VICINITY CENTRES

Annual Report 2023

Creating thriving community precincts and delivering mutual value growth for all stakeholders


14.5%
Growth in funds from operations

CONTENTS

ACKNOWLEDGEMENT OF COUNTRY

Vicinity Centres acknowledges the Traditional Custodians of the land and pays respect to Elders past and present. As a business that operates in 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.

Aboriginal and Torres Strait Islander people are warned that this report may contain the images of deceased persons which may cause sadness or distress.

98.8%
Occupancy rate

$12,644
Specialty MAT/sqm

ABOUT THIS REPORT

This Annual Report is a summary of Vicinity Centres' operations, activities and financial position as at 30 June 2023. 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 'FY23' refer to the financial year ended 30 June 2023 unless otherwise stated. All dollar amounts are expressed in Australian dollars (AUD) unless otherwise stated. This Annual Report discloses Vicinity's financial and non-financial performance for FY23. More information, particularly latest Company announcements and detailed sustainability reporting, can be found on Vicinity's website.

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

Additional information available on vicinity.com.au

Additional information within this Annual Report

2,249
Total leasing deals completed

12.0 cents
Distribution per security

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 (16 August 2023). 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.

Letter from our Chairman and Chief Executive Officer

Dear Securityholders,

We are pleased to present Vicinity Centres' (**Vicinity, the Company**) 2023 Annual Report for the 12 months ended 30 June 2023 (**FY23**).

OUR OPERATIONAL AND FINANCIAL PERFORMANCE

FY23 was a year of resilience and growth at Vicinity, and this was reflected in our FY23 operating metrics and financial performance. In FY23, we deliberately executed at pace while the retail sector was favourable. We delivered a significant level of high-quality leasing activity, focused on enhancing the retail mix of each centre, reducing our income at risk and at the same time, negotiating pricing which supports current and future Net Property Income (**NPI**) growth. Consequently, we enter FY24 with a strong platform for continued rental income growth.

Consumers have shown a strong preference for shopping in centres following the end of COVID-related lockdowns in 1H FY22. Focusing on retail sales in 2H FY23 relative to 2H FY22 (both periods free of lockdowns), total portfolio retail sales growth was 8.0%, with all product categories positively contributing to growth. More specifically, food catering and food retail, together with jewellery delivered the strongest growth rates, at 21.1%, 14.7% and 14.6%, respectively.

Not surprisingly however, the rate of growth moderated in the final quarter of FY23 (**4Q FY23**) as increased household costs, notably higher interest rates and inflation, impacted consumption.

Trevor Gerber
Chairman

Of particular note, the recovery of Vicinity's Central Business District (**CBD**) portfolio gained significant momentum in FY23. During the pandemic, we proactively remixed the retail offering in our CBD assets to ensure they were well positioned for full recovery. Testament to this, the CBD portfolio delivered retail sales growth of 21% in 2H FY23.

The return of international tourists is gaining momentum, currently at 77% of pre-COVID levels. While the number of international tourists is forecast to reach pre-COVID levels in 2025, tourism spend is expected to return to pre-COVID levels in 2024 which bodes well for our CBD portfolio[1].

Vicinity delivered a Net Profit After Tax of $271.5 million, comprising Funds From Operations (**FFO**) of $684.8 million, offset by a net property valuation decline and other statutory and non-cash items.

FFO increased 14.5% in FY23, underpinned by 12.1% growth in Net Property Income (**NPI**). Pleasingly, NPI growth was driven by improved cash collections from current and prior years[2], positive rental growth, percentage rent uplift, and continued ancillary income growth, led by carparks and media sales, and higher occupancy.

NPI growth was partially offset by higher net interest expense due to increased interest rates and higher drawn debt as we ramped up our investment in development projects during the year, notably at Chadstone, Bankstown Central, Box Hill Central and Chatswood Chase Sydney.

Despite robust income growth across the portfolio and the quality of Vicinity's assets, rising bond yields and heightened macroeconomic uncertainty underpinned a $338 million decline[3] in asset valuations for the 12 months ended 30 June 2023.

Vicinity delivered 12.0 cents per security distribution for our securityholders, up 15.4% on the prior year and representing a payout ratio of 94.9% of Adjusted FFO (FY22: 95.3%).

Strong financial stewardship and disciplined capital management underpin our approach to managing Vicinity's balance sheet and credit metrics. At 25.6%, our gearing remains at the low end of our 25% to 35% target range, and this includes the impact of the divestment of a 50% interest in the shopping centre at Broadmeadows Central at a 5.2% premium to book value. Vicinity enters FY24 with 90% of its drawn debt hedged[4].

Vicinity maintained its investment grade credit ratings of A/stable (S&P) and A2/stable (Moody's) and consequently, the Company enters FY24 in a strong position to invest in its long-term growth priorities.

---

1. Tourism Research Australia, December 2022.
2. NPI included a $29.2 million reversal of prior years' waivers and provisions (FY22: $62.8 million).
3. Excludes statutory accounting adjustments.
4. Includes $123.0 million repayment of bank debt on 4 July 2023.


Chadstone Social Quarter

+8.0%
2H FY23 sales above 2H FY22 levels

$271.5m
Statutory net profit after tax

+15.4%
Growth in distribution per security

OUR STRATEGY

During 2H FY23, we took the opportunity to refresh Vicinity's strategy to better reflect our renewed focus on being a high performing, property-led organisation. This means that every dollar and every hour invested must be value-adding and prioritised to drive improved returns from our portfolio of retail and mixed-use assets.

Our refreshed strategy is focused on four strategic pillars:

- Enhance the investment portfolio
- Deliver property excellence
- Maintain strong financial stewardship
- Enable good business

Our portfolio strategy remains focused on increasing Vicinity's exposure to premium malls and premium outlet centres, and at the same time, unlocking our mixed-use opportunities.

Our portfolio strategy is now enabled by an active investment strategy where we will continuously curate the portfolio by recycling and allocating capital to fund both accretive retail and mixed-use developments and strategic acquisitions.

Divesting whole or partial interests in selected assets where we can realise attractive pricing also extends our third-party capital partnerships and unlocks additional income streams under management services agreements, whilst maintaining our flexible balance sheet and strong credit metrics.

Our financial stewardship will continue to be governed by the prudent management of our balance sheet and preservation of our credit metrics, together with our disciplined approach to capital allocation and driving efficiencies.

Similarly, our approach to managing third party capital will leverage our existing and proven model of strategic, joint venture partnering. Today, we manage $9.2 billion of third-party capital and we have extensive debt and equity partnerships. Driving strategic partnerships that are long term and underpinned by mutual value creation is critical.

Delivery of property excellence positions Vicinity's retail and mixed-use precincts as destinations of choice for retail partners, shoppers, suburban office workers and surrounding communities. Vicinity's existing asset management and leasing capability already provides a strong platform for continued growth.

And finally, enabling good business is how we describe a high-performance culture where our organisational values and ways of working are enablers of strong performance and promote a thriving and safe work environment for everyone. Within this, Vicinity will continue to deliver a purposeful environmental, social and governance (**ESG**) program, pragmatically manage risk and compliance, and have a mindset of continuous improvement that is increasingly data, digital and insight-led.

To support the execution of our refreshed strategy, we made some important changes to the Executive Leadership Team (**ELT**) in 4Q FY23. Importantly, in addition to those leading the corporate functions, under the new structure, executives who are leading the income generation from our properties are now ELT members. We are confident that we have the right team with the right experience to drive the strategy forward and deliver long-term value for all our stakeholders.

For more information on our ELT members, please refer to page 34 of this Annual Report.


Chadstone, VIC - The Social Quarter


Peter Huddle
CEO & Managing Director

Letter from our Chairman and Chief Executive Officer (continued)

OUR PEOPLE

Our strategy is brought to life by our people and at Vicinity, we have a network of outstanding teams across our 60 centres and five state offices around Australia.

We listen continuously at Vicinity and every year we conduct our engagement survey which measures cultural imperatives and enablers. In FY23, a new 'safety climate' factor was integrated as part of our commitment to ensuring a psychologically safe workplace for everyone at Vicinity.

In FY23, our engagement score was 66%, representing a two-percentage point reduction relative to FY22. We had over 80% of employees choose to participate and we garnered more than 1,400 comments which has enabled our leaders to respond with some quick wins around prioritisation and more integrated and coordinated ways of working, whilst also focusing on medium term objectives, particularly around career development.

With the appointment of Peter Huddle as CEO and Managing Director on 1 February 2023 and with a refreshed ELT, our commitment to creating an open, safe, and thriving workplace for everyone is enduring and front of mind in all our decisions across strategy, operations, and organisational culture.

During the year, we developed our response to the recommendations of the Jenkins Respect@Work report and launched our Respect@Vicinity training and education initiative, while promoting a 'speak up' culture and safe workplace for everyone.

OVER FY23, CHADSTONE CONTRIBUTED

$2.77b

in total MAT sales

OUR DESTINATIONS

At Vicinity, we have a high quality and resilient portfolio. Chadstone is the cornerstone of our business (representing 23% of total assets) and as one of the premier shopping centres globally, it is unrivalled in the Australian marketplace, with sales rising to $2.77 billion in FY23 and sales productivity at $16,019 per sqm.

Vicinity is the market leader in the growing premium Outlet sector which has proven to trade well through economic cycles, and while we are already competitively advantaged in the sector, we have ambitions to extend our leadership position.

We have a prized CBD retail portfolio, and we invested in these assets during the pandemic at an opportune time in the economic cycle. Remixing our centres involved taking strong national, international and high street retailers and establishing flagship stores in our centres and we are continuing to do this today.

As the leading Australian luxury landlord, our luxury stores have grown from 12 sites at Chadstone in 2009, to 66 stores across the portfolio today. We value our strong partnerships with luxury brand owners, and we continue to work together to expand existing and new luxury precincts in a number of our premium assets. Luxury retail sales now represent more than $1.0 billion in sales per annum relative to less than $100 million in 2009.

We have more than ten assets in key metropolitan locations with attractive retail and mixed-use development opportunities and we have a $3.3 billion development pipeline.

Our development pipeline represents an exciting source of growth and is a critical part of creating thriving community precincts and delivering value for all stakeholders.

Of note, a number of important developments were concluded during the year, including:

- Chadstone: The Social Quarter and the redeveloped Chadstone Place office, now fully occupied by Officeworks' Head Office
- Bankstown Central: A Coles supermarket and Grand Market, and a mini majors precinct, and
- Box Hill Central: A Coles supermarket and services mall, and four storey office podium leased to Hub Australia

At Chadstone, we also commenced Vicinity's first fully integrated mixed-use project. This includes the 20,000 sqm One Middle Road office tower, with 55% of pre-committed space. The office tower will be integrated into two levels of retail on the eastern side of Chadstone, with the retail component comprising a new, revitalised fresh food precinct, 'The Market Pavilion' and a new alfresco dining precinct. The development is expected to complete in stages from late 2023 until October 2024.

We were delighted to receive Development Approval for our retail and mixed-use development at Buranda Village, in Queensland. With a project value of approximately $850 million, the scheme envisages a retail and dining village, office and other health-related uses, subtropical landscaped public realm areas and more than 620 residential apartments.

In addition, we also received development approval for the redevelopment of the upper levels of Chatswood Chase Sydney. Following the initial redevelopment of the lower ground fresh food and dining precinct, which is currently underway, the next phase will substantially lift the luxury retail offering at Chatswood Chase Sydney. The centre is strategically located in one of Australia's most affluent catchments which bodes particularly well for an elevated retail offering.

Importantly however, we are mindful of elevated construction costs, and supply and demand pressures across Australia's construction industry as well as rising costs of capital. In this context, we will continue with our disciplined approach to evaluating and deploying capital to ensure we preserve our strong balance sheet and credit ratings.

Chadstone, VIC

$3.3b

Development pipeline

OUR ESG JOURNEY

We believe that having a sustainable business is critical to delivering long-term value for all our stakeholders. At Vicinity, we have made meaningful advancements in our Social and Governance priorities, and we continue to progress our Environmental initiatives with pragmatism and purpose.

During the year, we delivered several Diversity, Inclusion and Belonging programs intended to recognise and celebrate diversity of culture and gender, as well as progress Pride and Allies initiatives and increase inclusion and accessibility for those with disabilities.

With 60 centres located across Australia, strengthening connections with our local communities is underpinned by progressing our second Innovate – Reconciliation Action Plan commitments, extending our centre-based Community Action Plans to 54 of our centres, and established our new *Vicinity Cares* platform which supports donations, fundraising and volunteering opportunities for our people.

From an Environmental perspective, Vicinity is on track with our goal to achieve net zero for our Scope 1 and Scope 2 emissions for common mall areas across our wholly-owned retail assets by 2030[1] (**Net Zero Target**). We continue to be recognised in prominent investor surveys; ranked Oceania Leader for the second consecutive year and #3 globally by the Global Real Estate Sustainability Benchmark.

OUR BOARD OF DIRECTORS

During the year, we were pleased to welcome Ms Tiffany Fuller, Mr Michael Hawker AM, Ms Georgina Lynch, and Mr Dion Werbeloff to the Vicinity Board as Non-Executive Directors. And of course, we welcomed our CEO and Managing Director, Mr Peter Huddle to our Board on 1 February 2023.

Together, these appointments reflect Vicinity's commitment to Board renewal and having the right mix of skills, experience and importantly, leadership representing Vicinity and our securityholders.

Following their retirements from the Board during FY23, we would once again like to acknowledge the invaluable contributions of Ms Karen Penrose and Dr David Thurin AM to Vicinity over a number of years and wish them all the best with their future endeavours.

For more information on our Board of Directors, please refer to page 30 of this Annual Report.

OUR OUTLOOK FOR FY24 AND BEYOND

FY23 has been a successful year at Vicinity. We have delivered strong financial and operational results and at the same time, we have worked hard to embed resilience in our business model, particularly when retail sector fundamentals have been supportive.

The macroeconomic outlook for FY24 is uncertain, and the resilience of both consumer demand and retailer confidence is highly dependent on inflation returning to more normal levels and the interest rate cycle reaching its peak.

That said, negotiating quality, long-term leasing deals with fixed rate escalators at improving spreads in FY23 supports income growth in FY24, and our consistently conservative approach to hedging a portion of our drawn debt partially offsets higher interest costs. This, together with our conservatively managed balance sheet, enables us to enter FY24 in a strong position to navigate macroeconomic uncertainty and at the same time, continue to invest in our long-term growth priorities.

OUR THANKS

In closing, together with our Board colleagues and the Executive Leadership Team, we would like to acknowledge and thank everyone who is affiliated with Vicinity for their ongoing support, most especially our securityholders, retail partners, joint venture and capital partners, customers and of course, the Vicinity team.

Yours sincerely,

Trevor Gerber
Chairman

Peter Huddle

Peter Huddle
CEO and Managing Director

---

1. Refer to page 24 for more detail regarding this target. Details of Vicinity's wholly-owned assets can be found in the FY23 Direct Portfolio Property Book released to the ASX on 16 August 2023.

How we create value

Our capitals

Our strategy to create value

OUR INVESTORS

OUR PROPERTIES

OUR CUSTOMERS

OUR PEOPLE

OUR PARTNERSHIPS

OUR ENVIRONMENT

OUR STRATEGY – PAGE 9

OUR MANAGEMENT OF RISK – PAGE 26

REMUNERATION REPORT – PAGE 48

Value creation outcomes	Value drivers	More information
Sustained value growth Delivering resilient earnings growth and returns on invested equity and debt capital through cycles	• Total return • Funds from operations • Distribution per security • Strong balance sheet	FINANCIAL PERFORMANCE – PAGE 11 STAKEHOLDER ENGAGEMENT – PAGE 18
Vibrant place making Retail and mixed-use precincts are destinations of choice for shoppers, retailers, suburban office workers and surrounding communities	• Owning the right assets in strategically important locations • Active curation of asset portfolio • Pipeline of value enhancing retail and mixed-use development projects • Investment in ambience, retail mix and mall finishes	PORTFOLIO PERFORMANCE – PAGE 10 OUR DESTINATIONS – PAGE 20
Winning with our customers Retailers and shoppers choose Vicinity destinations every time	• Customer experience (NPS) • Tenant satisfaction • Visitation and retail sales growth • High levels of occupancy • Appropriate occupancy cost ratio	PORTFOLIO PERFORMANCE – PAGE 10 OUR DESTINATIONS – PAGE 20 STAKEHOLDER ENGAGEMENT – PAGE 18
Thriving workplace for everyone A high-performance culture where organisational values and ways of working are an enabler of strong performance and promote a thriving, safe work environment for everyone	• Employee engagement • Continued improvement in diversity, inclusion and belonging • High health, safety and wellbeing standards • Strong alignment between performance, recognition, opportunity and reward	OUR PEOPLE – PAGE 14 OUR COMMUNITIES – PAGE 16 STAKEHOLDER ENGAGEMENT – PAGE 18 SUSTAINABILITY
Prospering partnerships Partnerships with joint venture partners, suppliers and communities are underpinned by long term, mutual value creation	• Third party funds under management • Supply chain governance • Community engagement and contribution • Considered stakeholder engagement	OUR COMMUNITIES – PAGE 16 STAKEHOLDER ENGAGEMENT – PAGE 18 SUSTAINABILITY
Resilient portfolio and purposeful ESG Delivering positive environmental outcomes enabled by resource efficiency and operational effectiveness	• Pathway to Net Zero by 2030 • Energy, waste and water efficiency • Highly ranked by Australian and global benchmarking • Pragmatic deployment of capital to sustainability initiatives	NET ZERO – PAGE 24 SUSTAINABILITY

Operating and Financial Review

OVERVIEW OF VICINITY

Vicinity is a leading owner and manager of retail and mixed-use precincts in Australia. Vicinity's strength is underpinned by highly attractive portfolio fundamentals.

	Wholly-owned	Jointly-owned	Vicinity total	Assets under management
Number of assets	30	29	**59**	60
Value ($b)	6.0	8.4	**14.4**	23.6
GLA (000, sqm)	885	1,552	**2,437**	2,506
Development pipeline ($b)	1.8	1.5	**3.3**	
Total land area (000, sqm)	2,165	3,090	**5,254**	

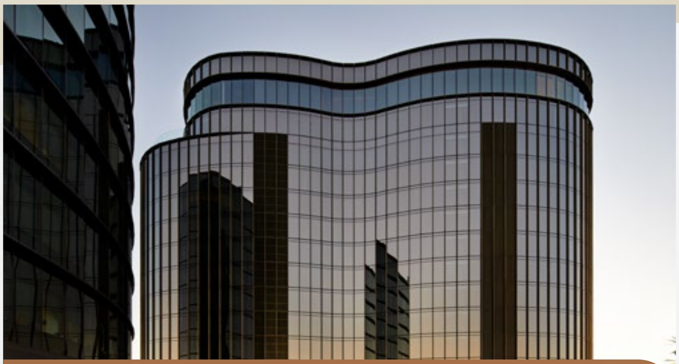
Leader in premium
Outlets category

$23.6b
Assets under management

Australia's pre-eminent retail destination, Chadstone

Australia's leading premium Outlet Centre portfolio across eight centres

A leading east coast premium CBD retail presence across seven centres, and



A diversified portfolio of metropolitan assets, many of which have large parcels of land in strategic locations with attractive mixed-use development opportunities

OUR STRATEGY

Vicinity's strategy is focused on driving securityholder returns where investment decisions and capital deployment are property-led and prioritised to deliver profitable growth. These ambitions are supported by four strategic pillars:

Enhance the investment portfolio

Vicinity will enhance its investment portfolio by owning and investing in the right assets – that is where Vicinity has a clear strategic advantage and the ability to generate superior value over time. This includes:

- Growing exposure to premium malls and outlet centres through selective acquisition activity
- Divesting full or partial interests in selected assets to release capital for more attractive investment opportunities, and
- Advancing a significant retail and mixed-use pipeline to enhance and diversify portfolio composition

Deliver property excellence

Vicinity will deliver property excellence through intensive operational management of its assets. This is about providing exceptional service to tenants and our consumers, growing ancillary income streams and striving for better operating efficiency across the portfolio. Specifically:

- Becoming a retail partner of choice to help optimise leasing outcomes and deliver more first to market concepts
- Removing friction in the consumer journey to maximise satisfaction levels, improve visitation and spend per visit
- Growing ancillary income through the commercialisation of both retailer and consumer demand for value-adding products and services, and
- Seeking out further asset cost efficiency through the application of standardised operating procedures, improved demand management and new technologies

Maintain strong financial stewardship

Vicinity will maintain strong financial stewardship through preservation of its investment-grade credit ratings and balance sheet flexibility. This includes:

- Disciplined management of debt arrangements (including gearing at the lower end of the target range, appropriate hedging to minimise the impact of near-term interest rate volatility and an extended debt-expiry profile)
- Prudent allocation of capital resources through careful prioritisation of opportunities and the development of robust business cases, and
- Fostering deeper investor relationships to harness equity from new and existing capital partners and the listed equity market at appropriate times

Enable good business

Vicinity enables good business by drawing on the broader resources of the group to deliver on core elements of the strategy more effectively. This includes:

- Ensuring leaders are highly skilled at driving performance in relation to aligned objectives and that organisational ways of working promote a thriving and safe work environment for everyone
- Developing a purposeful ESG program and mindset to drive more sustainable business practices and reduce both reputational and operational risk
- Taking a pragmatic approach to managing risk and compliance to promote optimal business performance, and
- Pursuing continuous improvement of data/digital, systems and processes facilitating improved knowledge sharing and collaboration, reducing cost through automation and further empowering teams to innovate

Operating and Financial Review (continued)

PORTFOLIO PERFORMANCE

Vicinity delivered strong operating metrics in FY23, leveraging the resilient retail sector to drive a significant level of leasing activity that was focused on enhancing the retail mix of each centre, reducing income at risk and at the same time, supporting current and future NPI growth via positive releasing spreads and our traditional specialty retail lease structure of five-year leases with fixed annual escalators.

On retail sales, across mini majors and specialties, all product categories delivered growth in 2H FY23 with food catering and food retail, together with jewellery delivering the strongest growth rates, at 21.1%, 14.7% and 14.6%, respectively.

Luxury continued to perform strongly in 2H FY23 with growth of +7.3% and Vicinity's premium shopping centres, comprising Chadstone, Outlets and CBD centres, also delivered strong growth up 7.2%, 8.8% and 21.0%, respectively in 2H FY23.

Underpinning strong retail sales growth across Vicinity's CBD portfolio in 2H FY23 was a 30% uplift in visitation, with the steady return of office workers and the continued recovery of international tourism. More broadly, total portfolio visitation increased 11.9% in 2H FY23 relative to 2H FY22 with all asset classes observing an improvement.

Vicinity leased 306 vacant stores in FY23, and occupancy increased to 98.8% from 98.6% reported at 1H FY23 and 98.0% reported at the height of the pandemic (Dec-20).

In FY23, Vicinity completed 1,628 comparable leasing deals, 250 more deals than FY22 and approximately 25% higher than pre-COVID levels (FY19). This delivered $208 million in first year rent relative to $162 million in FY22. Total deals completed in FY23 were almost 2,250 and this volume surpassed any previous year since the Company's inception in 2015.

Leasing spreads continued to show positive momentum, with a positive leasing spread for FY23 of +0.3% relative to -4.8% reported over FY22 and –0.1% for 1H FY23. Vicinity continued to achieve high single digit spreads for Chadstone and Outlet Centres, driven by ongoing retailer demand for premium assets. Vicinity's headline specialty occupancy cost ratio (**OCR**) remains robust at 13.5% which compares to an OCR of 15.0% immediately pre-COVID and reinforces the resilience of current and future rents.

Our development pipeline represents an exciting source of growth and is a critical part of creating thriving community precincts and delivering value for all stakeholders.

Refer to pages 21 to 23 for a summary of the important developments that were concluded in FY23.

In the final quarter of FY23, Vicinity divested a 50% interest in the shopping centre at Broadmeadows Central, at a 5.2% premium to 31 December 2022 book value. In the immediate term, the transaction extended Vicinity's capital partnerships and strengthened Vicinity's balance sheet.

1,628
Comparable leasing deals

+0.3%
Leasing spread

$12,644
Specialty MAT/sqm

Five key
Development completions

98.8%
Occupancy

Chadstone, VIC

FINANCIAL PERFORMANCE

FINANCIAL RESULTS

Vicinity's key measures of financial performance are Funds From Operations (**FFO**) and Adjusted FFO (**AFFO**)[1,2]. Statutory Net Profit After Tax is 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, to calculate FFO. FFO is further adjusted for maintenance capital, leasing costs and other capital items to calculate AFFO. Vicinity's distribution policy is to pay out between 95% and 100% of AFFO.

