn debt, net of cash; divided by
- Total tangible assets excluding cash, right of use assets, net investments in lease, investment property leaseholds and derivative financial assets.

|                                                                                                                                                         | Note | 30 Jun 22<br>\$m | 30 Jun 21<br>\$m |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|------|------------------|------------------|
| Total drawn debt                                                                                                                                        | 8(a) | 3,743.9          | 3,287.0          |
| Drawn debt net of cash                                                                                                                                  |      | 3,688.3          | 3,239.8          |
| Total tangible assets excluding cash, right of use assets and net investments in leases, investment property leaseholds and derivative financial assets |      | 14,719.3         | 13,592.8         |
| Gearing ratio (target range of 25.0% to 35.0%)                                                                                                          |      | 25.1%            | 23.8%            |

##### Interest cover ratio

The interest cover ratio (ICR) is calculated in accordance with the definitions within the Group's bank debt facility agreements as follows:

- EBITDA which generally means the Group's earnings before interest, tax, depreciation, amortisation, fair value adjustments and other items; divided by
- Total interest expense.

The interest cover ratio was 4.7 times at 30 June 2022 (30 June 2021: 5.1 times).

## CAPITAL STRUCTURE AND FINANCIAL RISK MANAGEMENT

### 9. CONTRIBUTED EQUITY

An ordinary stapled security comprises one share in the Company and one unit in the Trust. Ordinary stapled securities entitle the holder to participate in distributions and the proceeds on winding up of the Group (if enacted) in proportion to the number of securities held. Ordinary stapled securities are classified as equity. All ordinary securities are fully paid.

Incremental costs directly attributable to the issue of new stapled securities are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new stapled securities for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

22.6 million Vicinity stapled securities were issued under the Security Purchase Plan in the year ended 30 June 2021.

|                                                                 | 30 Jun 22<br>Number<br>(m) | 30 Jun 21<br>Number<br>(m) | 30 Jun 22<br>\$m | 30 Jun 21<br>\$m |
|-----------------------------------------------------------------|----------------------------|----------------------------|------------------|------------------|
| Total stapled securities on issue at the beginning of the year  | 4,552.2                    | 4,529.6                    | 9,102.2          | 9,069.9          |
| Staple securities issued (net of equity raising costs)          | -                          | 22.6                       | -                | 32.3             |
| <b>Total stapled securities on issue at the end of the year</b> | <b>4,552.2</b>             | <b>4,552.2</b>             | <b>9,102.2</b>   | <b>9,102.2</b>   |

### 10. DISTRIBUTIONS

#### a) Distributions for the year

|                                                       | 30 Jun 22<br>Cents <sup>1</sup> | 30 Jun 21<br>Cents <sup>1</sup> | 30 Jun 22<br>\$m | 30 Jun 21<br>\$m |
|-------------------------------------------------------|---------------------------------|---------------------------------|------------------|------------------|
| Distributions in respect of the earnings:             |                                 |                                 |                  |                  |
| For six-months to 30 June 2022 (30 June 2021)         | 5.7                             | 6.6                             | 259.5            | 300.4            |
| For six-months to 31 December 2021 (31 December 2020) | 4.7                             | 3.4                             | 213.9            | 154.8            |
| <b>Total distributions for the year</b>               | <b>10.4</b>                     | <b>10.0</b>                     | <b>473.4</b>     | <b>455.2</b>     |

An interim distribution of 4.7 cents per VCX stapled security, which equates to \$213.9 million, was paid on 8 March 2022.

On 17 August 2022, the Directors declared a distribution in respect of the Group's earnings for the six-months to 30 June 2022 of 5.7 cents per VCX stapled security, which equates to total final distribution of \$259.5 million. The final distribution will be paid on 12 September 2022.

#### b) Distributions paid during the year

|                                                       | 30 Jun 22<br>Cents <sup>1</sup> | 30 Jun 21<br>Cents <sup>1</sup> | 30 Jun 22<br>\$m | 30 Jun 21<br>\$m |
|-------------------------------------------------------|---------------------------------|---------------------------------|------------------|------------------|
| Distributions paid in respect of the earnings:        |                                 |                                 |                  |                  |
| For six-months to 31 December 2021 (31 December 2020) | 4.7                             | 3.4                             | 213.9            | 154.8            |
| For six-months to 30 June 2021 (30 June 2020)         | 6.6                             | -                               | 300.4            | -                |
| <b>Total distributions paid during the year</b>       | <b>11.3</b>                     | <b>3.4</b>                      | <b>514.3</b>     | <b>154.8</b>     |

1. Cents per VCX stapled security.

## WORKING CAPITAL

### 11. TRADE RECEIVABLES AND OTHER ASSETS

#### a) Summary

Trade receivables comprise amounts due from tenants of the Group's investment properties under lease agreements and amounts receivable from strategic partners under property management agreements. Trade receivables are initially recognised at the transaction price or fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for expected credit losses.

At 30 June 2022, the carrying value of trade receivables and other financial assets approximated their fair value.

|                                                             | Notes | 30 Jun 22<br>\$m | 30 Jun 21<br>\$m |
|-------------------------------------------------------------|-------|------------------|------------------|
| <b>Current trade receivables</b>                            |       |                  |                  |
| Trade debtors                                               |       | 108.2            | 136.3            |
| Deferred rent <sup>1</sup>                                  |       | 8.5              | 6.7              |
| Accrued income                                              |       | 16.2             | 13.2             |
| Receivables from strategic partners                         |       | 2.5              | 2.1              |
| Less: estimated rent waivers                                | 11(b) | (20.6)           | (51.0)           |
| Less: allowance for expected credit losses                  | 11(b) | (54.8)           | (77.3)           |
| <b>Total current trade receivables<sup>2</sup></b>          |       | <b>60.0</b>      | <b>30.0</b>      |
| <b>Current other assets</b>                                 |       |                  |                  |
| Distributions receivable from joint ventures and associates |       | 6.5              | 28.4             |
| Prepayments                                                 |       | 14.5             | 12.7             |
| Land tax levies                                             |       | 21.2             | 20.5             |
| Tenant security deposits held                               |       | 0.4              | 0.4              |
| Other                                                       |       | 14.5             | 17.4             |
| <b>Total current other assets</b>                           |       | <b>57.1</b>      | <b>79.4</b>      |
| <b>Total current trade receivables and other assets</b>     |       | <b>117.1</b>     | <b>109.4</b>     |
| <b>Non-current other assets</b>                             |       |                  |                  |
| Deferred rent <sup>1</sup>                                  |       | 3.1              | 3.6              |
| Less: allowance for expected credit losses                  | 11(b) | (1.4)            | (2.6)            |
| Other                                                       |       | 4.8              | 0.5              |
| <b>Total non-current other assets</b>                       |       | <b>6.5</b>       | <b>1.5</b>       |

1. Under certain COVID-19 rent assistance agreements rents are deferred to be repaid at a later date.

2. Includes receivables relating to lease rental income, property outgoings recovery revenue and other property-related revenue. Refer to Note 2 for an analysis of the Group's revenue and income.

#### Significant Judgement and Estimate including the impact of the COVID-19 pandemic

The Group continued to negotiate with its impacted tenants as mandated by the SME Codes during the financial period, and with other impacted tenants in accordance with the general principles of the SME Codes where applicable. Rental assistance provided to tenants has been in the form of rent waivers, deferrals and/or other lease changes. As at 30 June 2022, negotiations for rental assistance remain in progress with certain SME and non-SME tenants across the portfolio. The trade debtors balance remains elevated compared to pre-pandemic levels as certain tenants continued to withhold contractual lease payments until these negotiations are finalised. Accordingly, the Group has included an estimate of the rental waivers for agreements not yet completed (estimated rent waivers) within the allowance for ECLs (expected credit losses).