	FY23 ($m)	FY22 ($m)
Net property income (NPI)	900.2	802.8
External management fees	60.5	52.5
Net corporate overheads	(96.7)	(94.7)
Net interest expense	(179.2)	(162.3)
Funds from operations (FFO)[1]	**684.8**	**598.3**
Maintenance capex and lease incentives	(101.9)	(101.5)
Termination of interest rate swaps	(6.9)	–
Adjusted FFO (AFFO)[1]	**576.0**	**496.8**
Distribution declared	**546.3**	**473.4**
Statutory net profit after tax[2]	**271.5**	**1,215.2**
Weighted average number of securities	**4,552.2**	**4,552.2**
FFO per security (cents)	15.04	13.14
AFFO per security (cents)	12.65	10.91
Distribution per security (cents)	12.0	10.4
Distribution payout ratio (%)	94.9	95.3

FFO increased by $86.5 million, or 14.5%, to $684.8 million, driven by:

- **Net property income increased $97.4 million, or 12.1%.** Continued increase in the collection of gross rental billings, along with strong underlying performance through rental growth, percentage rent uplift, continued ancillary income growth, led by carparks and media sales, and higher occupancy. NPI also included a $29.2 million reversal of prior years' waivers and provisions (FY22: $62.8 million).
- **External fees increased $8.0 million, or 15.2%.** Asset management fees increased 18% driven by strong development and leasing activity and improving NPI.
- **Net corporate overheads increased $2.0 million, or 2.1%.** Modest increase in corporate overheads, despite heightened inflation.
- **Net interest expense increased $16.9 million, or 10.4%.** Increase in both the level of debt, principally due to development activity, and higher market interest rates.

AFFO increased $79.2 million or 15.9%. AFFO capital, comprising the continued investment by Vicinity in its assets via maintenance capital expenditure plus leasing incentives for the introduction of new brands, totalled $101.9 million, largely unchanged on FY22. In the current year, AFFO capital included a $6.9 million payment to cancel interest rate swaps which increased the Group's hedge ratio.

Statutory net profit after tax reduced $943.7 million. FFO gains were offset principally by the changes in the valuations of investment properties and net unrealised impact of foreign exchange movement on debt instruments year on year.

SEGMENT INFORMATION – PAGE 80

---

1. FFO and AFFO are widely accepted measures of real estate operating performance. They are determined with reference to the guidelines published by the Property Council of Australia and are non-IFRS measures.
2. A full reconciliation between statutory net profit after tax and FFO is included in Note 1(b) of the Financial Report.

Operating and Financial Review (continued)

FINANCIAL POSITION

The following table shows a summarised balance sheet.

	FY23 ($m)	FY22 ($m)
Cash and cash equivalents	192.9	55.6
Investment properties	14,288.4	14,366.4
Equity accounted investments	437.5	513.8
Intangible assets	164.2	164.2
Other assets	501.6	452.6
Total assets	**15,584.6**	**15,552.6**
Borrowings	4,073.5	3,752.5
Other liabilities	873.0	915.0
Total liabilities	**4,946.5**	**4,667.5**
Net assets	**10,638.1**	**10,885.1**

Key items impacting the balance sheet movement in FY23 include:

- **Cash and cash equivalents increased $137.3 million.** This is largely due to the divestment of a 50% interest in the shopping centre at Broadmeadows Central which settled on 30 June 2023, with proceeds subsequently used to repay borrowings.
- **Investment properties and equity accounted investments decreased $154.3 million, or 1.0%.** This was impacted by the Broadmeadows Central divestment and the portfolio net valuation decrement over the year, partly offset by investment spend across a number of assets, principally for development and refurbishments.
- **Increase in borrowings of $321.0 million, or 8.6%.** Borrowings were impacted by capital expenditure throughout the year.

BALANCE SHEET – PAGE 75

Box Hill Central, VIC

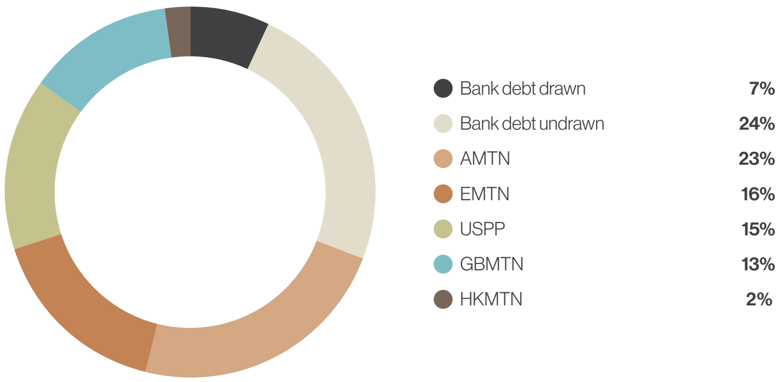
CAPITAL MANAGEMENT

Vicinity's strategy is underpinned by a steadfast commitment to active debt capital management to ensure the balance sheet remains strong so as to enable Vicinity to navigate uncertainty whilst investing in growth priorities. This year key initiatives included:

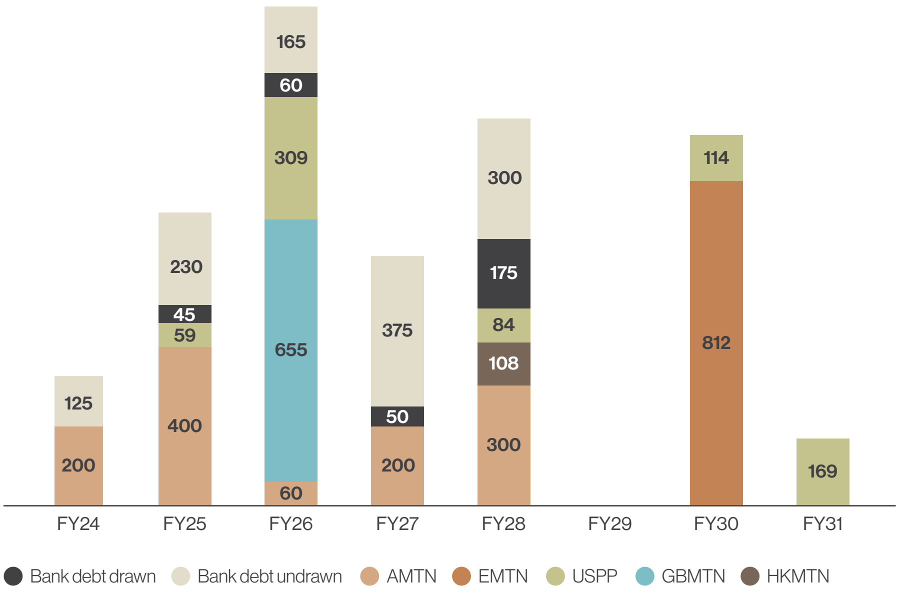
- Negotiated $1.0 billion of new and extended bank debt facilities
- Cancelled $700 million of bank debt facilities
- Divested a 50% interest in the shopping centre at Broadmeadows Central, reducing drawn debt and expanding capital partnerships

Vicinity's policy is to maintain high near-term interest rate hedging, which minimises interest cost volatility. As a result, during FY23 the weighted average cost of debt[1] rose just 30 bps from FY22 to 4.6% in FY23, despite a significant increase in the Australian cash rate during that time. Gearing remains at the low end of Vicinity's target range of 25% to 35% at 25.6% and the debt book remains well diversified by instrument type, lender and expiry date. Consequently, Vicinity maintains high investment-grade credit ratings of A/stable by Standard & Poor's and A2/stable by Moody's Investors Service.

Debt Sources (% of total)[2]



Debt Maturity Profile ($m)[2]



Primary debt covenants

Covenant	Limit	Current
Gearing/Loan to value ratio	50%	25.6%
Interest Cover Ratio	>1.8 times	4.6 times

1. The average over the 12 months ended 30 June 2023 and inclusive of margin, line fees and establishment fees. Excluding undrawn line fees and undrawn establishment fees, WACD in FY23 was 4.4% (FY22: 4.0%).
2. Includes capital management activities undertaken post period end.

25.6%

Gearing remains at lower end of target range of 25% to 35%

Our people

Our talented teams across our 60 retail centres and five state offices are the foundation of our business and what makes Vicinity unique. Our commitment to creating an open, safe and thriving workplace for everyone is front of mind in all our decisions across strategy, operations and organisational culture.

BUILDING AN OPEN, SAFE, AND THRIVING WORKPLACE

With the appointment of Vicinity's new CEO, Peter Huddle, on 1 February 2023 there has been a strengthened focus on building a culture where everyone can thrive and where everyone is respected, and diversity of thought is valued. Peter, along with the ELT will be listening and working with the Vicinity team to continue building a place where everyone loves coming to work and is energised and excited by the future of what we can achieve.

Listening to our teams is how we are shaping our cultural roadmap for FY24 and beyond. Over the past 12 months we have listened through our annual engagement survey, a Workplace Psychological Safety Index survey and focus group sessions to understand how our teams are feeling and the opportunities we have.

In FY23, our employee engagement score was 66%, a two-percentage point reduction compared to FY22. However, it was encouraging that we had over 80% of our people complete the survey and we received valuable feedback through 1,400 comments. These provided valuable insights that enable our leaders to respond with some quick wins around prioritisation and more integrated and coordinated ways of working, whilst also focusing on medium term objectives, particularly around career development.

A new 'safety climate' factor was added to the engagement survey to acknowledge the importance of psychological safety which also complements the more targeted work being undertaken in this space.

In addition to the psychological safety questions, we also engaged AP Psychology & Consulting Services (**APPCS**) to identify actions to improve psychological safety maturity. As part of this, we conducted a Workplace Psychological Safety Index (**WPSI**) survey, a desktop review of our policies and systems, as well as focus groups with team members across the country.

The insights have highlighted areas of focus, enabling Vicinity to create a clear roadmap of initiatives to develop and drive our maturity in this space.

During FY23, we developed our response to the recommendations of the Jenkins Respect@Work report and launched Respect@Vicinity training and education initiatives to further encourage a 'speak up' culture. Since November 2022, we have held face-to-face training for our senior leaders, executive team and Board members covering topics of bullying, harassment, racism, discrimination, and victimisation. All our team members completed online training, which will become part of our regular training requirements. As we enter FY24, we are now following up with face-to-face workshops in team meetings to further enhance understanding.

More broadly, a periodic review of the Health, Safety and Environment (**HSE**) Management System and Policy was undertaken this year. As a result, a number of continuous improvement opportunities were identified. A three-year health, safety, environment and wellbeing (**HSEW**) strategy has been developed to enhance Vicinity's existing approach to HSEW risk management and better enable compliance with Vicinity's obligations. Performance metrics tracking HSEW performance have also been developed.

Vicinity's lost time injury frequency rate has increased from 0.53 in FY22 with one injury recorded, to 5.64 in FY23 with 11 injuries recorded. Although injury numbers have increased, injury severity remains minor[1]. A fit for purpose set of metrics have been developed to improve HSEW performance measurement going forward.

CREATING A HIGH-PERFORMANCE CULTURE

We know that to be a high-performing team, our people need to bring their whole selves to work and have a desire to continue to learn and develop through their career at Vicinity. We also know that diversity is a strong contributor to high performance.

Our Employee Advocacy Groups (**EAGs**) – Pride and Allies, Disability, Cultural Diversity and Gender Balance – which are sponsored by Executives to create accountability from the most senior levels in the organisation, have continued to raise awareness, educate, and celebrate our differences. Over the past 12 months, our EAGs have hosted panel discussions for International Women's Day, World Pride Month and International Disability Day, as well as celebrated the cultural diversity across our business.

We have created moments both internally and externally to celebrate lived experiences and share stories and learnings with each other, which has promoted further connections as a team.

We remain committed to achieving our 40:40:20 gender balance target and have a gender split of 61% female, 39% male across our business. While 52% of people leaders across the business are female, we acknowledge more focus is required to improve these numbers at the business leadership team level.

Supporting our teams through the right learning and development opportunities is also critical to building a high-performing team.

Leadership Development continues to be a pivotal enabler of our strategic priorities and a driver of a high-performance culture at Vicinity. We continued to elevate our leadership development programs in FY23 to cater for team members across all levels of the organisation. As part of our learning and development focus, we encourage our team members to consider mentoring, coaching and/or online learning programs through Coursera and LinkedIn and learn more about the business through new roles, projects or secondments.

---

[1] Temporary incapacity (1-5 days) with a full recovery to work. FY23 incidents included events that resulted in sprains, strains, minor lacerations and/or bruises.

Vicinity's first disability recruitment pilot

As part of building an inclusive culture, Vicinity continues to create employment pathways to support diverse talent. After a successful first disability pilot in 2022, Vicinity extended its partnership with Max Solutions, a recruitment agency connecting people in the disability community with meaningful, sustainable employment and giving workplaces the resources to help them thrive.

Meet energetic, highly motivated Joshua Uykimpang, who joined the Bankstown Central Guest Experience team earlier this year. Joshua is one of over 200,000 Australians living with autism and with tailored support from the Max Solutions team, our Talent team and hiring managers, he applied and interviewed for a key customer service role and has since joined the team three days a week.

Bankstown Central Centre Manager, Eddie Paynter, said: "We want to continue to improve how we engage with our diverse community but want to ensure we do it in the right way. Bringing new perspectives into our team helps us better serve customers and creates a stronger team environment."

Committed to embedding a high-performance culture where everybody thrives, Eddie and the Bankstown team have prioritised their support structures, completed disability training and maintained an open dialogue, which have provided a solid foundation for Joshua to learn and grow in the team.

Celebrating World Pride Month

In support of Sydney World Pride in February 2023, the iconic Queen Victoria Building (**QVB**) honoured five powerful people from the LGBTQIA+ community who have stood for change and pushed LGBTQIA+ representation and equality forward over the last 45 years.

During the Pride campaign, five 'real queens' took over Sydney's iconic QVB, their names appearing across its website, social channels and physical space. A physical installation of the campaign came to life in the dome, transforming the area into an engaging spectacle—a hanging art installation featuring the large-scale portraits, paying homage to our real queens for the season of pride.

During World Pride Month in June, three of the 'real queens' – Ken Davis, Felicia Foxx and Janine Middleton AM (ally for Same Sex Marriage) – participated in our company-wide town hall in a conversation hosted by our Pride and Allies executive sponsor, Chief Legal, Risk & ESG Officer, Carolyn Reynolds, and Pride and Allies Lead, Carlingford Court Centre Manager Craig Tache. It was a great discussion where our team heard stories and insights on how we can further support an inclusive environment.

Leadership development via cross functional opportunities

Kate Broome is one of our senior leaders within Vicinity and recently made a lateral move into a new part of the business.

Kate joined Vicinity in 2019 in the leasing legal team and successfully led that team through the COVID-19 period before looking at where she could stretch her skills. After a conversation with her leader about her future career goals, Kate started a development plan that would support a pathway for her to explore different options within the business.

Part of Kate's development plan involved informal mentorships and explorations with Vicinity executives, and working with an external coach who helped Kate identify what her next career move could look like. She also completed a variety of courses focusing on developing her general leadership skills, such as the Chief Executive Women leadership program. Underpinning Kate's plan was gaining a broader understanding of the business, her transferable skills and the opportunities that could bring this all together for both Kate and Vicinity.

In June 2023, Kate was appointed as General Manager, Data, Innovation & Insights, which is a newly realigned team. Vicinity's informal and formal learning opportunities will continue to encourage our team members to find ways to ensure they continually learn and grow. Equally pleasing was the fact that Kate's successor was promoted from within the leasing legal team, providing a seamless transition of leadership.

Our communities

Our retail destinations play an important role in the communities they serve.

Vicinity's community engagement ranges from portfolio-wide initiatives like Vicinity Cares, to smaller centre-specific programs focusing on the needs of our local communities. There are a multitude of initiatives undertaken across our portfolio each year which, when combined, amount to significant community reach and impact. Over FY23, we have contributed $4.5 million through our targeted community investment programs.

This year, we launched our new employee social impact platform, **Vicinity Cares**. The platform empowers our team members to donate to, fundraise for and volunteer with charities that are important to them.

Vicinity amplifies this impact by matching up to $500 of donations per team member annually. Since its launch in April, 72% of team members have accessed the program, led by strong promotion from the Executive Leadership Team.

Our team members are eligible for two days of **paid volunteer leave** per year, which they are encouraged to use both as individuals and in team events. We have had teams volunteer with organisations including Very Special Kids, Westgate Biodiversity and Ronald McDonald House, and also donate blood through our Vicinity Lifeblood Team.

OUR TEAM DONATED TO

236

different charities

In FY23, we piloted the **Vicinity Community Grants** program across four of our centres, which allocated $54,000 of grant funding to local community groups. Vicinity targeted programs with a focus on youth employment, mental health, diversity and inclusion, community wellbeing and environmental rejuvenation. We will be assessing the success of this program, ahead of expanding it for FY24.

Embedding our centres into the social fabric of local communities continues to be an important aspect of supporting community resilience and cohesion, and our centre teams have focused on building authentic **community partnerships** and supporting impactful programs.

Some examples include:

- Lake Haven Centre, NSW partners with Red Cross Lifeblood to host monthly mobile blood donation centres for the community, making it more accessible for people to donate blood
- Elizabeth City Centre, SA partnered with Youngster & Co to offer free technology support sessions for Seniors in a safe and familiar environment
- The team at Mandurah Forum, WA operated a Christmas donation table in the centre collecting almost $4,000 in cash, gift cards and food staples for local families in need
- 'More Smiles, Less Waste' toy recycling program at Northland, VIC in partnership with Moose Toys and Circonomy, resulting in repurposing and recycling of 715kg of toys in one month
- 'Youth Matters' engagement and employment program at Grand Plaza, QLD in partnership with yourtown resulting in program participants securing employment at the end of each program block
- 'Focus on Gympie – A Kids Eye View' at Gympie Central, QLD saw collaboration with the Gympie Local Level Alliance to address complex social issues facing children and families to achieve lasting change
- The Glen, VIC partnered with Glen Waverley Police Station for International Day of Persons with Disabilities for a community day to raise funds and awareness, and provide a safe space for the community to interact with the local police force, and
- Many of our centres also frequently host 'Coffee with a Cop' sessions to encourage positive relationships between the community and law enforcement.

Our focus on shaping stronger, resilient and more prosperous communities extends to our social procurement program – working with local, social and Indigenous enterprises to meet our procurement needs. Increasing our supplier diversity and partnering with social enterprises allow us to make a positive impact in the communities in which we operate.

In FY23, we spent $579,000 and $5.4 million with social and Indigenous enterprises, respectively, through direct engagement and also leveraging our partnerships with Supply Nation and Social Traders.

Vicinity Cares

The launch of our Vicinity Cares platform is designed to make it easier for our team to give back to charities that are important to them, through donations, fund raising and volunteering. Leigh Caulfield, Senior Operations Manager, raises funds for the Mitochondrial Foundation each year; a condition affecting his son and therefore very close to his heart.

This year, Leigh participated in the 35km 'Bloody Long Walk' and promoted awareness through his social and professional networks.

Through the new Vicinity Cares platform, Leigh was able to expand his reach to the entire organisation and receive more donations, including making use of Vicinity's donation matching of up to $500 per team member. His team of 28 people raised over $25,000 with ~$4,500 raised through Vicinity Cares which will go toward finding a cure.

VICINITY CARES

More broadly, we focus on building strong and mutually beneficial relationships with all of our **suppliers**, by engaging with them to maintain good supply chain governance and encouraging them to share Vicinity's commitment to acting fairly, ethically, safely and responsibly at all times.

Vicinity works closely with suppliers to identify and address **Modern Slavery** risks across our supply chain. More specifically, Vicinity is committed to continually improving its approach to addressing modern slavery year on year. More detail on our efforts this year will be provided in our 2023 Modern Slavery Statement to be released in late 2023.

SUPPLIER CODE OF CONDUCT

2022 MODERN SLAVERY STATEMENT

Vicinity entered into its third **Reconciliation Action Plan (RAP)** this year. This year Vicinity's major focus areas included:

- Expanding Vicinity's partnerships with Indigenous businesses – making progress on its target of $6 million spend over the five years to FY27
- Continued collaboration with SEDA College and Bridging the Gap foundation – fund raising initiatives across corporate offices and a range of centres to support SEDA College scholarships for an additional three Indigenous students, bringing our total to seven across our fundraising efforts to date
- Expanding and embedding culture awareness – in FY23, this included providing online training, workshops, educational 'lunch and learn' sessions, walks on country, engagement with Traditional Owners and Custodians and being the major sponsor of the Follow the Dream program

OUR TEAM VOLUNTEERED

2,000hours

Vicinity community grants

Hopestreet youth engagement program

Hope Street is a community organisation that runs youth engagement programs in Playford opposite our Elizabeth City Centre, SA including outreach, mentoring and employment programs.

As a recipient of a Vicinity Community Grant in 2023, Hope Street is able to implement a Café and Retail Skills program offering valuable training and employment opportunities to young people aged 14-17 who may be disengaged from school or participating in anti-social behaviour. This will involve classroom teaching sessions in conjunction with practical hands-on experience in Hope Street op shop and café.

Youth engagement is a key priority area of Vicinity's Community Investment strategy and we are delighted to be able to support organisations such as Hope Street in contributing to the support and futures of young people in our local communities.

Follow the dream program

This year, Vicinity became a major sponsor of the Follow the Dream program in WA. A significant highlight on the program's annual calendar is a four-day camp, where a group of young Indigenous leaders are taken 'on country' with well-respected Whadjuk Noongar Elder Dr Noel Nannup. The objective of the camp is to create positive aspirations for young Indigenous people, connect them to, and further develop, their cultural identity with a focus on creating strong, proud young Indigenous leaders in our community. In recent years, the program has witnessed direct links between cultural engagement and educational outcomes.

This year, Dr Nannup led the students along the songlines of the Wheatbelt – the Eastern region of Perth – stopping along the way to take in significant Aboriginal sites and storytelling. The students had an opportunity to learn language, dance and Dreamtime stories, and also to participate in Aboriginal art, decorating a didgeridoo and tapping sticks they had each been provided.

Subsequently, a number of Vicinity team members were honoured to attend a special assembly as part of NAIDOC Week, where students presented Vicinity with an amazing piece of art to celebrate the Follow the Dream program which now features proudly in the Vicinity WA state office in Perth.

Stakeholder engagement

At Vicinity, our strategy is focused on enhancing securityholder returns with investment decisions and capital deployment being property-led and prioritised to deliver profitable growth.

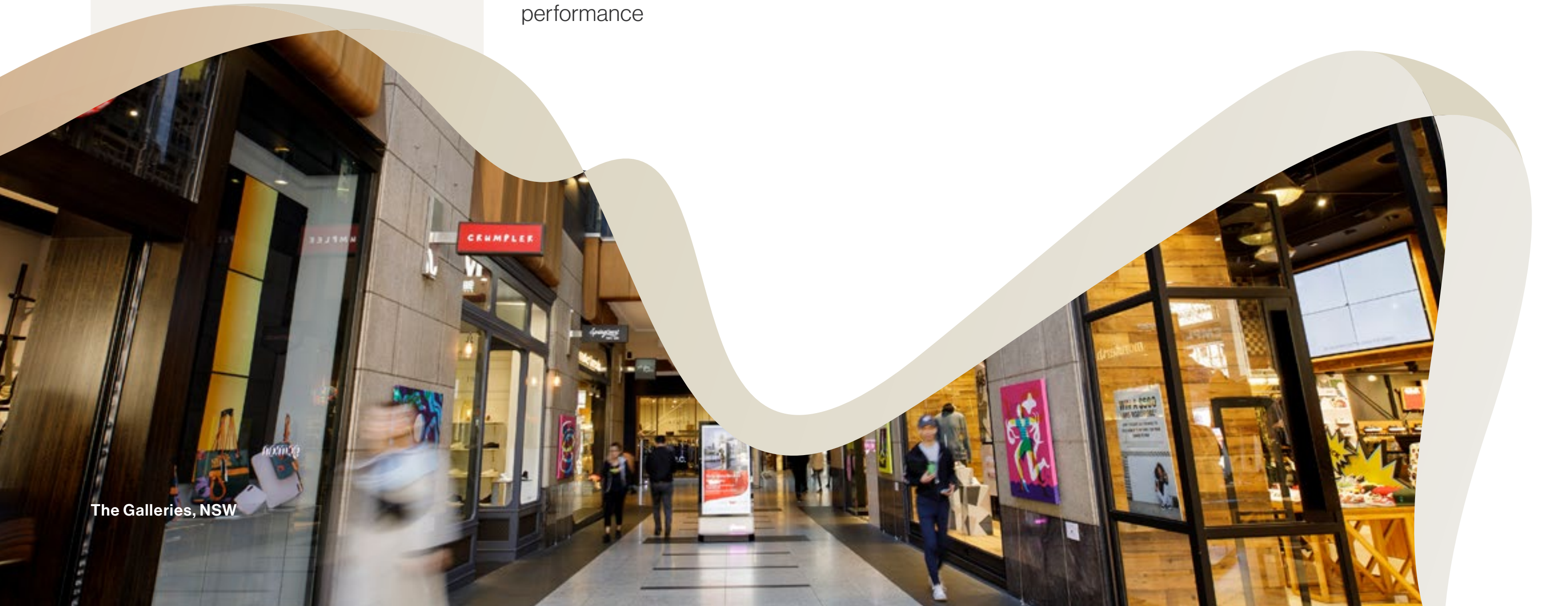
In delivering our strategy, we are also focused on creating mutually beneficial outcomes for our stakeholders, as contributors to our value chain. We regularly engage with our stakeholders to understand their requirements and experience when dealing with Vicinity as a partner. In order to garner a deeper understanding of the key stakeholder interests, every two years Vicinity undertakes a stakeholder materiality assessment, which was last completed in FY22 by Deloitte Australia.