There continues to be significant estimation uncertainty in determining the allowance for ECLs at reporting date. Whilst the approach in determining the allowance for ECLs is considered reasonable and supportable as discussed in Note 11(b), the key inputs and assumptions used in the calculations of these amounts in the current environment is subject to significant uncertainty. This is driven by the uncertain outcome of rental assistance negotiations, collection rates and the impact of rising inflation and interest rates on retailers. If these factors vary from management's estimate, this may result in a different outcome to the Group's allowance for ECLs in future periods.



## WORKING CAPITAL

### 11. TRADE RECEIVABLES AND OTHER ASSETS CONTINUED

#### b) Allowance for expected credit losses

The allowance for ECLs represents the difference between cash flows contractually receivable by the Group and the cash flows the Group expects to receive. For trade receivables, contract assets and lease receivables, the Group applies the simplified approach in calculating ECLs. Therefore, the Group does not track the changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The recognition of an ECL however does not mean that the Group has ceased collection activities in relation to the amounts owed. Tenant debt is considered to be in default and written off when contractual payments have not been made and management decides to no longer pursue the amount.

The approach taken to determine the lifetime ECLs at 30 June 2022 is outlined below.

#### Approach

The Group's ECL approach revolves around segregating the Group's trade debtors balance into different segmentation based on the ongoing rental assistance negotiations and the risk profile of the residual debt net of estimated rent waivers. The key inputs and assumptions used have been refined to reflect historical outcomes and the dynamic nature of the underlying inputs as disclosed below.

The Group's approach to and total allowance for ECLs as at 30 June 2022 contained the following components:

- **Estimated rent waivers**  
\$20.6 million (30 June 2021: \$51.0 million) for estimated rent waivers from ongoing rental assistance negotiations across the portfolio.
- **Allowance for estimated credit losses**  
\$56.2 million (30 June 2021: \$79.9 million) of allowance for estimated credit losses on trade debtors net of estimated rent waivers, grouped according to the following:
  - **Post 30 June 2020 trade debtors**  
\$45.8 million (30 June 2021: \$49.1 million) of allowances for the difference between cash flows contractually receivable by the Group (after deducting estimated rent waivers and deferrals) and the cash flows the Group expects to receive, relating to billings originating after 1 July 2020. The estimate of cash flows remaining to be collected by the Group was determined by:
    - Calculating the outstanding debt balance relating to vacated tenancies which have been assessed separately given the elevated credit risk of this group of tenancies based on the Group's historical experience on collections;
    - Calculating the long-term average cash collection rates for certain segments of tenants (e.g., SMEs, Major Chains, and National Chains) and centre types (e.g., CBD and non-CBD) observed across the portfolio (excluding vacated tenancies), adjusted for factors such as current and planned collection activities, tenants' financial position (if known) and other relevant information (if necessary). The long-term average collection rates were determined across billings from the start of the pandemic, 1 April 2020 to 30 June 2021;
    - Calculating the actual average cash collection rates for each centre or tenant (excluding vacated tenancies); and
    - Applying these observed cash collection rates to the relevant outstanding debt balance, after deducting estimated rent waivers for tenants where rental assistance negotiations have not commenced or finalised, vacated tenancies and deferrals, to ascertain an estimate of the residual credit risk.
  - **Pre 30 June 2020 trade debtors**  
An ECL of \$6.6 million (30 June 2021: \$14.2 million) has been recognised at 96% on average, of the debt outstanding to billings originating from 30 June 2020 and prior (30 June 2021: 89%). Collection is viewed as highly unlikely given the outstanding debt is well overdue.
  - **Deferred rent**  
\$3.8 million allowance was recognised for ECLs on rentals deferred and expected to be deferred (30 June 2021: \$16.6 million) based on the Group's historical experience on collections. On average this represents 30% of the total rentals for which payment is deferred and expected to be deferred (30 June 2021: 74%).

## WORKING CAPITAL

### 11. TRADE RECEIVABLES AND OTHER ASSETS CONTINUED

#### b) Allowance for expected credit losses continued

##### Movements in the allowance for ECLs

The movement in the allowance for ECLs in respect of trade receivables during the year was as follows:

|                                                                    | 30 Jun 22<br>\$m | 30 Jun 21<br>\$m |
|--------------------------------------------------------------------|------------------|------------------|
| Opening balance at 1 July                                          | (130.9)          | (169.6)          |
| Amounts written off as uncollectible                               | 10.5             | 5.8              |
| Rental waivers granted                                             | 57.3             | 120.9            |
| Net remeasurement of prior period allowances <sup>1</sup>          | 60.6             | 72.4             |
| Loss allowance on receivables originated during the current period | (74.3)           | (160.4)          |
| Closing balance at 30 June                                         | (76.8)           | (130.9)          |

1. The allowance for ECLs at 1 July was remeasured due to better outcomes than anticipated in the Group's rent waiver negotiations and long-term average cash collection rates relative to assumptions adopted previously. These outcomes have been incorporated into the key inputs used to determine the allowance for ECLs at 30 June 2022.

##### Sensitivities

The key inputs and assumptions in determining the allowance for ECLs were the likely outcome of rental waivers arising from rental assistance negotiations to-date and the long-term average cash collection rates observed. The allowance for ECLs has the following sensitivity to changes in these inputs:

- **Estimated rent waivers:** An increase or decrease of 5% of the average estimated rent waivers would result in a \$1.0 million (30 June 2021: \$2.6 million) increase/decrease in the estimated rent waivers at 30 June 2022.
- **Long-term average cash collection rates:** An increase or decrease of 1% of the long-term average cash collection rates used as an input to the calculation of ECLs for each tenant and centre type in the SME and National Chain segments would result in a \$6.8 million decrease or \$4.7 million increase in the allowance for ECLs at 30 June 2022 (30 June 2021: \$2.4 million decrease, \$2.8 million increase).

### 12. PAYABLES AND OTHER FINANCIAL LIABILITIES

Payables and other financial liabilities represent liabilities for goods and services provided to the Group prior to the end of the financial year and that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are carried at amortised cost and are not discounted due to their short-term nature.

At 30 June 2022, the carrying value of payables and other financial liabilities approximated their fair value.

|                                                                                              | 30 Jun 22<br>\$m | 30 Jun 21<br>\$m |
|----------------------------------------------------------------------------------------------|------------------|------------------|
| Trade payables and accrued expenses                                                          | 117.1            | 97.1             |
| Lease rental income and property outgoings recovery revenue received in advance <sup>1</sup> | 21.6             | 22.6             |
| Accrued interest expense                                                                     | 15.6             | 14.7             |
| Accrued capital expenditure                                                                  | 30.4             | 6.4              |
| Security deposits                                                                            | 1.0              | 0.6              |
| Other                                                                                        | 11.2             | 6.8              |
| Total payables and other financial liabilities                                               | 196.9            | 148.2            |

1. Largely represents amounts received in advance relating to the following month's lease rental income and property outgoings recovery revenue.

## WORKING CAPITAL

### 13. PROVISIONS

Provisions comprise liabilities arising from employee benefits, such as annual leave and long service leave, as well as provisions for stamp duty, land tax levies and other items for which the amount or timing of the settlement is uncertain as it is outside the control of the Group.

Where the provisions are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the obligation arises, the liability is discounted to present value based on management's best estimate of the timing of settlement and the expenditure required to settle the liability at the reporting date.