Undertaking detailed stakeholder materiality analysis, provides valuable insights for Vicinity. It enables us to ensure Vicinity's strategy remains fit for purpose, highlighting areas where Vicinity can collaborate to create win/win outcomes, but also identifying areas of potentially material sustainability-related risks. Detailed information on Vicinity's stakeholder materiality assessment, can be found in Vicinity's 2022 Sustainability Report and the next independent assessment will be undertaken in FY24.

2022 SUSTAINABILITY REPORT
HOW WE CREATE VALUE – PAGE 6
OUR STRATEGY – PAGE 9
OUR MANAGEMENT OF RISK – PAGE 26

The following table outlines how we engage with, and key interest areas of, a number of our key stakeholders.

How we engage	Material Interests	Strategic pillars	Our response
Retailers			
• Initially through national and centre leasing teams • Ongoing engagement with centre management teams • Strategic meetings with key members of the senior leadership team	• Ongoing tenant engagement and retention • Data and insights into consumers • Strong engagement with centre management • Marketing and other initiatives to drive retailer success		OUR DESTINATIONS – PAGE 20
Our People			
• Town Halls • Senior leadership forums • Senior leader briefings • Regular employee surveys • Regular updates on the intranet • Performance reviews and development plan meetings with people leaders	• A sense of belonging at Vicinity • Learning and career development opportunities • Flexibility to balance professional and personal needs to ensure health and wellbeing • Ongoing development and career opportunities to perform in existing and future roles • Timely and transparent communication in relation to Vicinity's strategy and performance		OUR PEOPLE – PAGE 14 OUR COMMUNITIES – PAGE 16 2022 SUSTAINABILITY REPORT CORPORATE GOVERNANCE


The Galleries, NSW

How we engage	Material Interests	Strategic pillars	Our response
Securityholders			
• Annual General Meeting • Annual Report and Corporate Governance Statement • Sustainability Report • Annual and half yearly results briefings • ASX announcements • Investors website page • Direct email communications • Meetings with major institutional investors	• Maintaining a strong financial position • Strengthening portfolio composition • Creation of community hubs and experiences that respond to changing consumer trends and support retailer success • Disciplined delivery of our development pipeline • Maintaining a strong reputation through regular and transparent disclosure • ESG related risks and opportunities such as climate change, modern slavery, data privacy and cyber security	🏢 ✷ $ 🏅	📖 OUR STRATEGY – PAGE 9 📖 OPERATING AND FINANCIAL REVIEW – PAGE 8 📖 OUR DESTINATIONS – PAGE 20 📖 OUR COMMUNITIES – PAGE 16 ↖ 2022 SUSTAINABILITY REPORT ↖ CORPORATE GOVERNANCE
Strategic partners			
• Annual JV partner survey • Quarterly property performance review meetings; annual budget and Vision Strategy Action plan meetings • Six-weekly development update meetings; Project Control Group meetings for approved development projects • Monthly and quarterly reports on our sustainability policies, practices and performance • Site visits and one-on-one meetings • Sustainability Report	• Deliver stable and growing returns • Creation of community hubs and experiences that respond to changing consumer trends and support retailer success • Alignment in strategy, objectives and transparency in reporting • Delivering on investment objectives	✷ 🏅	📖 OUR DESTINATIONS – PAGE 20 📖 OUR COMMUNITIES – PAGE 16 ↖ 2022 SUSTAINABILITY REPORT ↖ CORPORATE GOVERNANCE
Customers and communities			
• Through centre management offices and customer services desks • Direct engagement (through focus groups, one-on-one interviews) and third-party research organisations • Social media and centre websites • Community engagement in development projects • Community engagement programs at our centres	• Providing convenient and engaging shopping experiences • Appropriate tenant mix to service consumers' wants and needs • Facilitating human connections • Supporting local communities through targeted community investment	✷ 🏅	📖 OUR DESTINATIONS – PAGE 20 📖 OUR COMMUNITIES – PAGE 16
Supplier and contractors			
• Managing contracts and performance at national and centre level through our supplier relationship framework • Development project control group meetings for approved development projects • One-on-one meetings	• Building collaborative and mutually beneficial partnerships • Embracing innovation to meet operational and sustainability objectives • Enhancement of approach to identifying and addressing Modern Slavery issues within the supply chain • Active resource and capacity planning to provide maximum flexibility within the supply chain	✷ 🏅	📖 OUR STRATEGY – PAGE 9 📖 OUR DESTINATIONS – PAGE 20 📖 OUR COMMUNITIES – PAGE 16 ↖ CORPORATE GOVERNANCE

Our destinations

CHADSTONE

#1 Shopping centre

for total MAT and specialty productivity[1]

QUEENSPLAZA

#1 CBD centre

for total MAT and specialty productivity[1]

Vicinity has a large, unique, and diversified asset portfolio across Australia, comprising 60 shopping centres, which are located within 30 minutes' drive for around two thirds of the Australian population.

At the heart of our ever-evolving retail portfolio are some of Australia's best-loved retail centres. Our expansive and varied retail asset portfolio provides a diverse platform for retail partners with growth aspirations to scale their businesses geographically and by sales channel.

Today, our portfolio comprises:

- Chadstone – a flagship retail, dining and leisure destination that is unrivalled in Australia and ranked in the top five globally and representing 23% of total assets
- Australia's premium Outlet Centre portfolio that provides value retail within key metropolitan markets and trades well through economic cycles
- A portfolio of seven premium CBD retail destinations across the east coast capital cities, that is unmatched by any other landlord, and
- A diversified portfolio of metropolitan assets, located on prime parcels of land in attractive catchments, many of which feature attractive mixed-use development opportunities.

Our strategically-located retail assets provide the perfect platform for mixed-use investment, with office and other commercial spaces benefiting from the extensive amenity and transport links on site.

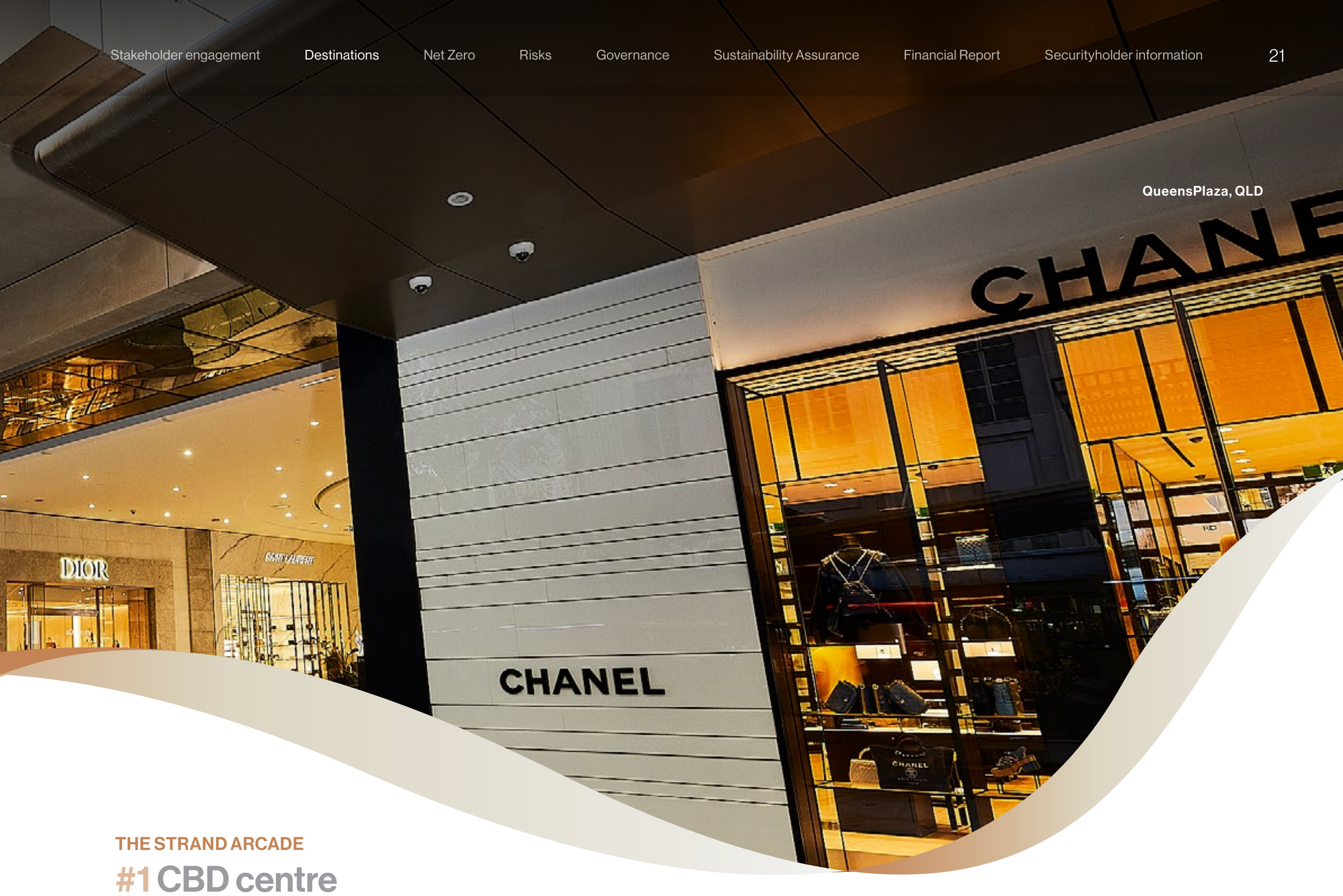
In addition to these physical assets, Vicinity has some of Australia's leading asset management and leasing capabilities, as well as a deep understanding of the customers and communities within which our centres are located.

This enables Vicinity to deliver property excellence by curating a retail mix and customer experiences that are unique to each centre and tailored specifically to their customer base. With Vision, Strategy, Action plans (**VSAs**) in place for each centre, Vicinity is able to ensure asset teams have clear plans, programs and projects in place to continue to drive asset value.

The VSAs are also an important tool used by Vicinity's Investment and Capital Committee when allocating capital for maintenance, ambience and sustainability upgrades, tenant reconfigurations and larger investments as part of Vicinity's $3.3 billion retail and mixed-use development pipeline.

This year, Vicinity completed five important retail and office developments.

[1] Shopping Centre News' 2023 Big Guns and CBD Guns surveys.


QueensPlaza, QLD

THE STRAND ARCADE

#1 CBD centre

for total centre productivity[1]

In addition, outside of Vicinity's large-scale development pipeline, there is targeted investment in the presentation, ambience, and efficiency of our centres, including Wi-Fi enablement, solar and media screen installations, together with tenant remixing and major tenant reconfigurations.

Whilst more tactical in nature, these capital investments ensure our retail centres present well and are appropriately capitalised to realise maximum returns over time.

Five key

Development completions

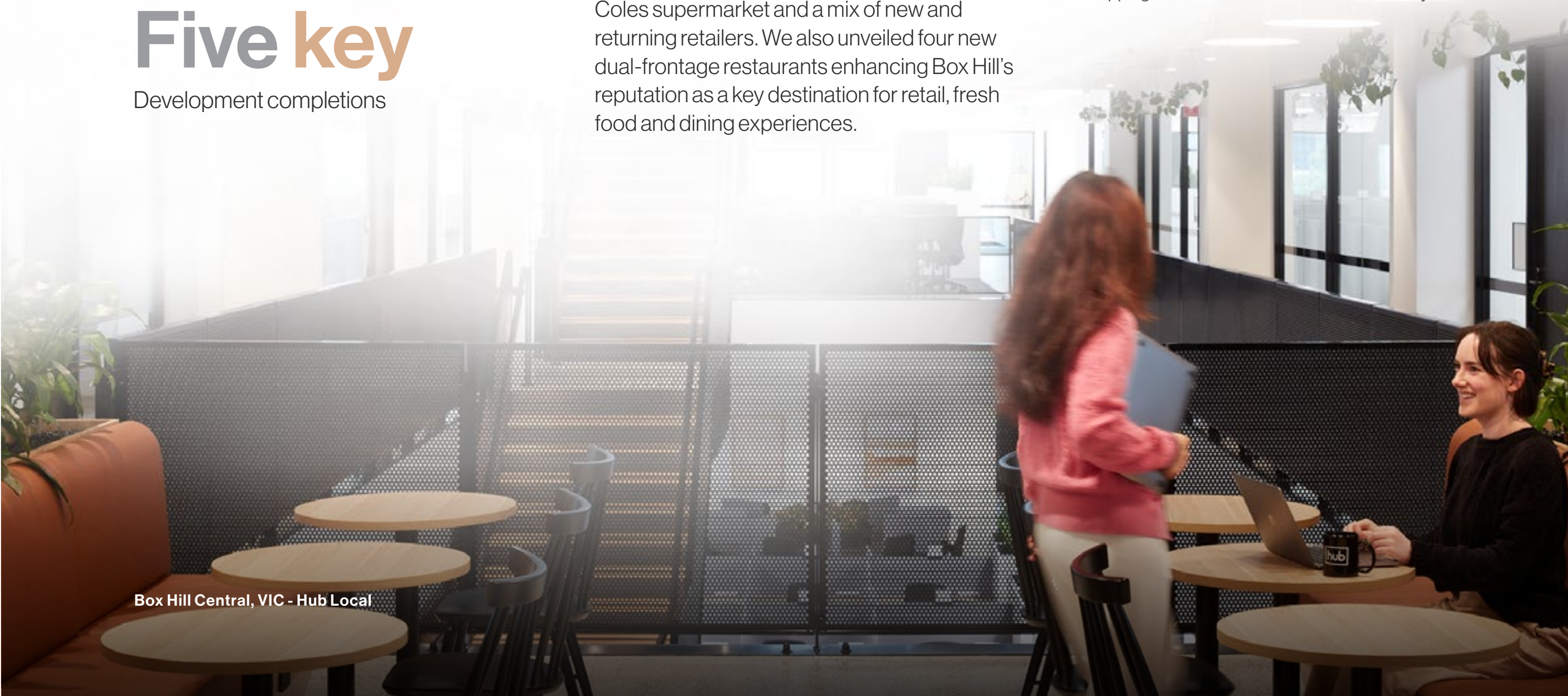
COMPLETED DEVELOPMENT PROJECTS

Box Hill Central – new Coles supermarket and services mall, and Hub Local co-working office podium

We continued to deliver on our plans to transform the heart of Box Hill into a mixed-use destination with the completion of two development projects at Box Hill Central.

We redeveloped the popular southern retail mall to deliver a modern retail and dining precinct, welcoming a brand-new Coles supermarket and a mix of new and returning retailers. We also unveiled four new dual-frontage restaurants enhancing Box Hill's reputation as a key destination for retail, fresh food and dining experiences.

Sitting atop the new retail and dining precinct, we completed Hub Local - Box Hill, delivering 4,000 sqm of flexible co-working space over three storeys. With the convenience of Box Hill's retail and dining offer at its doorstep and major train, tram and bus connections, these developments represented an exciting milestone in the mixed-use transformation of Box Hill.


Box Hill Central, VIC - Hub Local

---

1. Shopping Centre News' 2023 CBD Guns survey.

Our destinations (continued)

★★★★★★

CHADSTONE PLACE ACHIEVED

6 Star Green Star

design rating

Chadstone, VIC - Chadstone Place Officeworks

Bankstown Central – Coles and Fresh Food market, and Mini Majors remix

At Bankstown Central, we opened The Grand Market which included a brand new Coles supermarket and a range of fresh food and artisan produce stores and service-based retailers. We also completed a new retail precinct and welcomed leading brands including Uniqlo, Glue Store, flagship Footlocker and the new Services Australia tenancy which is also a major drawcard for the centre.

These projects establish Bankstown Central as the go-to retail and fresh food destination for Sydney's south-west and are examples of targeted retail enhancements that will continue to be undertaken in the centre as planning progresses for larger mixed-use projects to be developed in stages across the broader site.

Bankstown Central

Chadstone Place Officeworks

We completed Chadstone Place, the new national corporate headquarters for Officeworks. It includes a major refurbishment to deliver state-of-the-art office amenities and create a bespoke and sustainable workspace for Officeworks' employees. The project boasts a range of sustainability criteria targeting ILFI[1] Net Zero Carbon certification, has achieved 6 Star Green Star Design v1.3, targeting a 6 Star Green Star As-Built v1.3 rating and targeting a 6 Star NABERS Energy rating.

The project is a further demonstration of Vicinity's commitment to its mixed-use strategy which includes combining CBD quality workplaces with the convenience and amenity of our large-scale retail destinations.

---

1. International Living Future Institute of Australia.


Chadstone, VIC – The Social Quarter

Chadstone – The Social Quarter

Chadstone opened the doors to its brand-new entertainment and dining precinct – The Social Quarter, cementing Chadstone as a destination of choice for domestic and international visitors less than 20 kilometres from Melbourne's CBD.

The Social Quarter comprises 5,900 sqm of additional GLA and accommodates a collection of 17 entertainment and dining experiences. The project introduced four new dining retailers including Cityfields, Piccolina Gelateria, White + Wong's and UA Brewing Co. Chadstone's entertainment experience was expanded by Archie Brothers, Strike Bowling, Holey Moley and Victoria's first Hijinx Hotel, complementing the existing restaurants as well as Chadstone's LEGOLAND Discovery Centre and HOYTS 13 screen cinema complex.

The Social Quarter brings a new leisure orientated customer to the centre while extending trading hours into the evenings. The project has achieved Green Star Designed and is targeting a 5 Star Green Star Buildings certified rating.

THE SOCIAL QUARTER DELIVERS MORE THAN

5,900sqm

of additional GLA and accommodates a collection of 17 entertainment and dining experiences

PROJECTS UNDER CONSTRUCTION

Chadstone – One Middle Road office, fresh food market hall and alfresco dining

Work is underway on Vicinity's first fully integrated mixed-use project comprising a 20,000 sqm nine-level office tower integrated into two levels of retail on the eastern side of Chadstone. The tower is 55% committed and will target a 5.5 Star NABERS Energy Rating, 5 Star Green Star (Buildings v1.0), 4 Star Green Star Water rating.

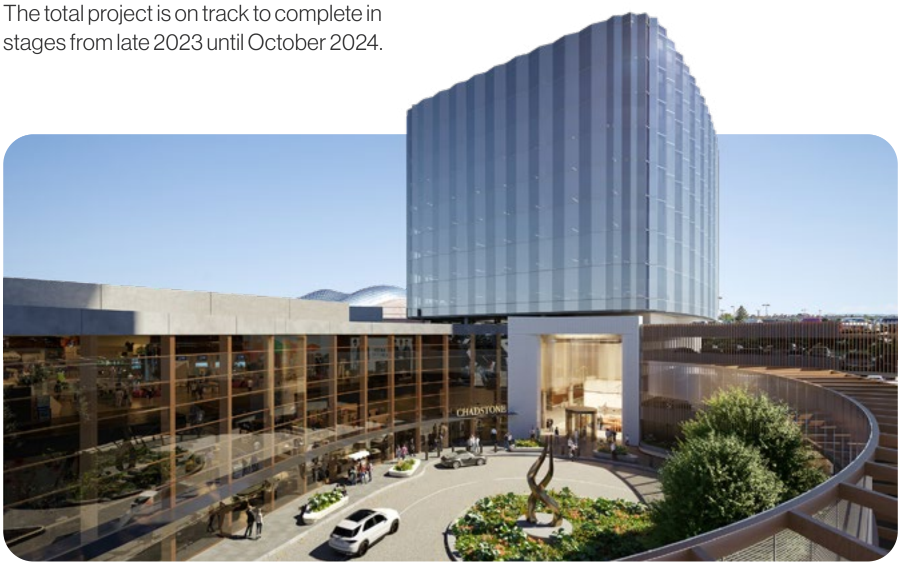
The project will include a revitalised fresh food precinct, The Market Pavilion, comprising 50 food retailers ranging from everyday essentials to artisan produce specialist buys, an Asian-laneway dining precinct of nine restaurants, a relocated full-line Aldi and a new childcare centre. This project is targeting a 5 Star Green Star v1.3 Design and As-Built rating.

The total project is on track to complete in stages from late 2023 until October 2024.

Chatswood Chase Sydney – Fresh food market hall and dining precinct

A major upgrade of the lower ground fresh food and dining precincts has commenced at Chatswood Chase Sydney. Chase Market promises a new, premium market hall and fresh food precinct, complemented by quick-dining restaurants and cafes. The project is to be designed and constructed in line with a future whole of building 4 Star Green Star rating.

This project is the first phase of our major redevelopment plans for the centre and is expected to be completed in the third quarter of FY24. It also paves the way for a major upgrade to the upper levels of the centre, which should see the introduction of a significant luxury precinct, as well as the addition of a rooftop commercial office village with high quality outdoor spaces.


Chadstone, VIC – One Middle Road (artist's impression)

Net zero

Sustainability is integral to delivering on our strategy and creating assets which embody sustainable design and reduce negative impacts on people and the planet.

Vicinity acknowledges that climate change is one of the most significant global challenges of our time, presenting both risks and opportunities across our business, communities and economy now and into the future.

To address this challenge, we have committed to taking action to mitigate our impact and strengthen our ability to adapt to a changing climate as we endeavour to create resilient assets that can continue to serve our communities and retailers.

CLIMATE RISK DISCLOSURES – PAGE 29

2030 NET ZERO TARGET UPDATE

Vicinity established its Net Zero carbon by 2030 target in 2019, which is focused on Vicinity's Scope 1 (emissions from natural gas, diesel, and refrigerants) and Scope 2 (from electricity) emissions across common mall areas in wholly-owned retail assets (**Net Zero Target**).

During FY23, we reviewed progress made against the Net Zero Target and Vicinity remains on-track to achieve this target by 2030, however there may be a small amount of residual carbon that is required to be offset. Our wholly-owned portfolio has achieved a 32% reduction in absolute emissions and a 41% reduction in emissions intensity since the baseline year of FY16, despite a 15% increase in GLA over this period. We will continue to review progress as against the Net Zero Target on an annual basis.

RESPONSIBLE RESOURCE MANAGEMENT

Vicinity maintains a continued focus on implementing better management practices and driving greater efficiencies across the portfolio to improve resource usage.

The return to full operational capacity in FY23 drove an increase in resource use across the managed portfolio, compared to the two previous years, where a significant portion of our portfolio was affected by ongoing COVID-related restrictions (with larger lockdown impacts experienced across Victoria in FY21, and Victoria and New South Wales in FY22). However, our environmental metrics continue to show a clear downward trend compared to our base year of FY16.

Environmental Metrics	Unit of Measure	FY23	vs FY22 (prior year)	vs FY16 (base year)
NET ZERO TARGET PORTFOLIO[1]				
Energy				
• Energy intensity	MJ/sqm	226	–	-26%
• Scope 1 emissions	tonnes CO2-e	881	-31%	-56%
• Scope 2 emissions	tonnes CO2-e	39,330	+3%	-31%
Total Scope 1 + 2	**tonnes CO2-e**	**40,211**	**+2%**	**-32%**
• Emissions intensity	kg CO2-e/sqm	42	-4%	-41%
MANAGED PORTFOLIO				
Energy				
• Energy intensity	MJ/sqm	284	+7%	-13%
• Scope 1 emissions	tonnes CO2-e	5,916	+38%	+2%
• Scope 2 emissions	tonnes CO2-e	114,479	-9%	-29%
Total Scope 1 + 2	**tonnes CO2-e**	**120,395**	**-8%**	**-28%**
• Emissions intensity	kg CO2-e/sqm	50	-8%	-36%
Renewable energy				
• Consumption[2]	MWh	39,241	-3%	n.a.
• Generation	MWh	42,946	-4%	n.a.
Waste				
• Diversion	%	51	-2pp	+16pp
• Total generated	tonne	46,296	+15%	+11%
Water				
• Intensity	kl/sqm	0.938	+11%	-11%
Portfolio ratings				
• Green Star		4 Star	–	n.a
• NABERS Energy		4.6 Star	–	n.a
• NABERS Water		3.9 Star	-0.1	n.a

1. Vicinity's Net Zero Target is across common mall areas our wholly-owned retail assets.
2. Total renewable energy consumed on-site (base building plus tenants).