The discount rates used to determine the present value of employee-related provisions are determined by reference to market yields at the end of the reporting period attaching to high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows of the related liability.

|                                     | 30 Jun 22<br>\$m | 30 Jun 21<br>\$m |
|-------------------------------------|------------------|------------------|
| <b>Current</b>                      |                  |                  |
| Current employee entitlements       | 59.3             | 52.5             |
| Other current provisions            | 21.8             | 27.3             |
| <b>Total current provisions</b>     | <b>81.1</b>      | <b>79.8</b>      |
| <b>Non-current</b>                  |                  |                  |
| Non-current employee entitlements   | 3.7              | 3.7              |
| Other non-current provisions        | 0.3              | 0.2              |
| <b>Total non-current provisions</b> | <b>4.0</b>       | <b>3.9</b>       |

The movements for the year in other provisions are as follows:

|                                           | 30 Jun 21<br>\$m | Arising during<br>the year<br>\$m | Paid during<br>the year<br>\$m | 30 Jun 22<br>\$m |
|-------------------------------------------|------------------|-----------------------------------|--------------------------------|------------------|
| <b>Current</b>                            |                  |                                   |                                |                  |
| Stamp duty                                | 6.0              | –                                 | (6.0)                          | –                |
| Land tax levies                           | 20.5             | 21.2                              | (20.5)                         | 21.2             |
| Other                                     | 0.8              | –                                 | (0.2)                          | 0.6              |
| <b>Total other current provisions</b>     | <b>27.3</b>      | <b>21.2</b>                       | <b>(26.7)</b>                  | <b>21.8</b>      |
| <b>Non-current</b>                        |                  |                                   |                                |                  |
| Other                                     | 0.2              | 0.3                               | (0.2)                          | 0.3              |
| <b>Total other non-current provisions</b> | <b>0.2</b>       | <b>0.3</b>                        | <b>(0.2)</b>                   | <b>0.3</b>       |

## REMUNERATION

### 14. KEY MANAGEMENT PERSONNEL

The remuneration of the Key Management Personnel (KMP) of the Group is disclosed in the Remuneration Report. The compensation of KMP included in the Group's financial statements comprises:

|                                                  | 30 Jun 22<br>\$'000 | 30 Jun 21<br>\$'000 |
|--------------------------------------------------|---------------------|---------------------|
| Short-term employee benefits – Executive KMP     | 4,491               | 4,460               |
| Short-term employee benefits – Non-executive KMP | 1,560               | 1,566               |
| Termination benefits                             | –                   | 397                 |
| Share based payments                             | 2,032               | 1,196               |
| Post-employment benefits                         | 185                 | 178                 |
| Other long-term employee benefits                | 191                 | 311                 |
| <b>Total remuneration of KMP of the Group</b>    | <b>8,459</b>        | <b>8,108</b>        |

### 15. EMPLOYEE BENEFITS EXPENSE

Employee benefits expense consists of:

|                                        | Note  | 30 Jun 22<br>\$m | 30 Jun 21<br>\$m |
|----------------------------------------|-------|------------------|------------------|
| Salaries and wages                     |       | 95.5             | 89.8             |
| Share based payments expense           | 16(a) | 6.1              | 4.0              |
| Other employee benefits expense        |       | 3.8              | 3.8              |
| <b>Total employee benefits expense</b> |       | <b>105.4</b>     | <b>97.6</b>      |

### 16. SHARE BASED PAYMENTS

The Group remunerates eligible employees through three equity settled compensation plans. These plans are designed to align executives' senior management's and team members' interests with those of securityholders by incentivising participants to deliver long-term shareholder returns. A summary of each plan is described below:

| Plan                                                 | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Long Term Incentive (LTI)</b>                     | Executive KMP, other members of the Executive Committee (EC) and other senior executives are granted performance rights to acquire Vicinity securities for nil consideration, subjected to Total Shareholder Return (TSR) (50%) and Total Return (TR) (50%) hurdles. In FY21, a one-off grant of restricted rights was made at 50% of the face value normally attributable to TR. The performance rights vest after completion of a four-year service period and restricted rights vest after completion of a 2 to 4 year service period and when certain hurdle requirements, which are set when the rights are granted, are met. These hurdle requirements are set out in Note 16(c). |
| <b>Short Term Incentive (STI)</b>                    | The STI provides the opportunity to receive an annual, performance based incentive award, when a combination of short-term Group financial, strategy and portfolio enhancement, and individual performance objectives are achieved. For executive KMP, other members of the EC and other senior executives, a portion of the annual STI payment is deferred into equity for a period of 12 to 24 months. The amounts deferred will become available to the employee at the end of the deferral period, provided they remain employed by the Group.                                                                                                                                      |
| <b>Tax Exempt Restricted Securities Plan (TERSO)</b> | \$1,000 worth of Vicinity securities are granted annually to eligible employees for nil consideration. Securities granted under the plan are subject to a three-year trading restriction unless the employee ceases to be employed by the Group. Participants in the LTI do not participate in the TERSO.                                                                                                                                                                                                                                                                                                                                                                               |

Further details relating to the LTI and STI plans are included in Note 16(c).

#### a) Share based payment expenses

The following expenses were recognised within employee benefits expense and share based payment reserves in relation to the share based payment compensation plans:

|                                                    | 30 Jun 22<br>\$m | 30 Jun 21<br>\$m |
|----------------------------------------------------|------------------|------------------|
| Long Term Incentive                                | 2.9              | 2.0              |
| Short Term Incentive                               | 2.3              | 1.1              |
| Tax Exempt Restricted Securities Plan <sup>1</sup> | 0.9              | 0.9              |
| <b>Total share based payments</b>                  | <b>6.1</b>       | <b>4.0</b>       |

1. A total of 530,725 securities were granted under TERSO during the year (30 June 2021: 561,666).



## REMUNERATION

### 16. SHARE BASED PAYMENTS CONTINUED

#### b) Movements during the year

The movement in the number of LTI performance and restricted rights during the year was as follows:

|                                                            | 30 Jun 22<br>Number | 30 Jun 21<br>Number |
|------------------------------------------------------------|---------------------|---------------------|
| Opening balance at the beginning of the year               | 9,070,491           | 8,169,800           |
| Granted                                                    | 5,229,765           | 3,986,854           |
| Forfeited and lapsed <sup>1</sup>                          | (2,779,173)         | (3,086,163)         |
| Vested <sup>2</sup>                                        | (300,889)           | –                   |
| <b>Outstanding at the end of the year</b>                  | <b>11,220,194</b>   | <b>9,070,491</b>    |
| Exercisable at the end of the year                         | Nil                 | Nil                 |
| <b>Weighted average remaining contractual life (years)</b> | <b>2.65</b>         | <b>2.05</b>         |

1. The performance hurdles of the FY19 LTI plan were tested during the year with no performance rights vested and 2,310,766 lapsed. An additional 468,407 rights were forfeited under the FY20-FY22 LTI plans during the year (30 June 2021: 2,314,791 rights lapsed under the FY18 LTI plan and 771,372 rights were forfeited under the FY19-FY21 LTI Plans).

2. The FY21 LTI Tranche 1 Restrictive Rights vested during the year.

#### c) Plan details

##### Long Term Incentive plan conditions

Features of the LTI on issue during the financial year are:

|                                  | Performance Rights (PRs)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Restricted Rights (RRs)                                                                                                                                                                                                             |
|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Grant years                      | FY22, FY20 and FY19: PRs subject to TSR (50% weighting) and TR (50% weighting) hurdles<br>FY21: PRs subject to TSR hurdles                                                                                                                                                                                                                                                                                                                                                                                                                                                               | FY21: Based on 50% of the value normally attributable to TR                                                                                                                                                                         |
| Performance period               | Commencing from 1 July of the grant year:<br>– FY22, FY21 and FY20: Four years<br>– FY19: Three years                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Commencing from 1 July of the grant year:<br>– Tranche 1 (25%): 1 July 2020 – 30 June 2022 (two years)<br>– Tranche 2 (25%): 1 July 2020 – 30 June 2023 (three years)<br>– Tranche 3 (50%): 1 July 2020 – 30 June 2024 (four years) |
| Service period                   | Four years                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Between two and four years                                                                                                                                                                                                          |
| Performance hurdles <sup>1</sup> | <b>TSR:</b> Relative TSR combines the security price movement and distributions (which are assumed to be re-invested) to show the total return to securityholders, relative to that of other companies in the TSR Comparator Group.<br><b>TR:</b> Calculated as the change in Vicinity's net tangible assets (NTA) value during the year plus total distributions made divided by the NTA value at the beginning of the year. The annual TR result for each year during the performance period is then used to calculate the compound annual TR for the performance period. <sup>2</sup> | Subject to effective performance as assessed by the Board, taking into consideration the financial, strategy, portfolio, leadership, risk, governance and other applicable objectives over the respective performance periods.      |
| TSR Comparator Group             | FY21, FY20, FY19: S&P/ASX 200 A-REIT Index at grant date, excluding Westfield Corporation and Unibail Rodamco Westfield. <sup>3</sup><br>FY22: Domestic REITs most closely aligned to the Group's business which included Scentre Group, Charter Hall Retail REIT, Shopping Centres Australasia Property Group, The GPT Group and Dexu Property Group.                                                                                                                                                                                                                                   | Not applicable                                                                                                                                                                                                                      |