SUSTAINABILITY

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Vicinity's formal support for TCFD commenced in FY21, followed earlier this year with the release of Vicinity's first standalone TCFD Statement relating to our FY22 performance.

Vicinity's FY23 TCFD Statement will be released in late 2023.

FY22 TCFD STATEMENT

BENCHMARKING OUR PERFORMANCE

Australian benchmarking

Vicinity uses recognised national frameworks such as the Green Building Council of Australia's (**GBCA**) Green Star tools[1] and the National Australian Built Environment Rating System (**NABERS**) to benchmark and help drive continuous improvement across our portfolio, while further strengthening the operational performance of our assets.

Vicinity's portfolio remains one of the largest and highest rated retail portfolios with a 4 Star Green Star Performance portfolio rating.

Vicinity maintained its presence in the top 10 of the NABERS Sustainable Portfolios Index, having achieved a 4.6 Star NABERS Energy and a 3.9 Star NABERS Water Portfolio ratings. Further to this, the number of centres with a NABERS Energy 5 Star (or higher) rating increased from 21 centres (December 2021) to 27 centres (December 2022).

Global benchmarking

We continue to participate in a number of voluntary investor sustainability surveys on an annual basis. This helps us to benchmark our performance across specific ESG criteria against our global real estate peers and identify areas of risk and opportunity.

Our participation in FY22 included:

- Global Real Estate Sustainability Benchmark (**GRESB**) where Vicinity ranked Oceania Sector Leader and #3 globally in the Listed Retail Shopping Centres category, and
- Dow Jones Sustainability Index (**DJSI**) where Vicinity ranked #8 out of ~450 real estate companies globally

Vicinity's FY23 sustainability survey results will be released in October 2023.

Vicinity remains within its commitments for its 2028 Green Bond

increasing the number of 5 Star or greater NABERS Energy rated assets from

21 to 27

($6.3b) ($7.2b)

Elizabeth City Centre, SA

---

1. Green Star Performance v1.2.0, Green Star Design & As Built v1.2, Green Star Design & As Built v1.3 and Green Star Buildings v1.0.

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 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.

HOW WE CREATE VALUE – PAGE 6 OUR STRATEGY – PAGE 9 STAKEHOLDER ENGAGEMENT – PAGE 18

Risks and opportunities and the potential impact on value creation	How Vicinity manages the risks and opportunities	Associated capitals
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 may restrict growth opportunities and impact Vicinity's ability to compete appropriately without changes to its strategy and/or business model. Domestic and global macro-economic conditions, including cost of living increases, inflationary pressures and increases in interest rates continue to 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 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.	OUR INVESTORS OUR PROPERTIES OUR CUSTOMERS OUR PARTNERSHIPS

Risks and opportunities and the potential impact on value creation	How Vicinity manages the risks and opportunities	Associated capitals
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 issues, have the potential to impact on construction costs, development feasibilities, 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. Vicinity engages consultancy firms to provide frequent construction market appraisals, to assist it in managing this transition. Contractor engagement early in a project lifecycle provides feedback on capacity and key deliverables, including price, program and risk. This provides Vicinity with the opportunity to partner with suitably qualified contractors, optimise project scope, mitigate risk and validate project feasibilities.	OUR INVESTORS OUR PROPERTIES
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.	• 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 dedicated Information Technology and Data Digital & Insights teams that actively explore, invest in and manage new products, services and data assets that are complementary to and leverage 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 continuous improvement and updating of systems and technology architecture to deliver a platform that allows Vicinity to take advantage of advancements in technology.	OUR INVESTORS OUR PROPERTIES OUR CUSTOMERS
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 a dedicated General Manager, Cyber and Information Security who provides functional leadership of its cyber security and data governance program and strategy.	OUR INVESTORS OUR CUSTOMERS OUR PARTNERSHIPS

Our management of risk (continued)

Risks and opportunities and the potential impact on value creation	How Vicinity manages the risks and opportunities	Associated capitals
Funding		
Access to funding or capital at the appropriate price and in the required timeframes is crucial to Vicinity's ability to create value over time.	• Vicinity maintains a robust capital management structure with low gearing, and significant liquidity to manage upcoming debt expiries and capital movements. These factors support Vicinity having 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. There is $200 million of AMTNs and $425 million of bank debt scheduled to expire in FY24. Maturing AMTNs will be refinanced with available liquidity from existing bank facilities. Furthermore, management is progressing plans for a bank facility remixing strategy and the extension and increase of existing facilities. • Vicinity has treasury risk management policies in place and remains well hedged against interest rate movements and foreign exchange exposures. • There is strong oversight of balance sheet management and investment decisions through its Committees.	OUR INVESTORS
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.	OUR PEOPLE
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. This will be measured by utilising feedback from the Employee Experience surveys and focus groups to assess culture, identifying strengths and areas of opportunity. • Vicinity has formalised its hybrid working model in FY23, incorporating one company wide collaboration day and one team collaboration day per week, both of which are office based, providing Team Members with the flexibility to work in a way that suits them while continuing to connect with colleagues. Flexible working options for centre based staff include access to formal flexibility in the form of part-time, compressed work week, early and later start times and we are trialling certain tasks being done from home to provide additional balance without compromising safety and customer service at our centres.	OUR PEOPLE

Risks and opportunities and the potential impact on value creation	How Vicinity manages the risks and opportunities	Associated capitals
Climate change		
Having a robust approach to managing physical and transition risks related to climate change, it 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 approach to sustainability 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. • At an asset level, Vicinity has refreshed 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 scenario assessments and has produced its first statement in line with the recommendations of TCFD.	OUR INVESTORS OUR PROPERTIES OUR PARTNERSHIPS OUR ENVIRONMENT
Health and safety		
Vicinity's operations expose team members, contractors, retailers and consumers to the risk of injury or illness.	• Vicinity has a Health and Safety Management System (H&SMS) that is supported by awareness, competency, capability, an audit program and a safety culture. • The Health, Safety, Environment & Wellbeing (HSEW) three-year strategy has been developed to continuously improve Vicinity's HSEW risk management.	OUR PEOPLE OUR CUSTOMERS OUR PARTNERSHIPS
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.	OUR PROPERTIES OUR CUSTOMERS OUR PARTNERSHIPS
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 acts to strategically and proactively enhance industry and government relations and protect Vicinity's position in the market, including for regulatory change. • Vicinity applies a consistent, centralised approach for identifying, assessing and managing regulatory changes through legislative and regulatory monitoring tools and engagement with industry associations.	OUR INVESTORS OUR PARTNERSHIPS

Bankstown Central, NSW

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 FY23, our corporate governance framework was consistent with the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. Our 2023 Corporate Governance Statement is available in the Corporate Governance section of our website.

Company Secretaries

Vicinity has two Company Secretaries:

Carolyn Reynolds

Refer to Page 35 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.

Further Information

You can find more disclosure on the following topics:

CORPORATE GOVERNANCE

OUR STRATEGY – PAGE 9

OUR MANAGEMENT OF RISK – PAGE 26

TAX TRANSPARENCY – PAGE 38

CONTACT US – PAGE 125

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.

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

Current Listed Directorships

Nil.

Past Listed Directorships (last three years)

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

Peter Huddle

BSC ECON

Chief Executive Officer and Managing Director

Appointed February 2023

Peter Huddle joined Vicinity Centres in March 2019 as Chief Operating Officer (COO) before being appointed as Chief Executive Officer and Managing Director in February 2023.

In Peter's role as COO, he was responsible for leading the Operations team, which included Property Management, 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.

Peter has over 20 years' experience in Real Estate Development and Asset Management and is a graduate of the Stanford Executive Program.

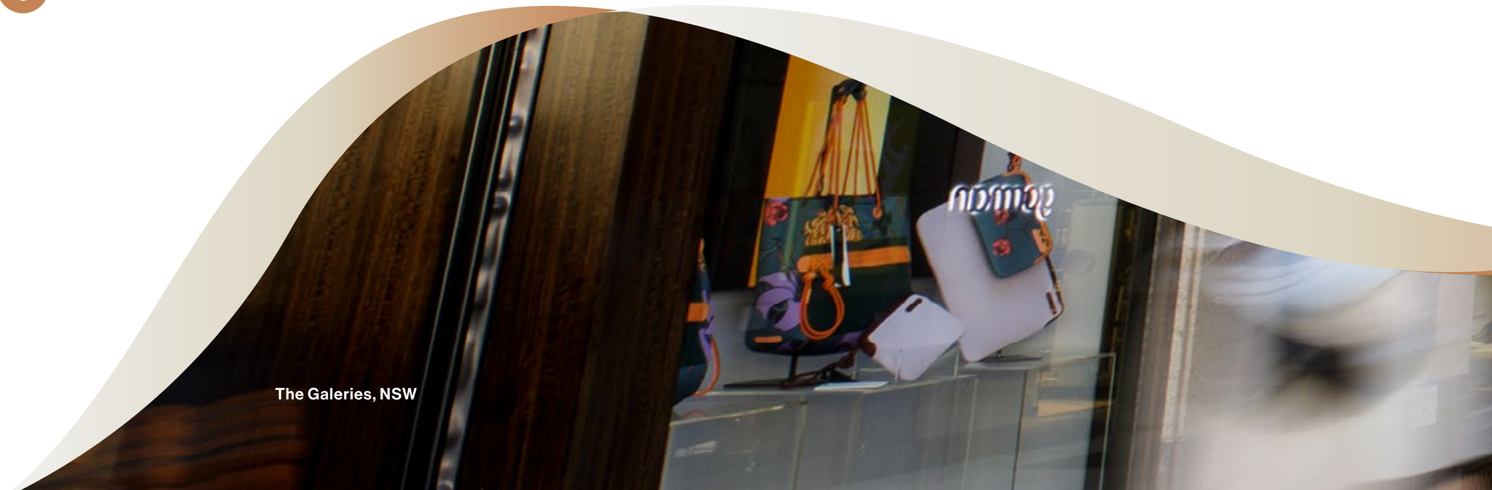
Peter is Deputy Chair of Shopping Centre Council of Australia.

Current Listed Directorships

Nil.

Past Listed Directorships (last three years)

Nil.



The Galeries, NSW

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).

Dion Werbeloff

BCOM (HONS), MBA (DISTINCTION), MAICD

Non-executive Director

Appointed November 2022

Dion Werbeloff has more than 30 years' experience in property and investment banking, including funds management, property development, corporate strategy, corporate finance and mergers and acquisitions.

Dion Werbeloff has been CEO and a Director of The Gandel Group for the past four years, having previously held the role of Chief Operating Officer for five years. Prior to joining The Gandel Group, Mr Werbeloff had an extensive career in investment banking, most recently as a Managing Director at Goldman Sachs and Chief Operating Officer of Goldman Sachs' investment banking business in Australia and New Zealand.

Mr Werbeloff is a member of the Risk and Compliance Committee.

Current Listed Directorships

Nil.

Past Listed Directorships (last three years)

Nil.

Georgina Lynch

BA, LLB

Independent Non-executive Director

Appointed November 2022

Georgina Lynch has 30 years combined executive and board experience in the property and financial services sectors, including significant experience across all classes of property and in corporate transactions, capital raisings, initial public offerings, funds management, corporate strategy, and acquisitions and divestments.

Ms Lynch is currently the Chair of Cbus Property, the wholly-owned subsidiary of Cbus. Cbus Property has a significant portfolio of investments and developments in the commercial, retail and residential property sectors.

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

Ms Lynch is a Non-Executive Director of Waypoint REIT (ASX:WPR), and Chair of the Waypoint REIT Remuneration and Nominations Committee, and a Non-Executive Director of Evolve Housing, and member of the Evolve Housing Audit and Risk Committee.

Current Listed Directorships

Waypoint REIT (since 2016).

Past Listed Directorships (last three years)

Tassal Group (from 2018 to 2022) and Irongate Group (from 2019 to 2022).

Governance (continued)

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, Melbourne Football Club, KM Property Funds and Visit Victoria as well as Chair of the Advisory Board of WeAre8.

Current Listed Directorships

Costa Group (since 2016) and Tabcorp Holdings Limited (since 2021).

Past Listed Directorships (last three years)

Nil.

Michael Hawker AM

BSC, FAICD, SF FIN, FLOD

Independent Non-executive Director

Appointed November 2022

Michael Hawker has substantial corporate experience, with over 35 years in the financial services industry, including as CEO and Managing Director of Insurance Australia Group from 2001 to 2008. Prior to this, he held senior positions at Westpac Banking Corporation, and with Citibank in Australia and Europe. Mr Hawker also brings a deep understanding of risk management and a global perspective gained through his overseas experience.

Mr Hawker is a member of the Audit Committee and the Remuneration and Human Resources Committee.

Mr Hawker currently serves on the Boards of Washington H. Soul Pattinson Limited, Allianz Australia, BUPA Global, BUPA Australia and the Museum of Contemporary Art.

Mr Hawker was previously a Director of Westpac Banking Corporation, Macquarie Group Limited and Macquarie Bank Limited, and Aviva plc.

Mr Hawker was also President of the Insurance Council of Australia, Chairman of the Australian Financial Markets Association, a Board member of the Geneva Association and a member of the Financial Sector Advisory Council.

Mr Hawker was made a Member of the Order of Australia for services to the community in 2010.

Current Listed Directorships

Washington H. Soul Pattinson Limited (since 2012).

Past Listed Directorships (last three years)

Westpac Banking Corporation (from 2020 to 2023) and Macquarie Group Limited (from 2010 to 2020).

Peter Kahan

BCOM, 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.

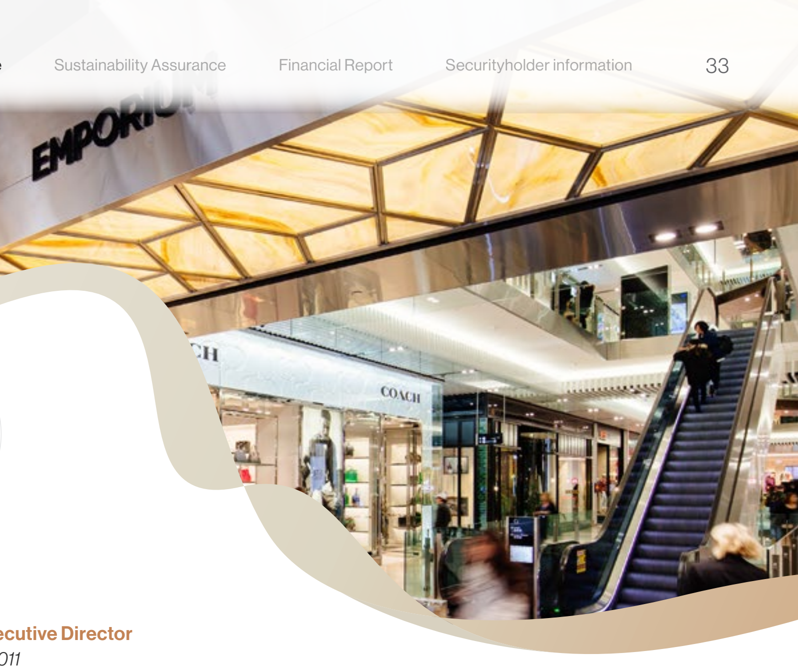
Mr Kahan is Chairman of the Advisory Board of Quintessential Equity, a property company specialising in the development and regeneration of commercial property, and was previously a Director of Charter Hall Group and a Director of Dexus Wholesale Property Limited.

Current Listed Directorships

Nil.

Past Listed Directorships (last three years)

Nil.


Emporium Melbourne, VIC

Tiffany Fuller

BCOM, GAICD, ACA

Independent Non-executive Director

Appointed November 2022

Ms Fuller is an experienced public company Non-executive Director with broad experience in chartered accounting, corporate finance, investment banking, private equity, funds management and management consulting in Australia and globally.

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

Ms Fuller currently serves on the Boards of Computershare Limited, Washington H. Soul Pattinson Limited, Australian Venue Co and Royal Children's Hospital Foundation.

Ms Fuller's skills include finance and accounting, strategy, M&A, risk management and governance. Her career includes roles at Arthur Andersen and Rothschild and spans multiple industry sectors including retail, financial services, technology, resources and infrastructure.

Current Listed Directorships
Computershare Limited (since 2014) and Washington H. Soul Pattinson Limited (since 2017).

Past Listed Directorships (last three years)
Smart Parking Limited (from 2011 to 2020).

Tim Hammon

BCOM, 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.


DFO Homebush, NSW

Governance (continued)

EXECUTIVE LEADERSHIP TEAM

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

Management is also responsible for providing 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 Leadership Team** – comprises nine members outlined on the current page and overleaf
- **Capital Management Committee** – comprises the CEO, Chief Financial Officer (CFO), and General Manager Treasury, with the CEO or CFO to act as a Committee Chairman
- **Investment and Capital Committee** – comprises the CFO (Committee Chairman), CEO, Chief Legal, Risk & ESG Officer (CLREO), Director Funds Management and General Manager Treasury

Peter Huddle

Chief Executive Officer and Managing Director

Peter Huddle joined Vicinity Centres in March 2019 as Chief Operating Officer (**COO**) before being appointed as Chief Executive Officer and Managing Director in February 2023.

In Peter's role as COO, he was responsible for leading the Operations team, which included Property Management, 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.

Peter has over 20 years' experience in Real Estate Development and Asset Management and is a graduate of the Stanford Executive Program.

Peter is Deputy Chair of Shopping Centre Council of Australia.

Adrian Chye

Chief Financial Officer

Adrian Chye joined Vicinity Centres in June 2015 following the merger of Federation Centres and Novion Property Group (Novion), before being appointed as Chief Financial Officer (**CFO**) in September 2021.

In Adrian's role as CFO, he is responsible for the finance, technology and strategy functions. Adrian's responsibilities include financial planning and analysis, reporting, tax, treasury, group strategy, investor relations, mergers and acquisitions, core technology and cyber and information security.

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 an experienced finance executive with over 20 years' experience in strategy, corporate finance and accounting roles and is a Member of Chartered Accountants Australia and New Zealand.

Carolyn Reynolds

Chief Legal, Risk & ESG Officer

Carolyn Reynolds joined Vicinity Centres 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 Health, Safety, Environment & Wellbeing, Risk & Compliance, Company Secretarial, Leasing Legal, Sustainability, Security & Intelligence and Legal functions for Vicinity. Carolyn is also a Director of the Vicinity subsidiary Boards.

Carolyn was previously a partner at law firm Minter Ellison. She is a graduate and a member of the Australian Institute of Company Directors, and a member of Chief Executive Women and ACC Australia.

David Marcun

Deputy CFO

David Marcun joined Vicinity Centres in June 2015 as part of the merger of Federation Centres and Novion Property Group (Novion).

Prior to his current appointment, David was EGM Business Development and previous to this, 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 has more than 25 years' experience in the retail property sector, predominantly in finance and operations roles and is a member of Chartered Accountants Australia and New Zealand.

David McNamara

Director Funds Management

David McNamara joined Vicinity Centres in February 2022.

In David's role as Director Funds Management, he 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). Previous 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 has over 30 years' experience in the retail sector Funds and Asset Management and holds a Bachelor of Commerce (Marketing) from University of NSW and a Master of Applied Finance from Kaplan Professional.

Bankstown Central, NSW

Governance (continued)

Jeheon Son

Group Director, Development and Government

Jeheon Son joined Vicinity in July 2023 as Group Director, Development and Government.

Jeheon is responsible for leading Vicinity's development business and government relations function.

Prior to joining Vicinity, Jeheon has had extensive experience in the development and delivery of large scale global mixed-use urban renewal and retail developments including the urban renewal of the Liverpool UK city centre, the development of the London 2012 Athletes Village, and the construction of the Scottish Parliament Building. Locally, Jeheon was previously the Head of Development NSW at Lendlease, led commercial development new business at Mirvac and most recently led Stockland's newly formed mixed use and urban renewal business unit.

Jeheon has over 20 years' experience in development, construction delivery, acquisitions, capital partnering, government relations, design management, project management and business unit leadership.

Kirrily Lord

Group Director, Customer and Asset Management

Kirrily Lord joined Vicinity Centres in July 2021.

Kirrily has overall accountability for the Customer Experience of our Consumers, Retailers and Joint Venture partners, as well as the Asset Manager functions of our portfolio. This includes the performance of the centres' management teams who govern all areas of the consumer experience, centre operations as well as the allocation of capital and operational expenditure across the portfolio. She also shares responsibility for the development and execution of Vicinity's long-term asset and portfolio strategy and works alongside the Capital Partnering team to support strong engagement with our Joint Venture partners on co-owned assets.

Prior to this appointment, Kirrily was the Director of Property Management at Vicinity. Previous to joining Vicinity, she was General Manager of the Retirement Living Business within Stockland and also held the role of Head of Asset Management responsible for asset strategy, acquisitions and disposals within the Retirement and the Office portfolio. Kirrily has also held senior Asset, Development and Centre Manager roles with a specialist focus on retail and mixed-use.

Kirrily has over 25 years' experience in the property industry and has held senior roles across all functions of the sector, including at Stockland, Westfield, AMP and Myer.

Kirrily holds an MBA (UNSW), a MAppFin (Macquarie University) and a Bachelor of Science (UWA).

Matt Parker

Group Director, Leasing

Matt Parker joined Vicinity Centres in November 2017 as General Manager of Leasing (VIC/WA/SA/TAS) before being appointed as the Director of Leasing in October 2021.

In Matt's current role, he is responsible for the management of the Leasing, Casual Mall Leasing and Vacant Shop Income and Design and Delivery teams.

Matt has had extensive experience over the last 25 years working for multiple retailers and landlords within various management and property functions. Prior to joining Vicinity, Matt was the Joint General Manager at Uniqlo Australia where he worked for five years. Previous to this, he held senior positions within the Leasing Team at Queensland Investment Corporation for over 10 years, including General Manager of Leasing, Regional Leasing Manager and Project Leasing Manager.

Matt holds a Bachelor in Town Planning from Victoria University.

Tanya Southey

Chief People & Organisational Development Officer

Tanya Southey joined Vicinity Centres in October 2019.

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 more than 25 years' experience in Human Resources and 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.

Box Hill Central, VIC

Tax Transparency

Vicinity exists to create thriving community precincts and to deliver 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. Underpinning our strategy is a robust corporate governance that upholds integrity, accountability and transparency across all of our business practices, including our tax responsibilities.

Vicinity voluntarily publishes this statement to our stakeholders as part of our commitment to provide transparent and useful information on our 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 has a Tax Risk Management Framework (the **Framework**) that is endorsed by the Audit Committee. Vicinity adheres to the principles of the Framework which affirms our low risk approach to taxation and a philosophy centered around integrity and transparency. Under the Framework, 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;
- has a commitment to engage and maintain transparent and professional relationships with tax authorities including the Australian Taxation Office (**ATO**); and
- has the Framework reviewed and endorsed annually by the Audit Committee to ensure it remains effective and relevant.

A robust set of internal controls and policies exists to support the operational effectiveness of the Framework within Vicinity. Furthermore, the Audit Committee and 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 us 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 stakeholders. We engage and consult with external regulatory bodies regarding tax policy, tax reform and tax law design on matters relevant to our business and our securityholders. Vicinity also regularly connects with and encourages feedback from its securityholders. Vicinity provides a number of channels for securityholders to provide feedback directly via phone, email, the Annual General Meeting and the management team regularly meets with its largest investors.

Further information on Vicinity's corporate governance is available in our 2023 Corporate Governance Statement.

CORPORATE GOVERNANCE

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 Australian real estate investments for Vicinity.

All of Vicinity's real estate investments are situated in Australia. Vicinity does not have any international related parties and therefore this report does not describe any international related party dealings.

TAXATION OF VICINITY

For the purposes of financial reporting, Vicinity Limited and Vicinity Centres Trust prepare a consolidated financial report. 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 FY23) on their taxable income.

Vicinity Centres Trust Group

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

When the taxable income 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.

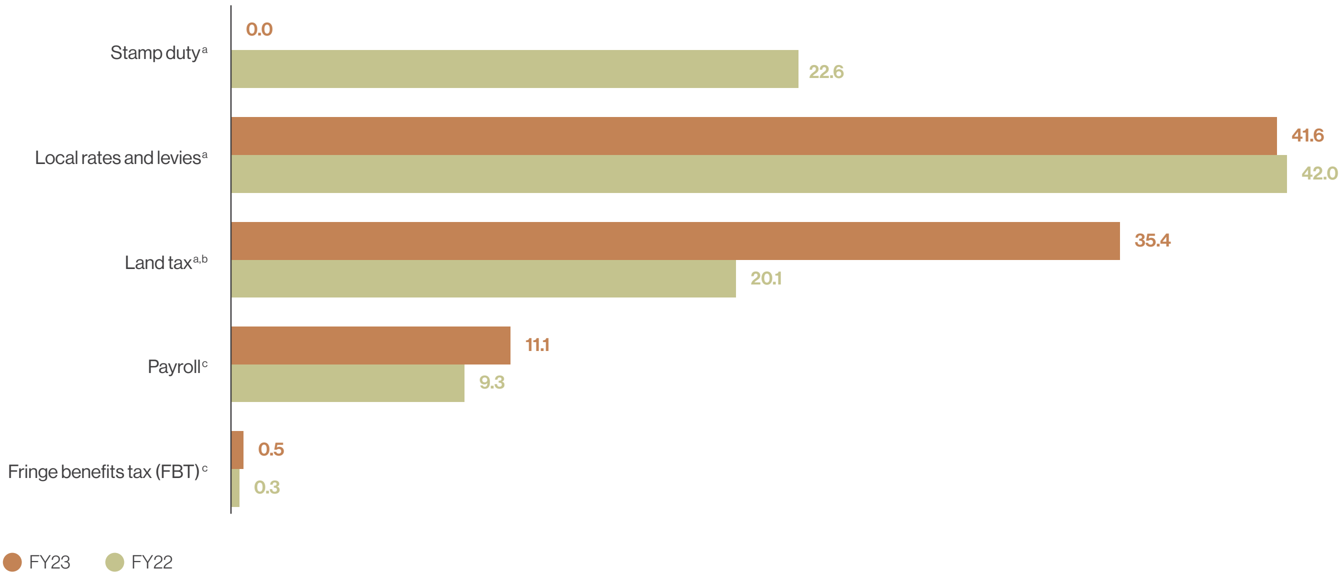
CONTRIBUTIONS TO THE AUSTRALIAN TAX SYSTEM

As a business that operates in the Australian property industry, Vicinity is subject to taxes at the federal, state and local government levels. In FY23, these taxes amounted to approximately $221.3 million and are either borne by Vicinity as a cost of doing business, or are remitted by Vicinity as part of our contribution to the administration of the Australian tax system[1].

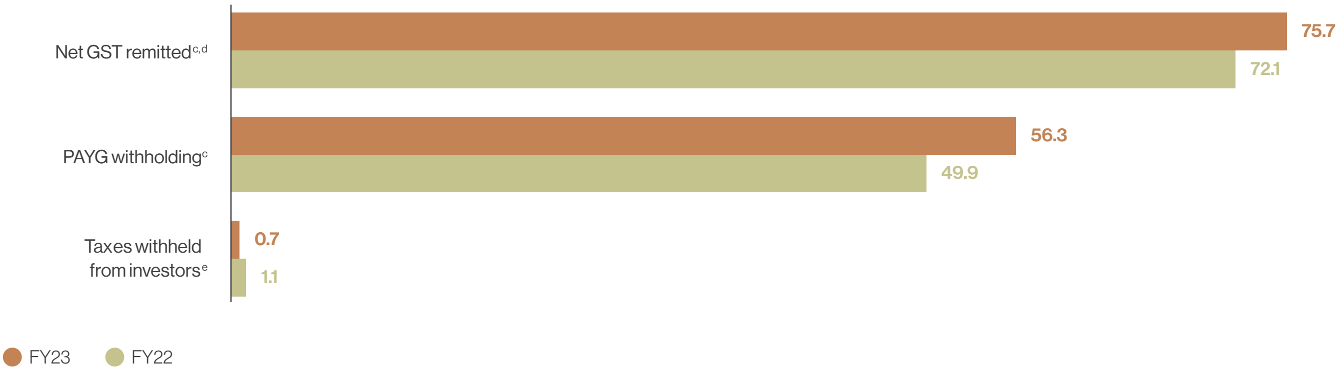
The taxes remitted by Vicinity include pay as you go (**PAYG**) withholding taxes paid by our employees and goods and services tax (**GST**) collected from our retailers who rent space in our centres, net of GST claimed by Vicinity on its own purchases.

The information provided below summarises Vicinity's Australian tax contribution for FY23.

Total taxes borne by Vicinity ($m)
$88.6 million (FY22: $94.3 million)



Total taxes remitted by Vicinity ($m)
$132.7 million (FY22: $123.1 million)



Notes to charts

The notes below outline the basis or preparation of each of the taxes borne and taxes remitted. Vicinity's Australian tax contributions have been verified by Vicinity's Finance and Internal Audit functions.

a. 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 FY22 and FY23. The decrease in stamp duty in FY23 is primarily due to the acquisition of a 50% interest in Harbour Town Premium Outlet Centre in FY22 and no acquisition in FY23.

b. As part of State Governments' response to COVID-19, land tax relief and deferrals have been obtained across all states. Majority of the relief and deferrals were obtained in FY22 which accounts for the lower net land taxes in FY22 relative to FY23.

c. 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 FY23 from the respective revenue authorities.

d. Net GST remitted for FY23 is comprised of $166.4 million of GST collected (FY22: $150.6 million) and $90.7 million of GST claimed (FY22: $78.5 million).

e. 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.

---

[1] In this regard, Vicinity includes entities which have been equity accounted in the Financial Report.

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 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 FY23 reconciliation from income tax benefit to income tax paid or payable is outlined below.

	$m
Income tax benefit (refer to Note 3 to the Financial Report)	**5.4**
Adjust for:	
Movement in deferred tax assets including the utilisation of Australian Group tax losses	4.7
Income tax benefit relating to previously unrecognised tax losses	(9.4)
Adjustment of current tax for prior periods and other	(0.7)
Income tax payable	**–**

In FY23, the Vicinity Limited consolidated group generated taxable income of approximately $14.4 million prior to the utilisation of carry-forward losses ($14.4 million) and no income tax payable.

The effective tax rate[1] (**ETR**) based on current year income tax benefit for Vicinity Limited is (168.8%). The negative ETR in FY23 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 $262.9 million for FY23. Vicinity Centres Trust has derived taxable income which will be attributed to the securityholders under the AMIT rules and taxed in the hands of securityholders, as described above. As a result, it has no income tax expense and therefore a zero ETR.

---

1. The negative ETR has been calculated as income tax benefit ($5.4 million) divided by net profit before tax attributable to Vicinity Limited ($3.2 million) (in accordance with 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.


The Glen, VIC

RECONCILIATION TO ATO TAX TRANSPARENCY DISCLOSURE

The Vicinity Limited income tax consolidated group has a total income in excess of $100.0 million and is subject to public disclosure in the ATO's *Report of Entity Tax Information* that is released annually.

For the FY22 income year, this report will be published on the ATO's website[1] and it is anticipated to disclose the following information:

	$m
Total income	**228.1**
Taxable income	**–**
Income tax payable	**–**

The summary below provides a reconciliation of these disclosures:

	$m
Total income	228.1
Taxable expenses	(215.0)
Profit before income tax	**13.1**
Net adjustments for:	
Permanent differences	0.9
Temporary differences[2]	0.8
Tax losses utilised	(14.8)
Total taxable income	**–**
Tax payable	**–**

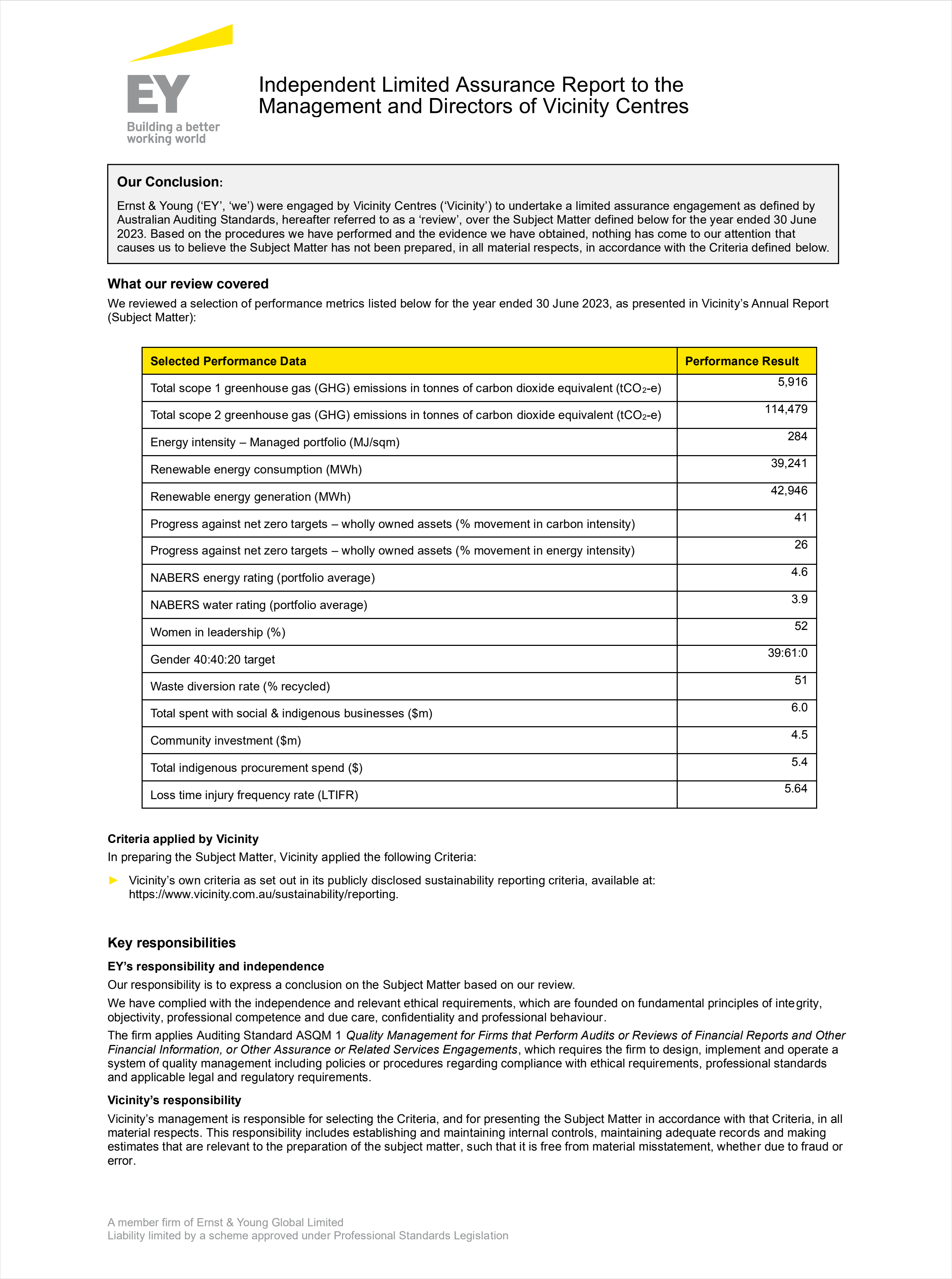
FURTHER INFORMATION

- Vicinity Limited taxes paid information as published by the ATO in the *Report of Entity Tax Information*: data.gov.au/dataset/corporate-transparency
- 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/
- A breakdown of the taxable components that securityholders receive via their annual taxation statements will be available in September 2023 on Vicinity's website: vicinity.com.au/investors/tax-information

---

1. Expected to be available in September 2023.
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 Management and Directors of Vicinity Centres

Our Conclusion:

Ernst & Young ('EY', 'we') were engaged by Vicinity Centres ('Vicinity') to undertake a limited assurance engagement as defined by Australian Auditing Standards, hereafter referred to as a 'review', over the Subject Matter defined below for the year ended 30 June 2023. Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe the Subject Matter has not been prepared, in all material respects, in accordance with the Criteria defined below.

What our review covered

We reviewed a selection of performance metrics listed below for the year ended 30 June 2023, as presented in Vicinity's Annual Report (Subject Matter):

Selected Performance Data	Performance Result
Total scope 1 greenhouse gas (GHG) emissions in tonnes of carbon dioxide equivalent (tCO_2-e)	5,916
Total scope 2 greenhouse gas (GHG) emissions in tonnes of carbon dioxide equivalent (tCO_2-e)	114,479
Energy intensity – Managed portfolio (MJ/sqm)	284
Renewable energy consumption (MWh)	39,241
Renewable energy generation (MWh)	42,946
Progress against net zero targets – wholly owned assets (% movement in carbon intensity)	41
Progress against net zero targets – wholly owned assets (% movement in energy intensity)	26
NABERS energy rating (portfolio average)	4.6
NABERS water rating (portfolio average)	3.9
Women in leadership (%)	52
Gender 40:40:20 target	39:61:0
Waste diversion rate (% recycled)	51
Total spent with social & indigenous businesses ($m)	6.0
Community investment ($m)	4.5
Total indigenous procurement spend ($)	5.4
Loss time injury frequency rate (LTIFR)	5.64

Criteria applied by Vicinity

In preparing the Subject Matter, Vicinity applied the following Criteria:

- Vicinity's own criteria as set out in its publicly disclosed sustainability reporting criteria, available at: https://www.vicinity.com.au/sustainability/reporting.

Key responsibilities

EY's responsibility and independence

Our responsibility is to express a conclusion on the Subject Matter based on our review.

We have complied with the independence and relevant ethical requirements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Auditing Standard ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Vicinity's responsibility

Vicinity's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

Our approach to conducting the review

We conducted this review in accordance with the Australian Auditing and Assurance Standards Board's *Australian Standard on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ASAE 3000')] and the terms of reference for this engagement as agreed with Vicinity on 20 March 2023. That standard requires that we plan and perform our engagement to express a conclusion on whether anything has come to our attention that causes us to believe that the Subject Matter is not prepared, in all material respects, in accordance with the Criteria, and to issue a report.

Summary of review procedures performed

A review consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other review procedures.

The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risk of material misstatement, whether due to fraud or error. The procedures we performed included, but were not limited to:

- Conducted interviews with personnel to understand the business and reporting process
- Conducted interviews with key personnel to understand the process for collecting, collating and reporting the Subject Matter during the reporting period
- Assessed that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the Criteria
- Undertook analytical review procedures to support the reasonableness of the data
- Identified and tested assumptions supporting calculations
- Tested, on a sample basis, underlying source information to assess the accuracy of the data

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our review conclusion.

Inherent limitations

Procedures performed in a review 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 review engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to assessing aggregation or calculation of data within IT systems.

The GHG quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation and measurement uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

Other matters

We have not performed assurance procedures in respect of any information relating to prior reporting periods, including those presented in the Subject Matter. Our report does not extend to any disclosures or assertions made by Vicinity relating to future performance plans and/or strategies disclosed in Vicinity's Annual Report.

Use of our Assurance Report

We disclaim any assumption of responsibility for any reliance on this assurance report to any persons other than management and the Directors of Vicinity, or for any purpose other than that for which it was prepared.

Ernst & Young

Ernst & Young

Terence Jeyaretnam FIEAust EngExec
Partner
Melbourne, Australia
16 August 2023

Financial Report

CONTENTS

Directors' Report

The Directors of Vicinity Limited present the Financial Report of Vicinity Centres (**Vicinity** or **the Group**) for the year ended 30 June 2023. 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 2022 and up to the date of this report unless otherwise stated:

i. Chairman

Trevor Gerber (Independent)

ii. Non-executive Directors[1]

Clive Appleton

David Thurin AM *(retired 15 November 2022)*

Dion Werbeloff *(appointed 16 November 2022)*

Georgina Lynch (Independent) *(appointed 16 November 2022)*

Janette Kendall (Independent)

Karen Penrose (Independent) *(retired 15 September 2022)*

Michael Hawker AM (Independent) *(appointed 16 November 2022)*

Peter Kahan (Independent)

Tiffany Fuller (Independent) *(appointed 16 November 2022)*

Tim Hammon (Independent)

iii. Executive Director

Peter Huddle (CEO and Managing Director)
(appointed 1 February 2023)

Grant Kelley (CEO and Managing Director)
(left 16 November 2022)

Further information on the background and experience of the Directors is contained on pages 30 to 33 of this report.

COMPANY SECRETARIES

Carolyn Reynolds

Rohan Abeyewardene

Further information on the background and experience of the Company Secretaries is contained on page 30 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 8 to 13 of this report.

SIGNIFICANT MATTERS

The Directors are not aware of any matter or circumstance not otherwise dealt with in the Directors' Report or the financial statements that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of the Group's affairs in future financial years.

---

[1] The changes during the year are in line with the Vicinity Board's commitment to the orderly renewal and ongoing review of the composition of skills and experience of the Vicinity Board as announced to the ASX on 5 September and 3 October 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 $m	Cents per VCX stapled security
Interim, for the six-month period ended 31 December 2022	261.8	5.75
Final, for the six-month period ended 30 June 2023	284.5	6.25
Total distributions, for the year ended 30 June 2023	**546.3**	**12.00**

An interim distribution of 5.75 cents per VCX stapled security, which equates to $261.8 million, was paid on 7 March 2023.

On 16 August 2023, the Directors declared a distribution in respect of the Group's earnings for the six-month ended 30 June 2023 of 6.25 cents per VCX stapled security, which equates to total final distribution of $284.5 million. The final distribution will be paid on 11 September 2023.

DIRECTOR-RELATED INFORMATION

MEETINGS OF DIRECTORS HELD DURING THE YEAR[1]

	Board		Audit Committee		Remuneration and Human Resources Committee		Risk, Compliance and ESG Committee[2]		Nominations Committee	
	Eligible	**Attended**	**Eligible**	**Attended**	**Eligible**	**Attended**	**Eligible**	**Attended**	**Eligible**	**Attended**
Current Directors										
Trevor Gerber[3]	14	14	1	1	1	1	–	–	1	1
Clive Appleton	14	13	–	–	–	–	–	–	–	–
Tiffany Fuller[4,5]	6	6	4	4	–	–	1	1	–	–
Tim Hammon	14	13	–	–	5	5	4	4	1	1
Michael Hawker AM[4,6]	6	6	4	4	4	4	–	–	–	–
Peter Huddle[7]	3	3	–	–	–	–	–	–	–	–
Peter Kahan	14	14	5	5	5	5	–	–	1	1
Janette Kendall	14	14	–	–	5	5	4	4	–	–
Georgina Lynch[4,8]	6	5	4	4	–	–	3	3	–	–
Dion Werbeloff[4,9]	6	6	–	–	–	–	3	3	–	–
Former Directors										
Grant Kelley[10]	4	4	–	–	–	–	–	–	–	–
Karen Penrose[11]	3	3	1	1	–	–	1	–	–	–
David Thurin AM[12]	8	8	–	–	–	–	–	–	–	–

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. Formerly the Risk and Compliance Committee.
3. Trevor Gerber ceased as a member of the Audit Committee and the Remuneration and Human Resources Committee with effect from 16 November 2022.
4. Tiffany Fuller, Michael Hawker AM, Georgina Lynch and Dion Werbeloff were elected to the Board at the 2022 AGM on 16 November 2022.
5. Tiffany Fuller was appointed as Chairman of the Audit Committee with effect from 16 November 2022 and a member of the Risk, Compliance and ESG Committee with effect from 1 May 2023.
6. Michael Hawker AM was appointed as a member of the Audit Committee and the Remuneration and Human Resources Committee with effect from 16 November 2022.
7. Peter Huddle was appointed as Chief Executive Officer and Managing Director with effect from 1 February 2023.
8. Georgina Lynch was appointed as a member of the Audit Committee and the Risk, Compliance and ESG Committee with effect from 16 November 2022.
9. Dion Werbeloff was appointed as a member of the Risk, Compliance and ESG Committee with effect from 16 November 2022.
10. Grant Kelley left the Board with effect from the conclusion of the 2022 AGM on 16 November 2022.
11. Karen Penrose retired from the Board with effect from 15 September 2022.
12. David Thurin AM retired from the Board with effect from 15 November 2022.

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.

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 statutory audit, 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 2022 by 31 October 2022. The 2023 NGER report will be submitted by the 31 October 2023 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.

OPTIONS OVER UNISSUED SECURITIES

There were 8,641,473 unissued ordinary securities under option in the form of performance and restricted rights as at 30 June 2023 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 2023, the following transactions were completed:

- $200.0 million of new and extended bank debt facility with FY27 maturity;
- Repaid $123.0 million of drawn bank debt following the sale of 50% interest in Broadmeadows Central; and
- Cancelled $300.0 million of bank debt facilities.

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, 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.

Remuneration Report

MESSAGE FROM THE REMUNERATION AND HUMAN RESOURCES COMMITTEE

The Remuneration and Human Resources Committee of the Board (the Committee) is pleased to present Vicinity's FY23 Remuneration Report

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

YEAR IN REVIEW

FY23 has been a year of resilience and growth at Vicinity. We leveraged the robust retail environment earlier in the year to drive a significant level of leasing activity to continue to enhance the retail mix, increase occupancy and support current and future income growth. Consequently, we achieved a significant uplift in funds from operations (**FFO**) and net property income (**NPI**) and exceeded targets.

Execution of the retail and mixed-use development pipeline gathered pace with the completion of six key projects in line with project feasibilities, commencement of two key projects and achieving town planning approval for the major mixed-use development of Buranda Village.

We also divested 50% of the shopping centre at Broadmeadows Central at a 5.2% premium to book value, which expanded an existing capital partnership and strengthened our balance sheet.

OPERATING AND FINANCIAL REVIEW – PAGE 8

EXECUTIVE KEY MANAGEMENT PERSONNEL CHANGES DURING FY23

The former Chief Executive Officer and Managing Director (**CEO**), Grant Kelley left Vicinity on 16 November 2022. Vicinity's Chief Operating Officer, Peter Huddle was appointed Acting Chief Executive Officer on 16 November 2022 and CEO on 1 February 2023. The role of Chief Operating Officer was not replaced.

FY23 REMUNERATION OUTCOMES

The remuneration outcomes for FY23 reflect the intended operation of the remuneration framework and align with business performance and securityholder experience.

The FY23 Short-Term Incentive (**STI**) outcomes and the FY20 (FY20-23) Long-Term Incentive (**LTI**) vesting outcomes for the Executive Key Management Personnel (**Executive KMP**) are summarised in the table below.

Executive KMP	FY23 STI % of maximum	FY20 LTI Plan vesting
Chief Executive Officer and Managing Director, Peter Huddle	80.0	nil
Chief Financial Officer, Adrian Chye	80.0	nil
Former Chief Executive Officer and Managing Director, Grant Kelley	0.0	nil

There was no vesting of performance rights granted under the FY20 (FY20-23) LTI Plan which had a performance period that ended on 30 June 2023, as the Total Return (**TR**) and Total Securityholder Return (**TSR**) hurdles were not achieved. The FY18, FY19 and FY20 LTI were materially impacted by COVID-19 and have now all lapsed in full.

The Board determined that the second 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 2023.

For the former CEO, 1,205,887 unvested rights lapsed on a pro-rata basis when he left Vicinity, based on the proportion of the vesting period served. The Board subsequently determined to forfeit the residual 1,560,887 rights and 522,795 deferred STI restricted securities under applicable plan rules. The Board also determined that Mr Kelley was not eligible to participate in the FY23 STI.

OUR PEOPLE

In FY23, our employee engagement score was 66%, a two-percentage point reduction compared to FY22. Over 80% of our people completed the survey and we received feedback through comments and focus groups, which provided valuable insights for our leaders into how they could adapt decision making, communication and leadership interactions to foster trust and value diversity.

A continued focus on gender diversity ensured we maintained an overall 40:40:20 gender balance and during FY23, the representation of females in our senior leadership group increased from 24% to 35%.

Our five Employee Advocacy Groups (**EAGs**) sponsored by Executives continued to raise awareness, educate, and celebrate our differences, with strong engagement with team members.

In December 2022, 911 team members were gifted $1,000 worth of securities under the Tax Exempt Restricted Securities Plan.

CONCLUSION

On behalf of the Board, we recommend the FY23 Remuneration Report to you, and as always, we welcome securityholder feedback.

Peter Kahan
Chairman – Remuneration and Human Resources Committee

CONTENTS

1. WHO IS COVERED BY THIS REPORT?

This report covers Vicinity's KMP including all Non-executive Directors and those executives who are deemed to have authority and responsibility for planning, directing and controlling the activities of Vicinity. A KMP assessment is completed annually to determine which members of the Executive Leadership Team (**ELT**) should be disclosed as Executive KMP for the financial year. For FY23, the KMP are included in Table 1.1.