1. For the purposes of LTI plan assessment, each performance hurdle operates independently of the other.

2. To ensure that the TR performance rights vesting reflects the value created from the efficient management of the Group's assets and there is no undue advantage, penalty or disincentive for undertaking certain activities, TR outcomes may be adjusted. Both upwards and downwards adjustments can be made, with reference to principles agreed by the Remuneration and Human Resources Committee.

3. Westfield Corporation (ASX: WDC) merged with Unibail Rodamco to form Unibail Rodamco Westfield (URW) in May 2018. WDC was de-listed from the ASX and a CHESS depository interest for URW (ASX: URW) was listed on the ASX. The TSR Comparator Group excludes WDC and URW.

## REMUNERATION

### 16. SHARE BASED PAYMENTS CONTINUED

#### c) Plan details continued

##### Valuation of Long Term Incentive plans

The fair value of performance rights granted under the LTI is estimated at the date of grant using a Monte Carlo Simulation Model taking into account the terms and conditions upon which the performance rights were granted. For grants with non-market vesting conditions (TR and RR), the grant date fair value is expensed over the vesting period and adjusted to reflect the actual number of rights for which the related service and non-market vesting conditions are expected to be met. The grant date fair value of awards with market performance conditions (TSR) reflects the probability of these conditions being met and hence the expense recognised over the vesting period is only adjusted for changes in expectations as to whether service criteria will be met.

A number of assumptions were used in valuing the performance rights at the grant date as shown in the table below:

| Assumption                                                             | Basis                                                                                                                                      | FY22<br>Performance<br>Rights | FY21<br>Performance<br>and Restricted<br>Rights |
|------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-------------------------------------------------|
| Security price at measurement date                                     | Closing Vicinity securities price at grant date.                                                                                           | \$1.75                        | \$1.67                                          |
| Distribution yield                                                     | Expected annual distribution rate over the next four years.                                                                                | 4.9%                          | 4.4%                                            |
| Risk-free interest rate                                                | Four-year government bond yields as at grant date.                                                                                         | 1.1%                          | 0.1%                                            |
| Volatility correlation between Vicinity and other comparator companies | Analysis of historical total security return volatility (i.e. standard deviation) and the implied volatilities of exchange traded options. | 75.0%                         | 60.0%                                           |
| Volatility of Vicinity securities                                      |                                                                                                                                            | 31.0%                         | 32.0%                                           |
| TSR of Vicinity securities                                             | Performance between the start date of the testing period and the valuation date.                                                           | 10.2%                         | 2.5%                                            |
| Fair value per performance right – TSR                                 |                                                                                                                                            | \$0.77                        | \$0.63                                          |
| Fair value per performance right – TR                                  |                                                                                                                                            | \$1.44                        | n/a                                             |
| Fair value per restricted right – tranche 1                            |                                                                                                                                            | n/a                           | \$1.55                                          |
| Fair value per restricted right – tranche 2                            |                                                                                                                                            | n/a                           | \$1.49                                          |
| Fair value per restricted right – tranche 3                            |                                                                                                                                            | n/a                           | \$1.42                                          |

##### Short Term Incentive plan

1,208,780 securities were issued on 22 September 2021 under the FY21 Deferred STI plan. The fair value of these securities was \$1.72 per security being the volume weighted average security price of VCX in the 10 trading days prior to the grant date.

The FY20 STI plan was suspended in response to the COVID-19 pandemic.

## OTHER DISCLOSURES

### 17. INTANGIBLE ASSETS

Intangible asset balances at 30 June 2022 relate to the value of external management contracts. The external management contracts were recognised upon business combinations at their fair value at both the date of Novion Property Group's acquisition of the Commonwealth Bank of Australia's property management business (on 24 March 2014) and the merger of Novion Property Group and Federation Centres (on 11 June 2015). They reflect the right to provide asset management services to strategic partners who co-own investment property assets with the Group and accordingly are allocated to the Strategic Partnerships cash-generating unit (SP CGU), which is also an operating and reportable segment. As the management contracts do not have termination dates, they are considered to have indefinite lives and are not amortised. The Group performs impairment testing for indefinite life intangible assets at least annually, or when there are other indicators of impairment.

The carrying value of the intangible asset is shown in the table below:

|                               | 30 Jun 22<br>\$m | 30 Jun 21<br>\$m |
|-------------------------------|------------------|------------------|
| External management contracts | 164.2            | 164.2            |
| <b>Carrying value</b>         | <b>164.2</b>     | <b>164.2</b>     |

#### Impairment testing

The recoverable amount of the SP CGU is determined using a fair value less cost of disposal (fair value) approach. This is performed using a collective discounted cash flow (DCF) valuation of the cash flows generated from external asset and funds management contracts which is based on the following key assumptions:

| Key assumption                                   | 30 Jun 22     | 30 Jun 21     |
|--------------------------------------------------|---------------|---------------|
| Post-tax external management contract cash flows | 5 years       | 5 years       |
| Terminal value growth rate                       | 2.10%         | 2.10%         |
| Post-tax discount rate range                     | 6.55% – 7.05% | 6.69% – 7.19% |

The impairment test at 30 June 2022 determined that the recoverable amount of the SP CGU exceeded its carrying value and no impairment was required.

#### Sensitivity to changes in assumptions

Sensitivities to the key assumptions within the external management contracts DCF were also tested and the Group has determined that due to the long-term nature of the asset management contracts and associated cashflows, no reasonably possible changes would give rise to impairment at 30 June 2022. A disposal of a significant value of directly owned or equity accounted investment property assets, where the Group also gives up any future management rights under existing finite or indefinite life contracts, may lead to the full or partial derecognition of the intangible asset balance, as external asset management fees earned by the Group may no longer be sufficient to support the current carrying value of these intangible assets.

#### Process for determination of key assumptions

The key inputs, which are considered Level 3 in the fair value hierarchy, used in determining the recoverable amounts were determined as follows:

- The discount rates were calculated based on the Group's estimated weighted average cost of capital, with reference to the Group's long-term average cost of debt and estimated cost of equity which is derived with reference to external sources of information and the Group's target gearing ratio, adjusted for specific risk factors to the relevant CGU.
- Terminal value growth rates were estimated with reference to long-term expectations of macro-economic conditions (including consideration of equity analyst estimates) and the Group's expected long-term earnings growth.
- Five year forecast operating, asset and funds management cash flows based on the values determined by the Group's budgeting and planning process. Given the uncertainty as to the impacts of the COVID-19 pandemic over the short, medium and long-term, the Group assessed the outcomes of a number of cash flow scenarios particularly with varying degree of reduction in property management fees over the forecast period, when conducting impairment testing at 30 June 2022.

The determination of the key assumptions and inputs to the impairment testing process as outlined above requires a significant level of estimation. As a result, the recoverable amount of the SP CGU (as determined by the impairment testing processes outlined above) are subject to variability in these key assumptions or inputs. A change in one or more of the key assumptions or inputs could result in a change in assessed recoverable amount.

## OTHER DISCLOSURES

### 18. LEASES

All leases (lessee accounting) are accounted for by recognising a right of use asset and a lease liability except for leases of low value assets and short-term leases.

#### Lease liabilities

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term (which includes any extension option periods assessed as reasonably certain to be exercised). The discount rate applied is determined by reference to the interest rate implicit in the lease unless (as is typically the case) this is not readily determinable, in which case the lessee's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate, initially measured using the index or rate as at the commencement date. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted in favour of the Group if it is reasonably certain to exercise that option; and
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Lease liabilities are remeasured when there is a change in future lease payments arising from modification, a change in an index or rate, when there is a change in the assessment of the term of any lease or a change in the assessment of purchasing the underlying asset.

#### Right of use assets

Right of use assets are initially measured at the amount of the lease liability recognised, adjusted for any prepaid lease payments, initial direct costs incurred and an estimate of costs to be incurred by the lessee in restoring the site on which it is located.

Subsequent to initial measurement, right of use assets are depreciated on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term. Right of use assets are also subject to assessment for impairment.

Right of use assets and net investments in leases and lease liabilities are presented separately in the Balance Sheet. Right of use assets relating to investment properties are included within the investment property balance.

#### a) Movements for the year

The table below shows the movements in the Group's lease related balances for the year:

|                                        | 30 Jun 22                                             |                                    |                   | 30 Jun 21                                             |                                    |                   |
|----------------------------------------|-------------------------------------------------------|------------------------------------|-------------------|-------------------------------------------------------|------------------------------------|-------------------|
|                                        | Assets                                                |                                    | Lease liabilities | Assets                                                |                                    | Lease liabilities |
|                                        | Right of use assets, net of investments in leases \$m | Investment property leaseholds \$m | Other leases \$m  | Right of use assets, net of investments in leases \$m | Investment property leaseholds \$m | Other leases \$m  |
| Opening balance – 1 July               | 26.8                                                  | (356.4)                            | (32.1)            | 32.9                                                  | (279.5)                            | (38.2)            |
| Interest charge on lease liabilities   | 0.1                                                   | (27.1)                             | (1.6)             | 0.1                                                   | (25.3)                             | (1.6)             |
| Lease (receipts)/payments <sup>1</sup> | (1.1)                                                 | 26.5                               | 8.8               | (1.4)                                                 | 24.4                               | 9.2               |
| New leases during the period           | 6.9                                                   | –                                  | (6.8)             | 1.3                                                   | (1.1)                              | (1.5)             |
| Market rent reassessment               | –                                                     | (0.4)                              | –                 | –                                                     | (74.9)                             | –                 |
| Depreciation                           | (5.5)                                                 | –                                  | –                 | (6.1)                                                 | –                                  | –                 |
| Closing balance – 30 June <sup>2</sup> | 27.2                                                  | (357.4) <sup>3</sup>               | (31.7)            | 26.8                                                  | (356.4) <sup>3</sup>               | (32.1)            |

1. Lease payments (net of sub lease receipts) includes \$5.6 million (30 June 2021: \$5.4 million) in principal repayments and \$28.6 million (30 June 2021: \$26.8 million) in interest charges on lease liabilities.

2. Total lease liabilities of \$389.1 million (30 June 2021: \$388.5 million) represents \$27.7 million of current lease liabilities (30 June 2021: \$34.1 million) and \$361.4 million of non-current lease liabilities (30 June 2021: \$354.4 million).

3. A number of the Group's investment properties are held under long-term leasehold arrangements as disclosed in Note 4(d). The lease liabilities in relation to these investment property leaseholds meet the definition of investment property and are presented within investment property in Note 4(a).



## OTHER DISCLOSURES

### 18. LEASES CONTINUED

#### b) Lease liabilities maturity profile

The table below shows the undiscounted maturity profile of the Group's lease liabilities due as follows:

|                                             | 30 Jun 22<br>\$m | 30 Jun 21<br>\$m |
|---------------------------------------------|------------------|------------------|
| <b>Lease liabilities</b>                    |                  |                  |
| Not later than one year                     | 33.6             | 34.1             |
| Later than one but not more than five years | 121.7            | 119.8            |
| More than five years                        | 820.8            | 847.6            |
| <b>Total</b>                                | <b>976.1</b>     | <b>1,001.5</b>   |

The Group also recognised variable lease payments of \$16.4 million during the year (30 June 2021: \$14.5 million). These related primarily to investment property leaseholds where a component of lease payments is based on profitability achieved by the relevant property. As these lease payments are variable in nature, they are not included within the investment property leaseholds lease liability balance.

### 19. OPERATING CASH FLOW RECONCILIATION

The reconciliation of net profit/(loss) after tax for the year to net cash provided by operating activities is provided below.

|                                                                                        | 30 Jun 22<br>\$m | 30 Jun 21<br>\$m |
|----------------------------------------------------------------------------------------|------------------|------------------|
| <b>Net profit/(loss) after tax for the financial year</b>                              | <b>1,215.1</b>   | <b>(258.0)</b>   |
| <i>Exclude non-cash items and cash flows under investing and financing activities:</i> |                  |                  |
| Amortisation of incentives and leasing costs                                           | 62.5             | 58.3             |
| Straight-lining of rent adjustment                                                     | 3.9              | (1.9)            |
| Property revaluation (increment)/decrement for directly owned properties               | (633.3)          | 642.7            |
| Share of net (gain)/loss of equity accounted investments                               | (15.9)           | 34.2             |
| Distributions of net (income)/loss from equity accounted investments                   | (8.1)            | 14.0             |
| Amortisation of non-cash items included in interest expense                            | 5.0              | 3.1              |
| Net foreign exchange movement on interest bearing liabilities                          | 10.3             | (77.5)           |
| Net mark-to-market movement on derivatives                                             | (88.6)           | 119.9            |
| Stamp duty paid                                                                        | 22.6             | -                |
| Depreciation of right of use asset                                                     | 5.5              | 6.1              |
| Income tax (benefit)/expense                                                           | (7.6)            | 10.9             |
| Other non-cash items                                                                   | (2.2)            | 6.0              |
| <i>Movements in working capital:</i>                                                   |                  |                  |
| Increase in payables, provisions and other liabilities                                 | 35.3             | 58.1             |
| (Increase)/Decrease in receivables and other assets                                    | (15.0)           | 30.9             |
| <b>Net cash inflow from operating activities</b>                                       | <b>589.5</b>     | <b>646.8</b>     |

## OTHER DISCLOSURES

### 20. AUDITOR'S REMUNERATION

During the year, the following fees were paid or payable for services provided by the auditor of the Group, EY or its related practices.

|                                                                                                                | 30 Jun 22<br>\$'000 | 30 Jun 21<br>\$'000 |
|----------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| <b>Audit and review of statutory financial statements of Group and its controlled entities</b>                 | <b>1,282</b>        | <b>1,454</b>        |
| <b>Assurance services required by legislation to be provided by the auditor</b>                                | <b>19</b>           | <b>19</b>           |
| <i>Other assurance and agreed-upon procedures services under other legislation or contractual arrangements</i> |                     |                     |
| Property related audits <sup>1</sup>                                                                           | 223                 | 227                 |
| Other assurance services and agreed upon procedures required under contract                                    | 48                  | 46                  |
| <b>Total other assurance services under other legislation or contractual arrangements</b>                      | <b>271</b>          | <b>273</b>          |
| <i>Other services</i>                                                                                          |                     |                     |
| Taxation compliance services                                                                                   | 271                 | 272                 |
| Assurance and other services                                                                                   | 40                  | 29                  |
| <b>Total other services</b>                                                                                    | <b>311</b>          | <b>301</b>          |
| <b>Total auditor's remuneration</b>                                                                            | <b>1,883</b>        | <b>2,047</b>        |

1. Comprises audits of outgoing statements, promotional funds, real estate trust account audits and joint venture audits required under legislation or contract.