Table 1.1: KMP

Name	Position as at 30 June 2023 or at such time the KMP ceased being KMP	Board appointment date
Non-Executive Directors		
Trevor Gerber	Chair	28 October 2015
Clive Appleton	Non-executive Director	1 September 2018
Tiffany Fuller	Non-executive Director	16 November 2022
Tim Hammon	Non-executive Director	15 December 2011
Michael Hawker AM	Non-executive Director	16 November 2022
Peter Kahan	Non-executive Director	11 June 2015
Janette Kendall	Non-executive Director	1 December 2017
Georgina Lynch	Non-executive Director	16 November 2022
Karen Penrose[1]	Non-executive Director	11 June 2015
Dr David Thurin AM[1]	Non-executive Director	11 June 2015
Dion Werbeloff	Non-executive Director	16 November 2022
Executive KMP		
Peter Huddle[2]	Chief Executive Officer and Managing Director (CEO)	1 February 2023
Adrian Chye[3]	Chief Financial Officer (CFO)	–
Grant Kelley[4]	Chief Executive Officer and Managing Director (CEO)	1 January 2018

1. Karen Penrose retired from the Board effective 15 September 2022 and Dr David Thurin AM retired from the Board effective 15 November 2022.
2. Peter Huddle was Executive KMP for the full financial year ended 30 June 2023. He was appointed CEO on 1 February 2023. He served as Acting Chief Executive Officer from 16 November 2022 to 31 January 2023 and as Chief Operating Officer (COO) from 1 July 2022 to 15 November 2022.
3. Adrian Chye was appointed to the role of CFO and became KMP on 13 September 2021. The prior year quantitative disclosures in this report reflect the period as KMP from 13 September 2021 to 30 June 2022.
4. Grant Kelley left Vicinity and ceased to be the CEO and a Director on 16 November 2022. He is referred to in the report as the former CEO.

Remuneration Report

2. REMUNERATION REPORT OVERVIEW

This Remuneration Report outlines:

- Vicinity's reward principles and framework
- Vicinity's performance for FY23 and the link between Vicinity's performance, strategy execution and the remuneration outcomes for our Executive KMP
- Remuneration received by Non-executive Directors and Executive KMP

The contents of the Remuneration Report 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.

3. KEY QUESTIONS

Key questions	Vicinity approach	Further information
Remuneration in FY23		
What changes were made to Executive KMP remuneration in FY23?	Effective 1 July 2022, Peter Huddle's fixed pay remained unchanged, however, his STI target was increased from 87% to 95% of TFR and his LTI opportunity was increased from 95.65% to 97.5% of TFR. Upon his appointment as CEO, effective 1 February 2023, he received a fixed pay increase from $1,150,000 to $1,500,000 per annum (this is the same level as the former CEO). His STI and LTI opportunity were set at 95% and 140% of TFR respectively. For the period that he performed the role of Acting CEO, he received a higher duties allowance of $230,000 per annum in recognition of the additional responsibilities during the acting period, while he continued to perform his former role of COO. Adrian Chye, CFO, received a fixed pay increase from $700,000 to $738,500 to align more closely with the market. There was no change to the former CEO's fixed pay, however his target STI opportunity was increased from 75% to 81.5% of TFR to align more closely with the market. These adjustments were made following a detailed review of relevant Australian external benchmarks, including applicable ASX100 A-REITs.	Section 5.2 Page 60
Were any changes made to Non-executive Director fees in FY23?	The Chairman's fee was increased from $463,500 to $486,500 and Non-executive Director fees were increased from $164,800 to $175,000. This is the first time there has been any adjustment to the Chairman's and Non-executive Director fees since 1 January 2018. These increases ensure that fees continue to remain competitive, having regard to the fees paid by comparable ASX-listed entities, the increasing complexity in the governance landscape and external environment, and the increased responsibilities and workloads of Non-executive Directors generally.	Section 7.1 Page 70
How is Vicinity's performance reflected in the FY23 remuneration outcomes?	Vicinity delivered strong performance, with FFO and NPI materially exceeding target. Performance against the strategy and portfolio enhancement measures was also strong. The executive remuneration outcomes for FY23 are aligned with our business performance and with securityholder experience.	Section 5.1 Page 58

3. KEY QUESTIONS (continued)

Key questions	Vicinity approach	Further information
Remuneration framework		
What changes have been made to the remuneration framework in FY23?	**STI:** There were no changes to the STI framework for FY23. 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. The FFO gateway did not apply for FY23, given the difficulties with setting robust financial targets at the start of FY23.	Section 4.3 Page 54
	LTI: Following a detailed review of the LTI TR hurdles, the FY23 TR hurdles were increased from 4.5%-7.25% to 5%-7.5%. The TR hurdles were once again determined through detailed internal modelling over the performance period, including cost of equity using the Capital Asset Pricing Model, distribution yield on, and growth in, Net Tangible Assets, and asset capitalisation and discount rates. For the TSR measure, the TSR Comparator Group was amended to include HomeCo Daily Needs REIT. An equal weighting of 20% has been used for the four retail peers with a 10% weighting used for the non-retail peers. This continues to achieve a suitable balance between retail and appropriate non-retail group exposure and balanced representation across retail constituents. While the resolution for the FY23 LTI grant of performance rights for the former CEO was withdrawn prior to the 2022 Annual General Meeting, all proxy advisers had recommended that securityholders vote in favour of the resolution.	Section 4.4 Page 55
Are any changes planned to the remuneration framework in FY24?	**STI:** For FY24, access to the STI will be contingent on the achievement of a FFO gateway of 95% of target.	
	LTI: The absolute TSR 'gate' which applied for FY20 and FY21 and the TR hurdles for use in the FY24 LTI are being reviewed. The Board will continue to monitor the LTI TSR and TR measures and hurdles and update these as appropriate.	Section 4.4 Page 55
Where does Vicinity position remuneration relative to the market?	Fixed and variable remuneration is typically set at the market median, while the maximum remuneration opportunity can exceed market median when performance has significantly exceeded target measures.	Section 4.2 Page 54
What proportion of remuneration is 'at risk'?	The majority of executive remuneration is based on short and long-term Company performance and is therefore 'at-risk'. The total target 'at risk' remuneration package (face value of the LTI and target STI opportunity) for the CEO and CFO is 70% and 59% respectively.	Section 4.5 Page 57
How and when does the Board determine if it uses discretion?	As a general principle, where a formulaic application of a remuneration metric or formula may lead to a material or perverse remuneration outcome, or when it is in the best interests of securityholders for the Board to do so, the Board will consider and may exercise discretion in determining remuneration outcomes.	
Are there any malus and clawback provisions for incentives?	Yes, the Board 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 or 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.	Section 6.2 Page 66
What is Vicinity's minimum securityholding requirement?	The minimum securityholding requirement is: • 100% of TFR for the CEO; • 60% of TFR for the CFO and other members of the ELT; and • 100% of base fees (net of income tax and superannuation) for Non-executive Directors. Executives have five years to achieve the minimum holding of securities from the end of the first full financial year following an executive's commencement date. Non-executive Directors have five years to acquire the minimum holding of securities from the Director's commencement date.	Section 6.3 Page 66 Section 7.3 Page 72

Remuneration Report

3. KEY QUESTIONS (continued)

Key questions	Vicinity approach	Further information
Short-term incentives		
Are any STI payments deferred?	Yes, 50% of any STI award for Executives is deferred into equity, vesting equally after 12 and 24 months following the date of deferral. After completing a review of peer practice, the deferral period for the CEO was revised from the 24 months deferral that applied to the former CEO. In the event of resignation or termination for cause prior to the vesting date, the rights do not vest and are forfeited.	Section 4.3 Page 54
Are STI payments capped?	Yes, the maximum STI opportunity as a percentage of the target opportunity is 1.5 times for the CEO and CFO and 1.33 times for the former CEO. The maximum amount of STI is payable only when performance has significantly exceeded target measures.	Section 4.3 Page 54
Long-term incentives		
What are the performance measures for the LTI?	Performance is measured over four years and allocations of performance rights are tested against two performance hurdles at the relevant vesting date: • 50% are subject to the achievement of relative TSR • 50% are subject to the achievement of TR For the purposes of the LTI plan assessment, each performance hurdle operates independently of the other.	Section 4.4 Page 55
Does the LTI have re-testing?	No, there is no-retesting of performance conditions following the end of the performance period.	Section 4.4 Page 55
Are dividends or distributions paid on unvested LTI awards?	No, 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. For the one-off discounted restricted rights granted for FY21, Executive KMP 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.	Section 4.4 Page 55
Is the LTI grant quantum based on 'fair value' or 'face value'?	The number of performance rights granted is allocated using a 'face value' methodology. The security price used to calculate the number of performance rights granted is the volume weighted average price (VWAP) of Vicinity's securities 10 trading days immediately following the Annual General Meeting in the year securities are issued.	Section 5.4 Page 63
Can LTI participants hedge their unvested LTI?	No, 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.	Section 6.4 Page 66
Does Vicinity buy securities or issue new securities for equity-based awards?	The Board has the discretion to issue new securities or buy securities on-market to satisfy the allocation of equity-based awards, subject to the requirements of the ASX Listing Rules. It has been Vicinity's practice to purchase securities on-market.	
Does Vicinity issue share options?	No, Vicinity uses performance rights for the LTI and restricted rights for the deferred STI.	Section 4.4 Page 55
Other		
Other than the changes to Executive KMP, were there any changes to the ELT in FY23?	The former Chief Corporate Affairs Officer, Marie Festa, resigned from the ELT and left Vicinity on 7 November 2022 and the former Chief Development Officer, Carolyn Viney, resigned from the ELT and left Vicinity on 9 February 2023. To ensure a greater focus on customer centricity, property excellence, disciplined capital management, as well as continuing to drive our ESG agenda, two new roles were elevated to the ELT. Kirrily Lord was appointed to the newly created role of Group Director, Customer & Asset Management, and Matt Parker was appointed to the role of Group Director, Leasing. Both appointments were effective 8 March 2022. Jeheon Son commenced with Vicinity in early FY24 in the role of Group Director, Development & Government Relations. The accountabilities of the Chief Innovation & Information Officer were distributed across other ELT roles and as a result, Justin Mills left the business on 28 April 2023.	

4. REMUNERATION FRAMEWORK

4.1 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 and outcomes 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.

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.

Reward Principles

Attract, retain and engage high-performing executives

Demonstrate the link between performance, strategy execution and reward

Encourage executives to manage from the perspective of securityholders

Remuneration Framework

Components

Fixed Remuneration[1]
Refer to section 4.2

Considerations/Performance measures
Considerations in setting TFR include:

- External Australian benchmarking and internal relativities
- The size, scope, and complexity of the role
- The individual's experience, skills, capability, and performance

Alignment with Strategy and Performance
Remuneration set at competitive levels, to attract, retain and engage key talent

+

STI
Refer to section 4.3

Executives are assessed against a scorecard of financial and non-financial measures:

- **Financial:** measures include FFO, NPI and corporate cost efficiencies
- **Strategy and portfolio enhancement:** measures relate to growth and portfolio enhancement (including mixed-use and retail development), funds or assets under management, financial stewardship and delivering superior retailer and customer experience
- **Leadership, governance and operational excellence:** measures relate to corporate reputation and sustainability, people, organisational capability, innovation, diversity, inclusion and belonging, risk, and governance

- Financial measures relate to Vicinity's capacity to pay distributions and generate securityholder returns
- Strategy and portfolio enhancement measures focus on asset and business performance, development projects and the long-term strategic direction of Vicinity
- Leadership, governance and operational excellence measures aim to promote a culture and behaviours that drive Company performance, operational excellence and reflect our long-term objectives

+

LTI
Refer to section 4.4

The performance rights vest following the four-year performance period subject to achievement of an:

- Internal hurdle based on TR (not applicable for the FY21 LTI)
- External hurdle based on relative TSR

For FY21, a one-off grant of discounted restricted rights was granted in lieu of the TR performance rights. The restricted rights vest 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 LTI aligns a significant portion of overall remuneration to securityholder value over the longer term
- Encourages sustainable high performance over the medium to long-term and securityholder value creation
- Provides a retention element
- TR measures the extent to which Vicinity efficiently manages and extracts value from Vicinity's assets and alignment with underlying growth in securityholder value
- The relative TSR hurdle aligns remuneration with Vicinity's long-term return relative to the nominated comparator groups
- The current TSR comparator group achieves a suitable balance between retail and appropriate non-retail group exposure
- The restricted rights support retention, engagement and the competitiveness of the remuneration package and provide alignment with securityholder experience

---

1. Referred to throughout as Total Fixed Remuneration (**TFR**).

Remuneration Report

4. REMUNERATION FRAMEWORK (continued)

4.2 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. Fixed and variable remuneration is typically set at the market median, while the maximum remuneration opportunity can exceed market median when performance has significantly exceeded target measures. 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.

4.3 HOW THE STI WORKS

<table>
<tr><td>Opportunity</td><td>
<table>
<tr><th>Opportunity</th><th>FY23 STI opportunity at a target level of performance as % of TFR</th><th>FY23 STI maximum opportunity as % of TFR</th><th>Maximum STI as a multiple of the target opportunity for exceptional individual and Vicinity performance</th></tr>
<tr><td>Peter Huddle (CEO)</td><td>95%</td><td>142.5%</td><td>1.5 times</td></tr>
<tr><td>Adrian Chye (CFO)</td><td>65%</td><td>97.5%</td><td>1.5 times</td></tr>
<tr><td>Grant Kelley (former CEO)</td><td>81.5%</td><td>108.7%</td><td>1.33 times</td></tr>
</table>
<p>The CEO's FY23 STI opportunity at target was 95% of TFR in his role as CEO for the period 1 February 2023 to 30 June 2023, and 95% of TFR in his role as COO/Acting CEO for the period 1 July 2022 to 31 January 2023. The Actual FY23 STI award for the CEO has been pro-rated based on the CEO's TFR and the STI opportunity for the respective periods served as CEO and COO/Acting CEO.</p>
</td></tr>
<tr><td>Performance measurement period</td><td>The STI performance measurement period is the full financial year. Where an Executive KMP commences employment or is 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.</td></tr>
<tr><td>Grant date, payment and deferral</td><td><p>STI is provided as a combination of cash and deferred equity. For the CEO and CFO, 50% of the STI is deferred into equity vesting equally after 12 and 24 months, and for a period of 24 months for the former CEO. Dividends are paid on the deferred equity component during the deferral period.</p>
<p>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.</p></td></tr>
<tr><td>Performance targets and measurement</td><td><p>Section 5.3 provides a detailed summary of the performance objectives and measures and the subsequent results for Executive KMP for FY23.</p>
<p>Performance objectives for FY23 were finalised by the Board in the case of the former CEO, and by the former 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.</p>
<p>The CEO assesses the performance of the CFO and other ELT members relative to their individual objectives and makes recommendations to the Committee for final determination.</p></td></tr>
</table>

Refer to section 5.3 for a summary of the STI outcomes for FY23.

4. REMUNERATION FRAMEWORK (continued)

4.4 HOW THE LTI WORKS

<table>
<tr>
<td>Type of equity awarded</td>
<td>
<p>Performance rights
Rights to Vicinity stapled securities at a future time for nil consideration, are subject to the achievement of agreed performance hurdles at the end of the performance period.</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>FY21 one-off restricted rights
As a one-off change for FY21 only, Executive KMP were granted restricted rights, in lieu of the TR performance rights. 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 considered the 50% discount to the face value of the TR performance rights typically granted to be appropriate given the more certain vesting outcome for the restricted rights.</p>
<p>Executive KMP 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>
</td>
</tr>
<tr>
<td>Performance period</td>
<td>
<p>Performance rights: four years
The FY21 one-off restricted rights granted to Executive KMP, have a performance period as follows:</p>
<table>
<tr><th>Percentage of restricted rights vesting</th><th>Performance period</th><th>Anticipated or actual time of release</th></tr>
<tr><td>Tranche 1 (25%)</td><td>1 July 2020–30 June 2022</td><td>Released early September 2022</td></tr>
<tr><td>Tranche 2 (25%)</td><td>1 July 2020–30 June 2023</td><td>Early September 2023</td></tr>
<tr><td>Tranche 3 (50%)</td><td>1 July 2020–30 June 2024</td><td>Early September 2024</td></tr>
</table>
</td>
</tr>
<tr>
<td>Performance hurdles</td>
<td>
<p>Performance rights
Allocations of performance rights are tested against two performance hurdles at the relevant vesting date:</p>

50% are subject to the achievement of relative TSR[1]
50% are subject to the achievement of TR (no TR performance rights were granted for FY21)[2]

<p>For the purposes of the assessment against the LTI hurdles, each performance hurdle operates independently of the other.</p>
<p>FY21 one-off restricted rights
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>
</td>
</tr>
<tr>
<td>Opportunity</td>
<td>
<p>The CEO's LTI opportunity is a face value of 140% of TFR. As the FY23 LTI allocation was made on 8 December 2022 based on the CEO's previous remuneration arrangements as COO, he also received a 'top-up' FY23 LTI Award (top-up award). The top-up award was calculated using the pro-rated face value of the FY23 LTI Award for the respective periods the CEO served as CEO and COO/Acting CEO, less the face value of the FY23 LTI Award already made. The CEO's FY23 LTI opportunity was therefore a face value of 101.6% of his TFR on appointment as CEO.</p>
<p>The CFO's LTI opportunity is a face value of 80% of TFR (FY22: 80% of TFR). No FY23 LTI grant was made to the former CEO (FY22: 135% of TFR).</p>
<p>For the FY23 LTI awards, the number of performance rights allocated was determined based on the 10-day VWAP of Vicinity securities immediately following the 2022 Annual General Meeting.</p>
</td>
</tr>
</table>

---

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. The FY23 comparator group is: Scentre Group (20% weighting); Charter Hall Retail REIT (20% weighting); Region Group (20% weighting); HomeCo Daily Needs REIT (20% weighting); The GPT Group (10% weighting) and Dexus (10% weighting). The FY22 comparator group is: Scentre Group (25% weighting); Charter Hall Retail REIT (25% weighting); Region Group (25% weighting); The GPT Group (12.5% weighting) and Dexus (12.5% weighting). Prior to FY22, the comparator group was the S&P/ASX 200 A-REIT Index at grant date, excluding Unibail-Rodamco-Westfield (ASX:URW). 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 performance period. TR may be adjusted for one-off items such as transaction costs, unrealised foreign exchange movements, unrealised fair value adjustments to derivatives or other items at the Board's discretion. This ensures that the outcomes are appropriate and that there is no undue advantage, penalty, or disincentive for undertaking certain activities.

Remuneration Report

4. REMUNERATION FRAMEWORK (continued)

4.4 HOW THE LTI WORKS (continued)

Vesting schedule

The following vesting schedules apply for FY23 and FY22:

TSR

Vicinity's TSR relative to the weighted TSR of the Comparator Group	**Percentage vesting**
Exceeds the Comparator Group by 2.7% per annum (or 11.2% cumulatively over four years)	100% vesting
Between the Comparator Group and 2.7% per annum above the Comparator Group	Pro-rata straight-line vesting between 50% and 100%
Below the Comparator Group	Nil vesting

TR

Compound annual TR target per annum	**Percentage vesting**
• For FY23: Above 7.5% • For FY22: Above 7.25%	100% vesting
• For FY23: Between 5.0% and 7.5% • For FY22: Between 4.50% and 7.25%	Pro-rata straight-line vesting between 10% and 100%
• For FY23: Below 5.0% • For FY22: Below 4.50%	Nil vesting

The following vesting schedules apply for FY21 and FY20 (no TR performance rights were granted for FY21):

TSR

Percentile ranking	**Percentage vesting**
Greater than or equal to 75th percentile	100% vesting
Between 51st and 75th percentile	Pro-rata straight-line vesting between 51% and 100%
Less than 51st percentile	Nil vesting

TR

Compound annual TR target per annum	**Percentage vesting**
Above 9.5%	100% vesting
Between 9.0% and 9.5%	Pro-rata straight-line vesting between 50% and 100%
Below 9.0%	Nil vesting

Following testing, any rights that do not vest, lapse.

The FY20 and FY21 plan include 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' does not apply to TSR performance rights granted in FY22 and FY23.

Refer to section 5.4 for a summary of the LTI outcomes for FY23.

4. REMUNERATION FRAMEWORK (continued)

4.5 PAY MIX

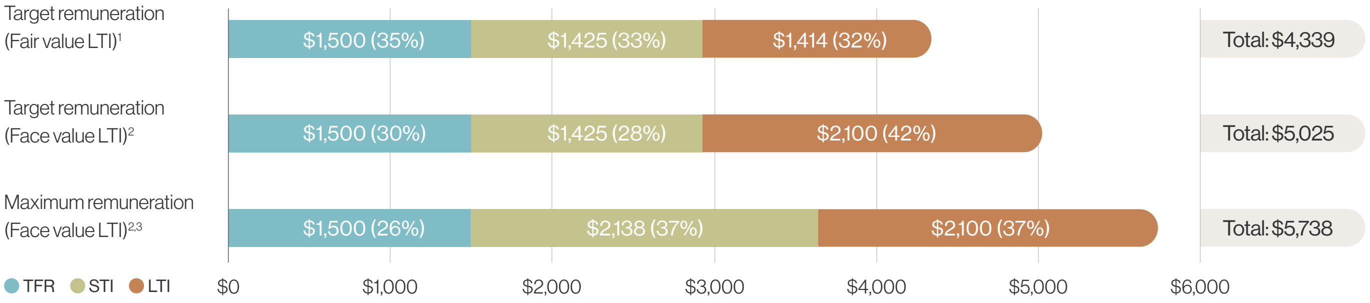
The majority of executive remuneration is linked to short and long-term Company performance to assist with aligning executive interests with those of securityholders. The components of total remuneration and the relative weightings of the fixed and at-risk components of total target remuneration (using the fair value and face value of the FY23 LTI) and total maximum remuneration (using the face value of the FY23 LTI) for the Executive KMP are detailed in Table 4.1 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.

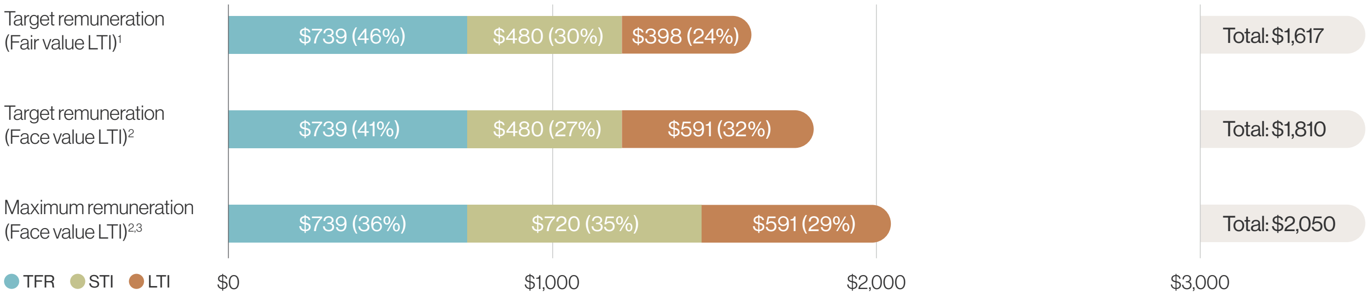
The amounts for the CEO show the full value of the remuneration package effective 1 February 2023 whereas the actual remuneration for FY23 has been pro-rated for the periods the CEO served as CEO and COO/Acting CEO.

Table 4.1: Pay mix

Chief Executive Officer (000s)



Chief Financial Officer (000s)

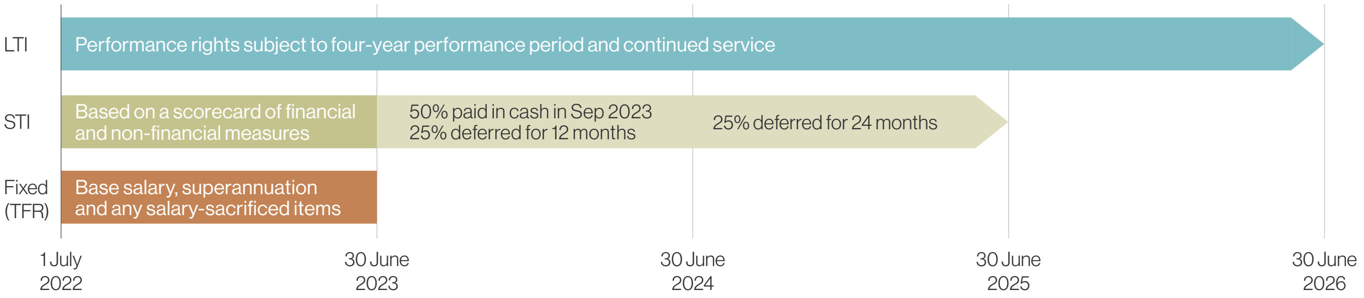


1. Includes the FY23 LTI based on the fair value of the performance rights awarded on 8 December 2022, valued in accordance with AASB 2 *Share Based Payments*, and the FY23 STI at target. The LTI amounts for the CEO are based on the CEO's remuneration package effective 1 February 2023.
2. Includes the FY23 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 FY23 STI at target. The LTI amounts for the CEO are based on the CEO's remuneration package effective 1 February 2023.
3. Includes the FY23 STI at maximum.