### 21. PARENT ENTITY FINANCIAL INFORMATION

#### a) Summary financials

The financial information presented below represents that of the legal parent entity, and deemed parent entity of the stapled Group, Vicinity Limited. Vicinity Limited recognises investments in subsidiary entities at cost, less any impairment since acquisition. Other accounting policies applied by Vicinity Limited are consistent with those used for the preparation of the consolidated Financial Report.

|                                                                                      | 30 Jun 22<br>\$m | 30 Jun 21<br>\$m |
|--------------------------------------------------------------------------------------|------------------|------------------|
| Current assets                                                                       | 140.7            | 2.2              |
| <b>Total assets</b>                                                                  | <b>775.4</b>     | <b>633.1</b>     |
| Current liabilities                                                                  | 50.8             | 14.4             |
| <b>Total liabilities</b>                                                             | <b>576.3</b>     | <b>428.3</b>     |
| <b>Net assets</b>                                                                    | <b>199.1</b>     | <b>204.8</b>     |
| <b>Equity</b>                                                                        |                  |                  |
| Contributed equity                                                                   | 515.6            | 515.6            |
| Share based payment reserve                                                          | (2.0)            | (5.0)            |
| Accumulated losses                                                                   | (314.5)          | (305.8)          |
| <b>Total equity</b>                                                                  | <b>199.1</b>     | <b>204.8</b>     |
| <b>Net (loss)/profit for the financial year of Vicinity Limited as parent entity</b> | <b>(8.7)</b>     | <b>6.1</b>       |
| <b>Total comprehensive (loss)/income for the financial year of Vicinity Limited</b>  | <b>(8.7)</b>     | <b>6.1</b>       |

Vicinity Limited has access to the Group's cash flow from operations and undrawn bank facilities, in order to pay its current obligations as and when they fall due.

The parent entity has no capital expenditure commitments which have been contracted but not provided for, or contingencies as at reporting date. Guarantees provided to subsidiary entities are disclosed at Note 22(b) and predominantly relate to fulfilling capital requirements under Australian Financial Services Licences held by these subsidiaries.

#### b) Stapled entity allocation of net profit

In accordance with AASB 3 *Business Combinations*, the Company is the parent of the Vicinity Centres stapled group for accounting purposes. As the Company has no legal ownership over Vicinity Centres Trust and its controlled entities, the allocation of net profit and net assets is shown separately for the Company and the Trust in the Statement of Comprehensive Income and Statement of Changes in Equity.

## OTHER DISCLOSURES

### 22. RELATED PARTIES

#### a) Background

The deemed parent entity of the Group is Vicinity Limited, which is domiciled and incorporated in Australia. All subsidiaries and sub-trusts of the Group are wholly-owned subsidiaries of Vicinity Limited or sub-trusts of Vicinity Centres Trust as at 30 June 2022.

#### b) Information on related party transactions and balances

Vicinity Funds RE Ltd, a wholly-owned subsidiary of the Group, is the Responsible Entity/Trustee of the following funds (collectively known as the Wholesale Funds managed by the Group):

- Direct Property Investment Fund A;
- Direct Property Investment Fund B;
- Vicinity Enhanced Retail Fund; and
- Australian Investments Trust.

The transactions with the Wholesale funds, on normal commercial terms, and the balances outstanding at 30 June 2022 are outlined in the tables below. Transactions and balances relating to equity accounted investments are disclosed in Note 5(d).

#### Related party balances with Wholesale funds

|                                      | Funds management<br>fee receivable |                     | Alignment fee payable |                     |
|--------------------------------------|------------------------------------|---------------------|-----------------------|---------------------|
|                                      | 30 Jun 22<br>\$'000                | 30 Jun 21<br>\$'000 | 30 Jun 22<br>\$'000   | 30 Jun 21<br>\$'000 |
| Wholesale funds managed by the Group | 324                                | 528                 | 78                    | 77                  |

Outstanding related party trade receivables balances at year end are unsecured and settlement occurs in cash. The Group does not hold any collateral in relation to related party receivables.

#### Related party transactions with Wholesale funds

|                                                   | 30 Jun 22<br>\$'000 | 30 Jun 21<br>\$'000 |
|---------------------------------------------------|---------------------|---------------------|
| Asset and funds management fee income             | 3,365               | 4,324               |
| Reimbursement of expenses to the property manager | 718                 | 1,210               |
| Distribution income                               | 8                   | 33                  |
| Alignment fee expense                             | (307)               | (319)               |
| Rent and outgoing expenses                        | (104)               | (164)               |

### 23. COMMITMENTS AND CONTINGENCIES

#### a) Capital commitments

Estimated capital expenditure contracted for at reporting date, but not provided for:

|                                                   | 30 Jun 22<br>\$m | 30 Jun 21<br>\$m |
|---------------------------------------------------|------------------|------------------|
| Not later than one year                           | 120.7            | 78.8             |
| Later than one year and not later than five years | 0.2              | 0.1              |
| <b>Total capital commitments</b>                  | <b>120.9</b>     | <b>78.9</b>      |

#### b) Contingent assets and liabilities

Bank guarantees totalling \$40.7 million have been arranged by the Group, primarily to guarantee obligations for two of the Group's Responsible Entities to meet their financial obligations under their Australian Financial Services Licences and other capital requirements (30 June 2021: \$41.9 million).

As at reporting date, there were no other material contingent assets or liabilities.

## OTHER DISCLOSURES

### 24. OTHER GROUP ACCOUNTING MATTERS

This section contains other accounting policies that relate to the financial statements, detail of any changes in accounting policies and the impact of new or amended accounting standards.

#### Principles of consolidation

These consolidated financial statements comprise the assets and liabilities of all controlled entities at 30 June 2022 and the results of all controlled entities for the financial year unless otherwise stated. Controlled entities are:

- All entities over which the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity; and
- Fully consolidated from the date on which control is transferred to the Group, and, where applicable, deconsolidated from the date on which control ceases.

The acquisition method of accounting is used to account for the acquisition of controlled entities, and the balances and effects of transactions between all controlled entities are eliminated in full.

Vicinity Limited is the parent of the stapled Group for accounting purposes. The results and equity attributable to Vicinity Centres Trust (that is, the amounts shown as attributable to securityholders of other stapled entities of the Group) are shown prior to the elimination of transactions between Vicinity Limited and Vicinity Centres Trust.

#### Investments in joint operations

Included in investment properties are shopping centres that are accounted for as joint operations – in the form of direct ownership of a partial freehold or leasehold interest in a shopping centre with a strategic partner, based on standard market joint operation agreements. The Group accounts for joint operations by recognising its share of the shopping centre, classified as investment property, and its share of other assets, liabilities, income and expenses from the use and output of the joint operation.

#### Fair value measurement

The Group has classified fair value measurements into the following hierarchy as required by AASB 13 *Fair Value Measurement*:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### Future impact of Accounting Standards and Interpretations issued but not yet effective

There are no accounting standards or interpretation issued but not yet effective that are expected to have a material impact on the Group's financial position or performance.

#### Government grants

The Group was eligible for land tax relief for financial/calendar years 2020 and 2021 in accordance with the respective state government land tax relief measures. Gross payments received for the year ended 30 June 2022 were \$16.5 million (30 June 2021: \$4.1 million).

Until September 2020, the Group was eligible for the initial phase of the Federal Government JobKeeper wage subsidy program. Gross payments received for the year ended 30 June 2022 were nil (30 June 2021: \$12.4 million).

### 25. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

#### Capital management activities

Subsequent to 30 June 2022, the following transactions were completed:

- Extended the maturity of \$475.0 million bank debt facilities by at least four years to July 2027;
- Repaid \$40.0 million of US Private Placement Notes;
- Cancelled \$400.0 million of bank debt limit with FY24 maturities; and
- Entered into \$500.0 million of new interest rate swaps.

Other than the matters described above, no other matters have arisen since the end of the reporting period which have significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.



## DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Vicinity Limited, we declare that:

- a) in the opinion of the Directors, the financial statements and notes set out on pages 73 to 113 are in accordance with the *Corporations Act 2001* (Cth), including:
  - i. giving a true and fair view of the Group and its controlled entities' financial position as at 30 June 2022 and of the performance for the financial year ended on that date; and
  - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001* (Cth); and
  - iii. complying with International Financial Reporting Standards as issued by the International Accounting Standards Board as disclosed in the About this Report section of the financial statements; and
- b) in the opinion of the Directors, there are reasonable grounds to believe that the Group and its controlled entities will be able to pay their debts as and when they become due and payable; and
- c) the Directors have been given the Declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* (Cth) for the financial year ended 30 June 2022.

Signed in accordance with a resolution of the Directors of Vicinity Limited.



Trevor Gerber  
Chairman

17 August 2022

## INDEPENDENT AUDITOR'S REPORT



Building a better  
working world

Ernst & Young  
8 Exhibition Street  
Melbourne VIC 3000 Australia  
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000  
Fax: +61 3 8650 7777  
ey.com/au

### Independent Auditor's Report

To the Members of Vicinity Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Vicinity Limited (the "Company"), and the entities it controlled (collectively "Vicinity Centres" or the "Group"), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) Giving a true and fair view of the consolidated balance sheet of the Group as at 30 June 2022 and of its consolidated financial performance for the year ended on that date; and
- b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

## INDEPENDENT AUDITOR'S REPORT



**Building a better  
working world**

### 1. Shopping Centre Investment Property Portfolio – Carrying Values and Revaluations

| Why significant                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>The Group owns a portfolio of retail property assets valued at \$14,366.4 million at 30 June 2022, which represents 92.4% of total assets of the Group. In addition, there are retail property assets valued at \$576.1 million held through interests in Joint Ventures.</p> <p>The Group's total assets include investment properties either held directly or through interests in Joint Ventures. These assets are carried at fair value, which is assessed by the directors with reference to external and internal property valuations and are based on market conditions existing at the reporting date.</p> <p>The valuation of investment properties is inherently subjective. A small difference in any one of the key market input assumptions, when aggregated across all the properties, could result in a material change to the valuation of investment properties.</p> <p>We consider this a key audit matter due to the number of judgments required in determining fair value.</p> <p>Note 4 of the financial report describes the key assumptions, inputs, judgements and estimations, including the impact of the COVID-19 pandemic, in the determination of fair value of investment properties and how this has been considered by the directors in the preparation of the financial report at 30 June 2022.</p> | <p>Our audit procedures included the following for both properties held directly and through interests in Joint Ventures:</p> <ul style="list-style-type: none"> <li>▶ We discussed the following matters with management: <ul style="list-style-type: none"> <li>▶ movements in the Group's investment property portfolio;</li> <li>▶ changes in the condition of each property, including an understanding of key developments and changes to development activities;</li> <li>▶ controls in place relevant to the valuation and development processes; and</li> <li>▶ the impact that COVID-19 has had on the Group's investment property portfolio including rent abatements offered to tenants and tenant occupancy risk arising from changes in the estimated lease renewals.</li> </ul> </li> <li>▶ In conjunction with our real estate valuation specialists, on a sample basis, we performed the following procedures: <ul style="list-style-type: none"> <li>▶ Evaluated the net income assumptions adopted against the tenancy schedules. We tested the effectiveness of relevant controls over the leasing process and associated tenancy schedules which are used as source data in the property valuations.</li> <li>▶ Tested the mathematical accuracy of valuations.</li> <li>▶ Evaluated the suitability of the valuation methodology across the portfolio based on the type of asset.</li> <li>▶ We considered the reports of the external and internal valuers, to gain an understanding of the assumptions and estimates used. This included key assumptions such as the capitalisation, discount and growth rate and future forecast rentals.</li> <li>▶ Where relevant we compared the valuation against comparable transactions utilised in the valuation process.</li> <li>▶ Assessed the qualifications, competence and objectivity of the valuers</li> <li>▶ Assessed capitalised planning and holding costs relating to planned major development projects.</li> </ul> </li> <li>▶ Assessed the adequacy of the Group's disclosures in the financial report.</li> </ul> |

## INDEPENDENT AUDITOR'S REPORT



**Building a better  
working world**

### 2. Carrying value of trade receivables

| Why significant                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>As at 30 June 2022, the Group held \$61.7 million in trade receivables, net of \$76.8 million allowance for expected credit losses.</p> <p>Trade receivables primarily comprise amounts due from tenants of the Group's investment properties under lease agreements, less an allowance for expected credit losses.</p> <p>The Group applies Australian Accounting Standard - AASB 9 Financial Instruments in calculating the allowance for expected credit losses, applying a forward-looking expected loss impairment model. This involves significant judgement as the expected credit losses must reflect information about past events, current conditions and forecasts of future conditions.</p> <p>The recoverability of trade receivables is considered a key audit matter due to the value of uncollected rental income at 30 June 2022 and the significant judgement required in determining the allowance for expected credit losses.</p> <p>The continued uncertain trading and economic environment and the uncertain outcome of rental assistance negotiations with tenants have all contributed to significant estimation uncertainty in determining the allowance for expected credit losses at 30 June 2022.</p> <p>Note 11 of the financial report describes the estimation uncertainty, in the determination of the allowance for expected credit losses and how this has been considered by the directors in the preparation of the financial report at 30 June 2022. We note in the event the impact of key assumptions and judgements varies from conditions anticipated at balance date, this may result in a change in the expected credit loss provision in future periods.</p> | <p>In assessing the carrying value of trade receivables, we:</p> <ul style="list-style-type: none"> <li>▶ Assessed the effectiveness of relevant controls in relation to tenant lease arrangements, including lease modifications.</li> <li>▶ Tested the existence of trade receivables for a sample of tenant balances.</li> <li>▶ Assessed receipts after year-end to determine any material change to exposure at the date of the financial report.</li> <li>▶ Assessed whether the inputs into the determination of expected credit losses were consistent with the principles of AASB 9 and tested the mathematical accuracy of the calculations.</li> <li>▶ Assessed management's application of cash collection trends observed during the period and the adjustments applied to cash collection rates and estimated waivers which reflects forward-looking considerations.</li> <li>▶ Evaluated the key assumptions applied in calculating expected credit losses, for a sample of tenants.</li> <li>▶ Assessed the adequacy of the Group's disclosures in relation to the valuation uncertainty of trade receivables included in the financial report, including the assumptions, estimations and judgements made in calculating the allowance for expected credit losses.</li> </ul> |

### Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in Vicinity Centres' 2022 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## INDEPENDENT AUDITOR'S REPORT



**EY**

**Building a better  
working world**

### Responsibilities of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

## INDEPENDENT AUDITOR'S REPORT

**EY****Building a better  
working world**

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on the Audit of the Remuneration Report

#### Opinion on the Remuneration Report

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Vicinity Limited for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

#### Responsibilities

The directors are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst &amp; Young

Alison Parker  
Partner  
Melbourne  
17 August 2022

Michael Collins  
Partner  
Melbourne  
17 August 2022

## SUMMARY OF SECURITYHOLDERS

AS AT 29 JULY 2022

### SPREAD OF SECURITYHOLDERS

| Range             | Number of securityholders | Number of securities | % of issued securities |
|-------------------|---------------------------|----------------------|------------------------|
| 100,001 and over  | 266                       | 4,345,069,756        | 95.45                  |
| 10,001 to 100,000 | 6,188                     | 144,072,284          | 3.16                   |
| 5,001 to 10,000   | 4,972                     | 36,637,304           | 0.80                   |
| 1,001 to 5,000    | 8,458                     | 23,492,017           | 0.52                   |
| 1 to 1,000        | 6,530                     | 3,003,997            | 0.07                   |
| <b>Total</b>      | <b>26,414</b>             | <b>4,552,275,358</b> | <b>100.00</b>          |

The number of securityholders holding less than a marketable parcel of 242 securities (based on a security price of \$2.07 on 29 July 2022) is 1,572 and they hold 127,892 securities.