4.6 WHEN REMUNERATION IS DELIVERED

The diagram below provides a timeline of when remuneration is delivered, using FY23 as an example.

Table 4.2: When remuneration is delivered



Remuneration Report

5. COMPANY PERFORMANCE AND EXECUTIVE REMUNERATION OUTCOMES

5.1 OVERVIEW OF COMPANY PERFORMANCE

Vicinity reported a statutory net profit after tax of $271.5 million in FY23. This principally comprised $684.8 million of FFO offset by a net property valuation loss of $338.4 million[1] and other statutory and non-cash items.

FFO increased by 14.5%, resulting from a 12.1% uplift in NPI to $900.2 million; now at pre-COVID levels. NPI growth was driven by improved cash collections from current and prior years[2], positive rental growth, percentage rent uplift, continued ancillary income growth, led by carparks and media sales, and higher occupancy. NPI growth was partially offset by higher net interest expense, driven by higher funding for development activity as well as higher interest rates.

Total retail sales in 2H FY23 were up 8.0% with food catering and food retail, together with jewellery delivering the strongest growth rates, at 21.1%, 14.7% and 14.6% respectively.

While retail sales growth remained positive for twelve consecutive months in FY23, the rate of sales growth moderated in late 4Q FY23, impacted by a slowing of consumer demand amid rising household living costs.

During the year, Vicinity enhanced its investment portfolio through significant leasing and development activity. A record number of leasing deals were completed with a positive leasing spread and the Company maintained its traditional specialty retail lease structure of five-year leases with fixed annual escalators. The quantity and quality of leasing activity in FY23 supports future income growth, reduced holdovers, and increased portfolio occupancy.

On the development front, Vicinity completed five key development projects across Chadstone, Box Hill Central and Bankstown Central, along with a range of smaller redevelopments, refurbishments and major tenant conversions. New developments received final approval and commenced at Chadstone (One Middle Road office tower which is fully integrated into the Fresh Food and Dining project) and Chatswood Chase Sydney (the lower ground revitalisation of Fresh Food and Dining). Vicinity also received town planning approval for the major mixed-use development of Buranda Village as well as an amended development approval for major retail development and a rooftop office village at Chatswood Chase Sydney.

Late in the year, Vicinity divested 50% of the shopping centre at Broadmeadows Central at a 5.2% premium to book value, which expanded an existing capital partner relationship. With the proceeds initially used to repay debt, gearing was reduced to 25.6%, the lower end of the target range of 25%-35%. The Company's strong debt capital position was maintained by negotiating $1.0 billion of new or extended bank facilities[3] and entering FY24 with 90% of debt hedged[3]. Vicinity's strong investment grade credit ratings of A/stable (S&P) and A2/stable (Moody's) are unchanged.

Table 5.1 provides an overview of Company performance and executive remuneration outcomes. Further detail on these metrics and achievements is contained in Table 5.3.

---

1. Excludes statutory accounting adjustments.
2. NPI included a $29.2 million reversal of prior years' waivers and provisions (FY22: $62.8 million).
3. Includes activities post period end.

5. COMPANY PERFORMANCE AND EXECUTIVE REMUNERATION OUTCOMES (continued)

5.1 OVERVIEW OF COMPANY PERFORMANCE (continued)

Table 5.1: Overview of Company performance and executive remuneration outcomes

What Vicinity achieved | **What executives received**

FY23 performance

- Financial performance was strong when compared to FY22 and significantly outperformed forecasts at the start of FY23, due to strong operating performance, as well as the reversal of $29.2 million of prior years' waivers and provisions
- FFO was $684.8 million, up 14.5% compared to FY22
- FFO per security was 15.0 cents (FY22: 13.1 cents)
- NPI was $900.2 million up 12.1% compared to FY22
- Distribution per security was 12.0 cents, up 15.4% compared to FY22
- Progressed strategic objectives:
  - Reorganised the leadership structure for closer alignment with key business income streams
  - Divested 50% of the shopping centre at Broadmeadows Central for a 5.2% premium to book value, strengthening balance sheet and expanding capital partnerships
  - Completed five key development projects in line with approved feasibilities, and a range of smaller retail projects
  - Executed record number of leasing deals, with a positive leasing spread, and significant reduction in holdovers, supporting future income growth
  - Increased portfolio occupancy to 98.8% (Jun-22: 98.3%)
  - Maintained highly-rated sustainability performance
- Refer to further commentary within Table 5.3

FY23 fixed remuneration

- The CEO's TFR was not increased effective 1 July 2022 and his TFR was increased to $1,500,000 upon his appointment as CEO. This was set at the same level as the former CEO
- The CFO's TFR was increased by 5.5% from $700,000 to $738,500 effective 1 July 2022 to align more closely with the market
- The former CEO's TFR remained unchanged

FY23 STI outcomes

- The FY23 STI outcomes for Executive KMP, presented as a percentage of the maximum STI opportunity, are summarised below
- Additional information is provided in section 5.3

	FY23 STI outcome % of maximum
CEO	80.0
CFO	80.0
Former CEO	0.0

Performance period ending 30 June 2023

FY20 performance rights

(Performance period: 1 July 2019–30 June 2023)

- TSR for the four-year period to 30 June 2023 was -11.6% (or -3.0% per annum compound), which was below the level required for threshold vesting
- A compound annual TR per annum of -2.3% (unadjusted) was achieved over the performance period[1], which was below the level required for threshold vesting. Asset devaluations for FY20 and FY21 had a significant impact on the TR over the performance period

LTI outcomes

- There was no vesting of performance rights granted under the FY20 LTI Plan. The FY18, FY19 and FY20 LTI have now all lapsed in full
- Additional information is provided in section 5.4 and Table 6.3

FY21 discounted restricted rights

(Performance period: 1 July 2020–30 June 2023)

- The second tranche of the FY21 discounted restricted rights, which represents 25% of the total one-off restricted rights granted for FY21, had a three-year performance period which ended on 30 June 2023
- The vesting of the restricted rights is subject to ongoing employment through to the vesting date 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 reviewed the performance conditions for the vesting of these restricted rights in August 2023

- The Board determined that the second tranche of the FY21 discounted restricted rights vested. These rights will be released to participants in September 2023
- The restricted rights that vested for Executive KMP are as follows: CEO: 41,421 and CFO: 6,227. 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 date the securities are released in September 2023
- Additional information is provided in section 5.4 and Table 6.4

[1] Refer to section 4.4 for a description of the calculation of the compound annual TR.

Remuneration Report

5. COMPANY PERFORMANCE AND EXECUTIVE REMUNERATION OUTCOMES (continued)

5.1 OVERVIEW OF COMPANY PERFORMANCE (continued)

Table 5.2 provides details of Vicinity's financial performance for the current and past four financial years.

Table 5.2: Five-year securityholder performance metrics

Securityholder performance metrics	FY19	FY20	FY21	FY22	FY23
Security price as at 30 June ($)[1]	2.45	1.43	1.54	1.835	1.845
Net tangible assets per security ($)[2]	2.92	2.29	2.13	2.36	2.30
Distributions relating to financial year earnings (cents)[3]	15.9	7.7	10.0[4]	10.4	12.0
TR (unadjusted)[5]	3.4%	(18.7%)	(2.6%)	12.5%	2.6%
TSR of VCX for the year ended 30 June[6]	0.6%	(39.9%)	15.0%	21.8%	6.4%
TSR of the S&P/ASX 200 A-REIT Index[6]	19.3%	(21.3%)	33.2%	(12.3%)	8.1%
TSR of the FY22 LTI comparator group[7]	–	–	–	2.3%	0.4%
TSR of the FY23 LTI comparator group[7]	–	–	–	–	1.4%

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. From FY22, the distributions declared during the financial year differs from the distributions relating to financial year earnings, as the final distribution declaration date was moved to after the end of the financial year.
4. Included 2.5 cents attributable to a number of one-off items.
5. Calculated at period end as: (change in NTA during the year + distributions declared)/opening NTA. As explained in section 4.4, certain adjustments may be made to the TR amounts included in this table for the purposes of determining the vesting of LTI awards.
6. 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.
7. The FY23 and FY22 TSR comparator groups are set out in section 4.4.

5.2 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

The CEO's TFR was not increased effective 1 July 2022 and his TFR was increased to $1,500,000 upon his appointment as CEO. This was set at the same level as the former CEO. The CFO's TFR was increased by 5.5% from $700,000 to $738,500 effective 1 July 2022 to align more closely with the market. The former CEO's TFR remained unchanged.

5.3 FY23 STI OUTCOMES

Summary

Vicinity's STI provides Executive KMP and other members of the ELT 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 5.3. Specific measures for individuals are set within these performance categories and are approved by the Board.

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 FY23, given the difficulties with setting robust financial targets at the start of FY23. In addition to assessing FY23 financial performance against the FY23 budget, the Board also considered overall securityholder experience and expectations.

Further detail on the assessment against the performance categories and measures are included in Tables 5.3 and 5.4. Details of the FY23 STI outcomes for Executive KMP are included in Table 5.5.

Outcomes

Tables 5.3, 5.4 and 5.5 outline performance against FY23 STI measures.

Most objectives included in the strategy and portfolio enhancement 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%.

5. COMPANY PERFORMANCE AND EXECUTIVE REMUNERATION OUTCOMES (continued)

5.3 FY23 STI OUTCOMES (continued)

Table 5.3: Executive KMP performance against FY23 STI measures

Performance category and weighting	Performance measure	Reason chosen	Performance outcome
Financial (40%)	FFO, NPI and corporate cost efficiencies	FFO and NPI are key financial measures of performance while a focus on corporate cost efficiencies maintains strong financial discipline	• FFO of $684.8 million, or 15.0 cents on a per security basis compared to the FY23 target FFO of $606.3 million, or 13.3 cents on a per security basis (in line with the midpoint of the FY23 FFO per security guidance range) • NPI of $900.2 million compared to the FY23 target NPI of $830.7 million, largely driven by lower waivers and provisions, growth in base rent, improved percentage rent and ancillary income and the reversal of $29.2 million of prior years' waivers and provisions • Delivered cost reductions through favourable employment costs, principally due to executive changes and savings in other corporate costs
Strategy and portfolio enhancement (30%)	Objectives linked to growth and portfolio enhancement (including mixed-use and retail development), funds or assets under management, financial stewardship and delivering superior retailer and customer experience	Developing and implementing Vicinity's key strategic initiatives will underpin future value creation opportunities and growth Focus on improving portfolio quality and operational efficiency, will underpin sustainable performance	• Divested 50% of the shopping centre at Broadmeadows Central at 5.2% premium to book value, reducing gearing and expanding capital partnerships • Delivered five key development projects at Chadstone, Box Hill Central and Bankstown Central with returns in line with target feasibilities • Obtained final approvals and commenced the Fresh Food and Dining, and One Middle Road office, projects at Chadstone, and the Chatswood Chase Sydney lower ground fresh food and dining retail projects • Obtained town planning approval for major mixed-use development at Buranda Village and retail development at Chatswood Chase Sydney • A range of smaller redevelopments, refurbishments and major tenant conversions completed • Executed record level of leasing deals, with a positive leasing spread, and significant reduction in holdovers, supporting future income growth • Increased portfolio occupancy to 98.8% (Jun-22: 98.3%) • Maintained high credit ratings of A/stable (S&P) and A2/stable (Moody's) • Negotiating $1.0 billion of new or extended bank debt facilities[1] • Pro-active hedge management to enter FY24 with 90% of debt hedged[1]
Leadership, governance and operational excellence (30%)	Objectives linked to corporate reputation and sustainability, people, organisational capability, diversity, inclusion and belonging, risk, and governance	Non-financial objectives underpin growth and sustainability of our business	• Commenced an update of the Group strategy framework with a refresh of Vicinity's purpose, vision, values and behaviours to be completed in FY24 • Refreshed the ELT to enhance the balance between the property and corporate operations of the business. The reduced ELT size and increased remit of key roles supports tighter focus and cost discipline • Continued to embed our leadership and organisational capabilities supported by related development programs and resources • Delivered operating model and organisational design changes across multiple business units • Tenant satisfaction (TenSAT/CenteSAT) scores remained strong amid challenging retail conditions **ESG related outcomes** • Increased number of centres with a 5 Star or greater NABERS Energy rating by 6 to 27 • Solid engagement score of 66% (-2pp), an 80% participation rate and significant actionable feedback from the team, despite leadership team changes • A continued focus on gender diversity ensured we maintained an overall 40:40:20 gender balance and the percentage of females in our senior leadership group increased from 24% to 35% over FY23 • Introduced five Employee Advocacy Groups (EAGs) with strong engagement with team members • Maintained high rankings in GRESB and DJSI benchmarks

---

1. Includes activities post period end.

Remuneration Report

5. COMPANY PERFORMANCE AND EXECUTIVE REMUNERATION OUTCOMES (continued)

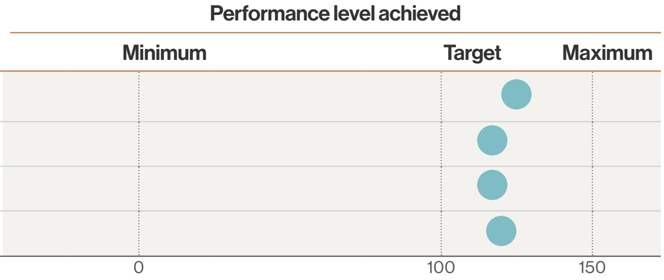
5.3 FY23 STI OUTCOMES (continued)

Table 5.4 provides an overview of the FY23 Executive KMP performance level achieved for each performance category.

Table 5.4: FY23 Executive KMP performance level achieved

CEO

Performance category	Weighting at target
Financial	40%
Strategy and portfolio enhancement	30%
Leadership, governance and operational excellence	30%
Overall	**100%**



CFO

Performance category	Weighting at target
Financial	40%
Strategy and portfolio enhancement	30%
Leadership, governance and operational excellence	30%
Overall	**100%**

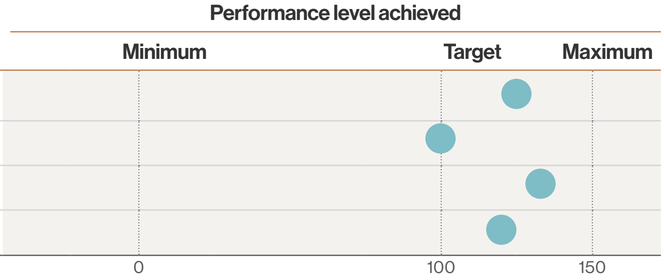


Table 5.5 summarises the FY23 STI outcomes for each Executive KMP.

Table 5.5: FY23 STI outcomes for Executive KMP

Executive KMP	Target STI as % of TFR	Maximum STI opportunity as % of TFR [1]	Actual STI awarded [2] $	% of target STI opportunity awarded	% of maximum STI opportunity awarded	% of maximum STI opportunity forfeited
Peter Huddle	95%	142.5%	1,474,971	120.0	80.0	20.0
Adrian Chye	65%	97.5%	575,982	120.0	80.0	20.0
Grant Kelley	81.5%	108.7%	0	0.0	0.0	100.0

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 1.5 times for the CEO and CFO and 1.33 times for the former CEO.
2. The Actual FY23 STI award for the CEO has been pro-rated based on the CEO's TFR and the STI opportunity for the respective periods served as CEO and COO/Acting CEO.

5. COMPANY PERFORMANCE AND EXECUTIVE REMUNERATION OUTCOMES (continued)

5.4 FY23 LTI OUTCOMES AND FY23 LTI GRANT

Summary

The four-year performance period for the FY20 LTI grant (**FY20 LTI**) commenced on 1 July 2019 and ended on 30 June 2023. The FY20 LTI provided an opportunity for Executive KMP, other members of the ELT and other senior executives to receive a grant of performance rights, subject to the achievement of TSR and TR performance hurdles.

Please refer to section 4.4 for further details of the LTI Plan, including details of the performance period for the restricted rights granted in FY23.

The second 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 2023.

LTI outcomes for the period ended 30 June 2023

The FY20 LTI grant was tested at 30 June 2023. The compound annual TR per annum achieved over the performance period was below the level of 9.0% required for threshold vesting. The TR outcome was impacted significantly by asset devaluations during FY20 and FY21, mainly due to the impacts of COVID-19. The relative TSR ranking over the performance period against the TSR comparator group (comparator group) resulted in nil vesting against this measure, with COVID-19 impacting discretionary retail more significantly than other property asset classes. The combined vesting outcome for the FY20 LTI was therefore nil.

The Board determined that the second tranche of the FY21 discounted restricted rights vested. These rights will be released to participants in September 2023. The restricted rights that vested for Executive KMP, excluding any distribution equivalent securities, are as follows: CEO: 41,421 and CFO: 6,227.

Details of all current LTI holdings for Executive KMP are included in section 6.5.

FY23 LTI grant

The FY23 LTI grant (**FY23 LTI**) was made to the Executive KMP, other members of the ELT and other senior executives with effect from 1 July 2022, with a four-year performance period that ends on 30 June 2026. No FY23 LTI grant was made to the former CEO. Table 6.6 shows the number of performance rights granted to the Executive KMP under the FY23 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 5.6. Fair values are calculated in accordance with AASB 2 *Share Based Payments*.

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 4.4.

Table 5.6: FY23 LTI grants

Executive KMP	Grant date	Face value of rights on grant date $	Number of performance rights [1]	LTI face value as a percentage of TFR at grant date %	Fair value of rights on grant date [2] $	LTI fair value as a percentage of TFR at grant date %
Peter Huddle	20 February 2023[3]	402,226	201,415	26.8%	289,031	19.3%
Peter Huddle	8 December 2022	1,121,250	561,467	97.5%	755,173	65.7%
Adrian Chye	8 December 2022	590,800	295,843	80.0%	397,909	53.9%
Total		**2,114,276**	**1,058,725**		**1,442,112**	

1. The grants made to Executive KMP represent the face value LTI opportunity with effect from 1 July 2022. The security price used in the calculation is the VWAP of Vicinity's securities 10 trading days immediately following the 2022 Annual General Meeting of $1.9970.
2. Calculated based on a fair value per right as summarised in the table below.

Grant date	TR rights $	TSR rights $	Overall fair value of LTI grants $	Overall fair value of LTI grants as a % of face value
20 February 2023	1.72	1.15	1.435	71.9
8 December 2022	1.64	1.05	1.345	67.4

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.

3. The CEO's LTI opportunity is 140% of TFR. As the FY23 LTI allocation was made on 8 December 2022 based on the CEO's previous remuneration arrangements as COO, he also received a top-up award on 20 February 2023. The top-up award was calculated using the pro-rated face value of the FY23 LTI Award for the respective periods the CEO served as CEO and COO/Acting CEO, less the face value of the FY23 LTI Award already made. The total face value of the FY23 rights granted to the CEO of $1,523,476 was therefore equal to 101.6% of his TFR of $1,500,000 on appointment as CEO.

Remuneration Report

5. COMPANY PERFORMANCE AND EXECUTIVE REMUNERATION OUTCOMES (continued)

5.5 STATUTORY REMUNERATION

Table 5.7 sets out the statutory remuneration received by each 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 5.7: Executive KMP statutory remuneration for FY23

		Short-term benefits			Other benefits	Share based payments		Post-employment			
Executive KMP	Period	Base Salary [1] $	STI Cash [2] $	Non-monetary [3] $	Leave entitlements [4] $	Performance and restricted rights [5] $	STI Deferred [6] $	Superannuation contributions $	Termination benefits [7] $	Total $	Performance related [8] %
Peter Huddle	FY23	1,318,605	737,485	4,409	129,590	540,156	601,543	25,292	–	3,357,080	56%
	FY22	1,126,432	547,223	3,892	40,168	361,213	394,667	23,568	–	2,497,163	52%
Adrian Chye[9]	FY23	713,208	287,991	1,410	39,651	193,109	224,758	25,292	–	1,485,419	48%
	FY22	543,747	216,745	1,170	35,340	99,555	100,255	18,945	–	1,015,757	41%
Total current Executive KMP	**FY23**	**2,031,813**	**1,025,476**	**5,819**	**169,241**	**733,265**	**826,301**	**50,584**	**–**	**4,842,499**	**53%**
	FY22	**1,670,179**	**763,968**	**5,062**	**75,508**	**460,768**	**494,922**	**42,513**	**–**	**3,512,920**	**49%**
Grant Kelley[10]	FY23	556,585	–	4,637	(101,616)	899,169	507,586	12,646	750,000	2,629,007	54%
	FY22	1,476,432	567,056	8,220	115,272	758,792	318,221	23,568	–	3,267,561	50%
Total current and former Executive KMP	**FY23**	**2,588,398**	**1,025,476**	**10,456**	**67,625**	**1,632,434**	**1,333,887**	**63,230**	**750,000**	**7,471,506**	**53%**
	FY22	**3,146,611**	**1,331,024**	**13,282**	**190,780**	**1,219,560**	**813,143**	**66,081**	**–**	**6,780,481**	**50%**

1. Base salary excludes the annual leave expense recognised in the financial statements for the period in accordance with AASB 119 *Employee Benefits*. For the period that Peter Huddle performed the role of Acting CEO from 16 November 2022 to 31 January 2023, he received a higher duties allowance of $230,000 per annum. The total higher duties allowance included in base salary for FY23 was $48,064.
2. The cash component is 50% of the STI awarded for Executive KMP, and where applicable, is paid in September following the end of the financial year.
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. For the former CEO, the FY23 expense represents the acceleration of the residual expense for the FY20-FY22 performance rights and the FY21 restricted rights to the date of leaving. Following the subsequent forfeiture of these awards, no actual remuneration will be received by the former CEO in relation to these awards.
6. 50% of the STI is deferred into restricted securities. For the CEO and CFO, 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. For the former CEO, the FY23 expense represents the acceleration of the residual expense for the FY22 and FY21 STI deferred to the date of leaving. Following the subsequent forfeiture of these awards, no actual remuneration will be received by the former CEO in relation to these awards.
7. The termination benefits for Grant Kelley for FY23 represents a payment of six months' TFR in lieu of notice.
8. Represents the sum of STI Cash, Performance, and restricted rights and STI Deferred divided by the Total, reflecting the actual percentage of remuneration at risk for the year.
9. For FY22, represents remuneration for the period as KMP from 13 September 2021-30 June 2022.
10. For FY23, represents remuneration for the period as KMP from 1 July 2022-16 November 2023.

5. COMPANY PERFORMANCE AND EXECUTIVE REMUNERATION OUTCOMES (continued)

5.6 NON-STATUTORY REMUNERATION

Table 5.8 sets out the 'actual' remuneration or 'take home pay' received by each Executive KMP during the current and prior year. Actual remuneration differs from statutory remuneration (Table 5.7), 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 FY23, even though they were awarded in prior financial years.

Peter Huddle's fixed remuneration and STI cash were higher in FY23 than in FY22, due mainly to his appointment as CEO. The release of STI deferred was also higher, with the FY23 amount reflecting the release of 50% of the FY21 and FY22 STI deferred, whereas for FY22, the amount reflects the release of only 50% of the FY21 STI deferred due to the cancellation of the FY20 STI. For Adrian Chye, his total remuneration was higher in FY23 than in FY22, due mainly to FY23 being his first full financial year as CFO.

Table 5.8: Executive KMP actual remuneration for FY23

		Short-term benefits			Share based payments				
Executive KMP	**Period**	**Base Salary[1] $**	**Superannuation contributions[1] $**	**Non-monetary benefits[1] $**	**STI cash[1] $**	**Release of STI Deferred[2] $**	**Release of FY21 restricted rights[3] $**	**Termination benefits[4] $**	**Total $**
Peter Huddle	FY23	1,318,605	25,292	4,409	737,485	479,152	87,174	–	2,652,117
	FY22	1,126,432	23,568	3,892	547,223	213,440	–	–	1,914,555
Adrian Chye	FY23	713,208	25,292	1,410	287,991	126,836	13,106	–	1,167,843
	FY22	543,747	18,945	1,170	216,745	–	–	–	780,607
Total current Executive KMP	**FY23**	**2,031,813**	**50,584**	**5,819**	**1,025,476**	**605,988**	**100,280**	**–**	**3,819,960**
	FY22	**1,670,179**	**42,513**	**5,062**	**763,968**	**213,440**	**–**	**–**	**2,695,162**
Grant Kelley	FY23	556,585	12,646	4,637	–	–	160,482	900,501	1,634,851
	FY22	1,476,432	23,568	8,220	567,056	–	–	–	2,075,276
Total current and former Executive KMP	**FY23**	**2,588,398**	**63,230**	**10,456**	**1,025,476**	**605,988**	**260,762**	**900,501**	**5,454,811**
	FY22	**3,146,611**	**66,081**	**13,282**	**1,331,024**	**213,440**	**–**	**–**	**4,770,438**

1. As per Table 5.7.
2. Refer Table 6.2 for further details of the deferred STI restricted securities released. 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.
3. Amounts for FY23 represent the release of securities on 14 September 2022, following the vesting of the first tranche of the FY21 discounted restricted rights which represented 25% of the total one-off restricted rights granted for FY21. The total securities released, inclusive of distribution equivalent securities, were as follows: Peter Huddle (45,881 securities), Adrian Chye (6,898 securities) and Grant Kelley (84,464 securities). The values have been calculated based on the security price as at close of business on 14 September 2022 of $1.90.
4. The termination benefits for Grant Kelley for FY23 represents a payment of six months' TFR in lieu of notice of $750,000 plus a payment for accrued statutory annual leave of $150,501.