### ON-MARKET PURCHASE OF SECURITIES

During FY22, 2,410,777 Vicinity securities were purchased on-market at an average price per security of \$1.6831 by the trustee to satisfy entitlements under the Vicinity Equity Incentive Plan.

### SUBSTANTIAL SECURITYHOLDERS<sup>1</sup>

| Company name                                                       | Date last notice received | Number of securities <sup>2</sup> |
|--------------------------------------------------------------------|---------------------------|-----------------------------------|
| The Gandel Group Pty Limited and its associates                    | 9 June 2020               | 691,238,665                       |
| The Vanguard Group, Inc. and its controlled entities               | 29 June 2021              | 389,569,636                       |
| BNP Paribas Nominees Pty Limited as custodian for UniSuper Limited | 11 October 2021           | 368,551,567                       |
| State Street Corporation and subsidiaries                          | 27 June 2022              | 327,034,964                       |
| BlackRock Inc. and its subsidiaries                                | 22 May 2020               | 294,348,228                       |

1. As notified to Vicinity in accordance with section 671B of the *Corporations Act 2001* (Cth).

2. As disclosed in the last notice lodged by the substantial securityholder with the ASX.

### TOP 20 LARGEST SECURITYHOLDERS

| Rank                           | Name                                                  | Number of securities held | % of issued securities |
|--------------------------------|-------------------------------------------------------|---------------------------|------------------------|
| 1                              | HSBC Custody Nominees (Australia) Limited             | 1,324,872,647             | 29.10                  |
| 2                              | J P Morgan Nominees Australia Pty Limited             | 990,893,441               | 21.77                  |
| 3                              | Citicorp Nominees Pty Limited                         | 456,778,809               | 10.03                  |
| 4                              | Netwealth Investments Limited                         | 400,411,521               | 8.80                   |
| 5                              | BNP Paribas Nominees Pty Ltd                          | 374,210,767               | 8.22                   |
| 6                              | BNP Paribas Noms Pty Ltd                              | 170,081,306               | 3.74                   |
| 7                              | National Nominees Limited                             | 123,577,467               | 2.71                   |
| 8                              | Rosslynbridge Pty Ltd                                 | 92,069,814                | 2.02                   |
| 9                              | Allowater Pty Ltd                                     | 63,624,571                | 1.40                   |
| 10                             | Citicorp Nominees Pty Limited                         | 44,160,880                | 0.97                   |
| 11                             | Ledburn Proprietary Limited                           | 37,195,552                | 0.82                   |
| 12                             | Broadgan Proprietary Limited                          | 36,474,902                | 0.80                   |
| 13                             | Cenarth Pty Ltd                                       | 31,605,848                | 0.69                   |
| 14                             | Applebrook Pty Ltd                                    | 13,219,491                | 0.29                   |
| 14                             | Jadecliff Pty Ltd                                     | 13,219,491                | 0.29                   |
| 14                             | Moondale Pty Ltd                                      | 13,219,491                | 0.29                   |
| 14                             | Rosecreek Pty Ltd                                     | 13,219,491                | 0.29                   |
| 15                             | Ledburn Proprietary Limited                           | 10,206,076                | 0.22                   |
| 16                             | BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd | 9,287,479                 | 0.20                   |
| 17                             | Artmax Investments Limited                            | 7,988,838                 | 0.18                   |
| 18                             | HSBC Custody Nominees (Australia) Limited             | 7,405,221                 | 0.16                   |
| 19                             | Pacific Custodians Pty Limited                        | 6,180,897                 | 0.14                   |
| 20                             | BNP Paribas Noms Pty Ltd                              | 5,354,731                 | 0.12                   |
| Top 20 largest securityholders |                                                       | 4,245,258,731             | 93.26                  |
| Balance of register            |                                                       | 307,016,627               | 6.74                   |
| <b>Total issued capital</b>    |                                                       | <b>4,552,275,358</b>      | <b>100.00</b>          |

## CORPORATE DIRECTORY

### Vicinity Centres

comprising:

#### Vicinity Limited

ABN 90 114 757 783

and

#### Vicinity Centres Trust

ARSN 104 931 928

### ASX listing

Vicinity Centres is listed on the ASX under the listing code VCX

### Board of Directors

Trevor Gerber (Chairman)

Grant Kelley (CEO)

Clive Appleton

Tim Hammon

Peter Kahan

Janette Kendall

Karen Penrose

David Thurin

### Company Secretaries

Carolyn Reynolds

Rohan Abeyewardene

### Registered office

Chadstone Tower One

Level 4, 1341 Dandenong Road

Chadstone VIC 3148 Australia

Telephone: +61 3 7001 4000

Facsimile: +61 3 7001 4001

Website: [vicinity.com.au](http://vicinity.com.au)

### Auditors

#### Ernst & Young

8 Exhibition Street

Melbourne VIC 3000 Australia

### Security Registrar

If you have queries relating to your securityholding or wish to update your personal or payment details, please contact the Security Registrar.

#### Link Market Services Limited

Tower 4, 727 Collins Street,  
Melbourne VIC 3008 Australia

General securityholder enquiries:

Toll Free: +61 1300 887 890

Facsimile: +61 2 9287 0303

Facsimile: +61 2 9287 0309

(for proxy voting)

Email: [vicinity@linkmarketservices.com.au](mailto:vicinity@linkmarketservices.com.au)

Post: Locked Bag A14

Sydney South NSW 1235 Australia

### Access your securityholding online

You can update your personal details and access information about your securityholding online by clicking 'Securityholder login' on our home page at [vicinity.com.au](http://vicinity.com.au), or via the 'Investor Services' section of the Security Registrar's website at [linkmarketservices.com.au](http://linkmarketservices.com.au), or scan the QR Code (below) to take you to the investor centre.



Securityholders can use the online system to:

- view your holding balances, distribution payments and transaction history
- change your securityholder communications preferences
- confirm whether you have lodged your Tax File Number (TFN) or Australian Business Number (ABN)
- update your contact details
- update your bank account details
- check Vicinity Centres' security price
- download various securityholder instruction forms.

### Contact Vicinity Centres

We are committed to delivering a high level of service to all securityholders.

Should there be some way you feel that we can improve our service, we would like to know. Whether you are making a suggestion or a complaint, your feedback is always appreciated.

### Investor relations

Email: [investor.relations@vicinity.com.au](mailto:investor.relations@vicinity.com.au)

The Responsible Entity is a member (member no. 28912) of the Australian Financial Complaints Authority (AFCA), an external dispute resolution scheme to handle complaints from consumers in the financial system. If you are not satisfied with the resolution of your complaint by the Responsible Entity, you may refer your complaint to AFCA:

Telephone: 1800 931 678

Email: [info@afca.org.au](mailto:info@afca.org.au)

Website: [afca.org.au](http://afca.org.au)

Post: GPO Box 3

Melbourne VIC 3001 Australia

Follow us on





For personal use only



[VICINITY.COM.AU](http://VICINITY.COM.AU)