Remuneration Report

6. EXECUTIVE REMUNERATION – FURTHER INFORMATION

6.1 STI AND LTI – CESSATION OF EMPLOYMENT 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. 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

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

6.2 MALUS AND CLAWBACK

The Board 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 or 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.

6.3 MINIMUM SECURITYHOLDING REQUIREMENT – EXECUTIVE KMP

Vicinity operates a minimum securityholding requirement (**MSR**) for Executive KMP and other members of the ELT. This requires the CEO and members of the ELT to achieve a minimum holding of securities equal to 100% and 60% of TFR respectively within five years from the end of the first full financial year following an executive's commencement date. Deferred STI restricted securities count towards the MSR and Executive KMP may sell securities to cover tax obligations arising from awards that vest.

Given the increase to the CEO's MSR from 60% to 100% of TFR on appointment to CEO effective 1 February 2023, the Board will extend the period over which the minimum holding is to be achieved from 30 June 2025 to 30 June 2027, if required. The Board will also consider extending the five-year period for the other members of the ELT should the MSR be unattainable due to the lapsing of the FY18-FY20 and any subsequent LTI grants and the cancellation of the FY20 STI, which was impacted by COVID-19.

If, at any time during the five-year accumulation period, the MSR is achieved, 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.

6.4 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.

6.5 EQUITY HOLDINGS – EXECUTIVE KMP

Table 6.1 details the number of securities in Vicinity held by Executive KMP, including their personally related parties, as at 30 June 2023. Given their mandatory nature and the absence of performance conditions, a value for unvested Deferred STI restricted securities also count towards the MSR.

Table 6.1: Vicinity securities

	Opening securities as at 1 July 2022	Granted as remuneration [1]	Additions during the year [2]	Closing securities as at 30 June 2023 [3]	Value as at 30 June 2023 [4] $	Minimum securityholding guideline $	Date securityholding to be attained
Peter Huddle	284,710	286,774	45,881	617,365	1,139,038	1,500,000	Jun 2025
Adrian Chye	69,487	137,491	6,898	213,876	394,601	443,100	Jun 2027
Grant Kelley [5]	561,836	297,168	84,464	943,468	n/a	n/a	n/a

1. Reflects the allocation of the FY22 deferred STI restricted securities.
2. Reflects the release of securities on 14 September 2022, following the vesting of the first tranche of the FY21 discounted restricted rights and includes distribution equivalent securities.
3. Closing securities as at the end of the financial year or at such time the Executive KMP ceased being an Executive KMP.
4. Closing securities as at 30 June 2023 multiplied by the VCX closing security price on 30 June 2023 of $1.845 to derive a dollar value.
5. Closing securities on 16 November 2022 included 297,168 FY22 deferred STI restricted securities and 225,627 FY21 deferred STI restricted securities. The Board determined to forfeit all deferred STI restricted securities under the relevant plan rules prior to the end of their restriction period.

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

6. EXECUTIVE REMUNERATION – FURTHER INFORMATION (continued)

6.5 EQUITY HOLDINGS – EXECUTIVE KMP (continued)

Table 6.2 details the number of deferred STI restricted securities granted to Executive KMP and the market value of securities released following the end of their restriction period(s). This aligns with the values included in the 'Release of STI deferred' column in Table 5.8.

Table 6.2: Deferred STI restricted securities

Executive KMP	Date of grant	Deferred STI award Year	Value of deferred equity at time of grant $	Security price used to calculate the restricted securities allocated[1]	Number of restricted securities allocated	Restriction period end date	Security price at restriction period end date	Market value of securities released $
Peter Huddle	1 July 2022	FY22	273,612	$1.9082	143,387	30 June 2023	$1.845	264,549
			273,612	$1.9082	143,387	30 June 2024	–	–
	1 July 2021	FY21	200,088	$1.7202	116,316	30 June 2022	$1.835	213,440
			200,087	$1.7202	116,316	30 June 2023	$1.845	214,603
Adrian Chye	1 July 2022	FY22	131,181	$1.9082	68,746	30 June 2023	$1.845	126,836
			131,181	$1.9082	68,745	30 June 2024	–	–
Grant Kelley[2]	1 July 2022	FY22	567,057	$1.9082	297,168	n/a	–	–
	1 July 2021	FY21	388,125	$1.7202	225,627	n/a	–	–

1. VWAP of VCX securities traded on the ASX over the 10 trading days immediately preceding the STI cash payment date in September 2021 (FY21 deferred STI award) and September 2022 (FY22 deferred STI award).
2. The Board determined to forfeit the 522,795 deferred STI restricted securities under the relevant plan rules.

Table 6.3 details the number of performance rights held by Executive KMP, as at 30 June 2023.

Table 6.3: Performance rights

Executive KMP	Grant date	End of performance period	Opening performance rights[1]	Granted as remuneration in FY23	Performance rights vested	Performance rights lapsed[2]	Closing unvested performance rights
Peter Huddle							
FY23 top-up	20 Feb 2023	30 Jun 2026	–	201,415	–	–	201,415
FY23	8 Dec 2022	30 Jun 2026	–	561,467	–	–	561,467
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	–
Total			**1,378,677**	**762,882**	**–**	**414,437**	**1,727,122**
Adrian Chye							
FY23	8 Dec 2022	30 Jun 2026	–	295,843	–	–	295,843
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	–
Total			**434,315**	**295,843**	**–**	**62,307**	**667,851**
Grant Kelley							
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	–
Total			**2,538,019**	**–**	**–**	**2,538,019**	**–**
Total number of performance rights			**4,351,011**	**1,058,725**	**–**	**3,014,763**	**2,394,973**

1. The FY21 and FY20 performance rights for Adrian Chye were awarded prior to his appointment as CFO.
2. For the former CEO, 1,128,354 performance rights lapsed on a pro-rata basis when he left Vicinity, based on the proportion of the vesting period served, and the Board subsequently determined to forfeit the residual 1,409,665 performance rights under the relevant plan rules.

Remuneration Report

6. EXECUTIVE REMUNERATION – FURTHER INFORMATION (continued)

6.5 EQUITY HOLDINGS – EXECUTIVE KMP (continued)

Table 6.4 details the number of FY21 one-off restricted rights held by Executive KMP, as at 30 June 2023.

Table 6.4: FY21 one-off restricted rights

Executive KMP	Grant date	End of Performance period	Opening restricted rights [1]	Restricted rights vested [2]	Restricted rights lapsed [3]	Closing unvested restricted rights
Peter Huddle	11 Dec 2020	30 Jun 2023	41,421	41,421	–	–
	11 Dec 2020	30 Jun 2024	82,841	–	–	82,841
Total	**–**	**–**	**124,262**	**41,421**	**–**	**82,841**
Adrian Chye	11 Dec 2020	30 Jun 2023	6,227	6,227	–	–
	11 Dec 2020	30 Jun 2024	12,455	–	–	12,455
Total	**–**	**–**	**18,682**	**6,227**	**–**	**12,455**
Grant Kelley	11 Dec 2020	30 Jun 2023	76,252	–	76,252	–
	11 Dec 2020	30 Jun 2024	152,503	–	152,503	–
Total	**–**	**–**	**228,755**	**–**	**228,755**	**–**
Total number of restricted rights	**–**	**–**	**371,699**	**47,648**	**228,755**	**95,296**

1. The restricted rights for Adrian Chye were awarded prior to his appointment as CFO.
2. Represents the vesting of the second tranche of the FY21 restricted rights which will be released in September 2023. 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 date the securities are released, divided by the VWAP over the five trading days commencing on the first trading day that VCX trades without the value of the final FY23 distribution.
3. For the former CEO, 77,553 restricted rights lapsed on a pro-rata basis when he left Vicinity, based on the proportion of the vesting period served, and the Board subsequently determined to forfeit the residual 151,222 restricted rights under the relevant plan rules.

6. EXECUTIVE REMUNERATION – FURTHER INFORMATION (continued)

6.6 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.

	Termination by Vicinity			
Executive KMP	**For cause**	**Other**	**Termination by Executive KMP**	**Termination Payment**[1]
Peter Huddle	Immediately	6 months	6 months	6 months' TFR
Adrian Chye	Immediately	6 months	6 months	6 months' TFR
Grant Kelley	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).

6.7 GOVERNANCE AND HOW REMUNERATION DECISIONS ARE MADE

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 in the Corporate Governance section of Vicinity's website and in Vicinity's 2023 Corporate Governance Statement

  CORPORATE GOVERNANCE

- 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

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 FY23.

Remuneration Report

7. NON-EXECUTIVE DIRECTOR REMUNERATION

7.1 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 increased effective 1 July 2022 and the current maximum fee pool of $2.70 million was approved by Vicinity securityholders on 16 November 2022. 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

Table 7.1 details the FY23 Board and Committee fees.

Table 7.1: FY23 Board and Committee fees

Board/Committee	Role	FY23 fees per annum [1] $
Board	Chairman	486,500
	Non-executive Director	175,000
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.

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.

7. NON-EXECUTIVE DIRECTOR REMUNERATION (continued)

7.2 FEES AND BENEFITS PAID

Table 7.2 details the fees and benefits paid to Non-executive Directors for FY23.

Table 7.2: Non-executive Directors' fees for FY23

		Short-term benefits		Post-employment Benefits [2]	
Non-executive Director	**Period**	**Fees [1] $**	**Committee fees $**	**Superannuation contributions $**	**Total fees $ [3]**
Trevor Gerber, Chair	FY23	461,208	–	25,292	486,500
	FY22	439,932	–	23,568	463,500
Clive Appleton[4]	FY23	175,000	–	–	175,000
	FY22	164,800	–	–	164,800
Tiffany Fuller[5]	FY23	107,348	28,642	2,568	138,558
	FY22	–	–	–	–
Tim Hammon	FY23	158,371	55,928	22,501	236,800
	FY22	149,819	56,181	20,600	226,600
Michael Hawker AM[5]	FY23	107,296	25,261	2,568	135,125
	FY22	–	–	–	–
Peter Kahan	FY23	158,371	55,928	22,501	236,800
	FY22	149,819	56,181	20,600	226,600
Janette Kendall	FY23	158,371	37,285	20,544	216,200
	FY22	149,818	37,455	18,727	206,000
Georgina Lynch[5]	FY23	98,982	23,303	12,840	135,125
	FY22	–	–	–	–
Dion Werbeloff[4,5]	FY23	109,375	12,875	–	122,250
	FY22	–	–	–	–
Total current Non-executive Directors	**FY23**	**1,534,322**	**239,222**	**108,814**	**1,882,358**
	FY22	**1,054,188**	**149,817**	**83,495**	**1,287,500**
Karen Penrose[6]	FY23	32,993	11,652	4,688	49,333
	FY22	149,819	56,181	20,600	226,600
Dr David Thurin AM[6]	FY23	59,485	–	6,246	65,731
	FY22	149,818	–	14,982	164,800
Total former Non-executive Directors	**FY23**	**92,478**	**11,652**	**10,934**	**115,064**
	FY22	**299,637**	**56,181**	**35,582**	**391,400**
Total current and former Non-executive Directors	**FY23**	**1,626,800**	**250,874**	**119,748**	**1,997,422**
	FY22	**1,353,825**	**205,998**	**119,077**	**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 Centres 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. Where a Non-executive Director applies to the ATO for an exemption to the superannuation guarantee, no superannuation contributions are made.
3. The increase in total fees for FY23 compared with FY22 primarily reflects the net increase of two Non-executive Directors during FY23.
4. Fees for Clive Appleton and Dion Werbeloff are paid to The Gandel Group Pty Limited and therefore no superannuation contributions were made by Vicinity on their behalf.
5. Appointed to the Board on 16 November 2022.
6. Karen Penrose retired from the Board effective 15 September 2022 and Dr David Thurin AM retired from the Board effective 15 November 2022.

Remuneration Report

7. NON-EXECUTIVE DIRECTOR REMUNERATION (continued)

7.3 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 Director's commencement date.

If, at any time during the five-year accumulation period, the MSR is achieved, the Non-executive Director 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 required Non-executive Directors, including the Chairman, have met the MSR, having acquired securities with a total cost exceeding the policy value required.

7.4 NON-EXECUTIVE DIRECTOR SECURITYHOLDINGS

Table 7.3 details the number of securities in Vicinity held by Non-executive Directors, including their personally related parties, as at 30 June 2023.

Table 7.3: Non-executive Director securityholdings

	Opening securities as at 1 July 2022	Additions during the year [1]	Closing securities as at 30 June 2023 [2]	Minimum securityholding guideline [3] $	MSR satisfied	Date securityholding to be attained
Non-executive Directors						
Trevor Gerber	220,834	–	220,834	244,440	✓	
Clive Appleton[4]	32,295	–	32,295	83,937	✓	n/a
Tiffany Fuller	–	–	–	83,937		Nov 2027
Tim Hammon	63,889	–	63,889	83,937	✓	
Michael Hawker AM	–	94,715	94,715	83,937	✓	
Peter Kahan	43,417	–	43,417	83,937	✓	
Janette Kendall	63,110	–	63,110	83,937	✓	
Georgina Lynch	–	–	–	83,937		Nov 2027
Karen Penrose	57,917	–	57,917	n/a		n/a
Dr David Thurin AM[4]	13,895,373	–	13,895,373	n/a		n/a
Dion Werbeloff[4]	–	–	–	83,937		n/a

1. For Michael Hawker AM, reflects the balance of securities as per the Initial Director Interest Notice of 18 November 2022.
2. Closing securities as at the end of the financial year or at such time the Non-executive Director ceased being a Non-executive Director. There were no changes to the balance of securities between the end of the financial year and the date of the Directors report.
3. The guideline amount for the directors that have satisfied the MSR is slightly lower than the guideline amounts in the table which have been calculated based on the current Non-executive Director base fees, effective 1 July 2022.
4. Included for completeness but not covered by the MSR as non-independent Non-executive Directors.

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

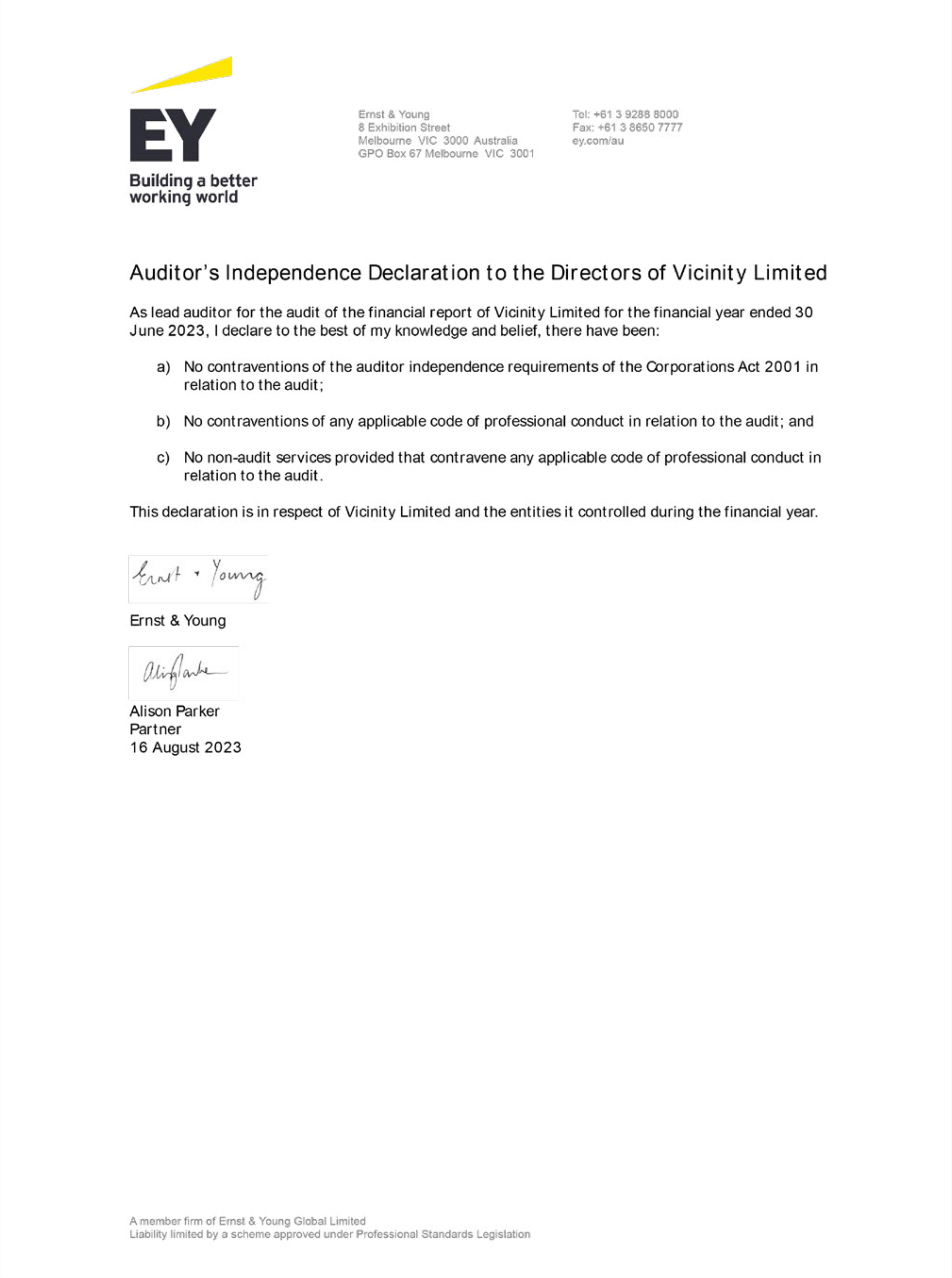
End of the Remuneration Report.

Signed in accordance with a resolution of Directors.

Trevor Gerber
Chairman

16 August 2023

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 2023, 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

Ernst & Young

Alison Parker
Partner
16 August 2023

Statement of Comprehensive Income

For the year ended 30 June 2023

	Note	30 Jun 23 $m	30 Jun 22 $m
Revenue and income			
Property ownership revenue and income		1,209.8	1,123.2
Management fee revenue from strategic partnerships		64.8	56.6
Interest and other income		6.8	2.6
Total revenue and income	2(b)	**1,281.4**	**1,182.4**
Share of net (loss)/profit of equity accounted investments	5(b)	(50.9)	15.9
Property revaluation (decrement)/increment for directly owned properties	4(b)	(195.9)	633.3
Direct property expenses		(349.7)	(325.4)
Allowance for expected credit losses	11(b)	21.5	(13.7)
Borrowing costs	7(c)	(204.7)	(187.6)
Employee benefits expense	15	(110.6)	(105.4)
Net foreign exchange movement on interest bearing liabilities		(139.9)	(10.3)
Net mark-to-market movement on derivatives		66.4	88.6
Depreciation of right of use assets	18(a)	(4.9)	(5.5)
Stamp duty written off on acquisition of investment property	4(b)	–	(22.6)
Other expenses		(46.6)	(42.1)
Net profit before tax for the year		**266.1**	**1,207.6**
Income tax benefit	3(a)	5.4	7.6
Net income for the year		**271.5**	**1,215.2**
Other comprehensive income		–	–
Total comprehensive income for the year		**271.5**	**1,215.2**
Total (loss)/income and total comprehensive (loss)/income for the year attributable to stapled securityholders as:			
Securityholders of Vicinity Limited		(0.8)	8.2
Securityholders of other stapled entities of the Group		272.3	1,207.0
Total comprehensive income for the year		**271.5**	**1,215.2**
Earnings per security attributable to securityholders of the Group:			
Basic earnings per security (cents)	6	5.96	26.69
Diluted earnings per security (cents)	6	5.95	26.64

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

Balance Sheet

As at 30 June 2023

	Note	30 Jun 23 $m	30 Jun 22 $m
Current assets			
Cash and cash equivalents		192.9	55.6
Trade receivables and other assets	11(a)	124.5	117.1
Derivative financial instruments	7(e)	39.1	9.5
Total current assets		**356.5**	**182.2**
Non-current assets			
Investment properties	4(a)	14,288.4	14,366.4
Equity accounted investments	5(a)	437.5	513.8
Intangible assets	17	164.2	164.2
Plant and equipment		3.4	3.4
Derivative financial instruments	7(e)	227.6	219.6
Right of use assets and net investments in leases	18(a)	24.6	27.2
Deferred tax assets	3(c)	74.7	69.3
Other assets	11(a)	7.7	6.5
Total non-current assets		**15,228.1**	**15,370.4**
Total assets		**15,584.6**	**15,552.6**
Current liabilities			
Interest bearing liabilities	7(a)	323.0	40.0
Payables and other financial liabilities	12	195.4	196.9
Lease liabilities	18(a)	5.4	8.9
Provisions	13	77.6	81.1
Derivative financial instruments	7(e)	59.3	22.9
Total current liabilities		**660.7**	**349.8**
Non-current liabilities			
Interest bearing liabilities	7(a)	3,750.5	3,712.5
Lease liabilities	18(a)	382.5	380.2
Provisions	13	3.9	4.0
Derivative financial instruments	7(e)	148.9	221.0
Total non-current liabilities		**4,285.8**	**4,317.7**
Total liabilities		**4,946.5**	**4,667.5**
Net assets		**10,638.1**	**10,885.1**
Equity			
Contributed equity	9	9,102.2	9,102.2
Share based payment reserve		8.8	6.0
Retained profits		1,527.1	1,776.9
Total equity		**10,638.1**	**10,885.1**

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 2023

		Attributable to securityholders of Vicinity Limited				Attributable to securityholders of other stapled entities of the Group				VCX Group
	Note	Contri-buted equity $m	Reserves $m	Accum-ulated losses $m	Total $m	Contri-buted equity $m	Reserves $m	Retained profits $m	Total $m	Total equity $m
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**
Transactions with securityholders in their capacity as securityholders:										
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**

		Attributable to securityholders of Vicinity Limited				Attributable to securityholders of other stapled entities of the Group				VCX Group
	Note	Contri-buted equity $m	Reserves $m	Accum-ulated losses $m	Total $m	Contri-buted equity $m	Reserves $m	Retained profits $m	Total $m	Total equity $m
As at 1 July 2022		**541.4**	**6.0**	**(209.7)**	**337.7**	**8,560.8**	**–**	**1,986.6**	**10,547.4**	**10,885.1**
Net (loss)/profit for the year		–	–	(0.8)	(0.8)	–	–	272.3	272.3	271.5
Total comprehensive (loss)/income for the year		**–**	**–**	**(0.8)**	**(0.8)**	**–**	**–**	**272.3**	**272.3**	**271.5**
Transactions with securityholders in their capacity as securityholders:										
Net movements in share based payment reserve		–	2.8	–	2.8	–	–	–	–	2.8
Distributions declared	10(b)	–	–	–	–	–	–	(521.3)	(521.3)	(521.3)
Total equity as at 30 June 2023		**541.4**	**8.8**	**(210.5)**	**339.7**	**8,560.8**	**–**	**1,737.6**	**10,298.4**	**10,638.1**

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 2023

	Note	30 Jun 23 $m	30 Jun 22 $m
Cash flows from operating activities			
Receipts in the course of operations		1,512.8	1,318.2
Payments in the course of operations		(628.7)	(561.6)
Distributions and dividends received from equity accounted entities		9.2	14.1
Interest and other revenue received		2.4	0.1
Interest paid		(193.5)	(181.3)
Net cash inflows from operating activities	**19**	**702.2**	**589.5**
Cash flows from investing activities			
Payments for capital expenditure on investment properties		(333.8)	(253.0)
Proceeds from disposal of investment properties	4(b)	134.5	130.4
Payments for acquisition of investment property	4(b)	–	(358.5)
Payments for acquisition of other investments		(3.0)	(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		(0.9)	(1.6)
Net cash outflows from investing activities		**(203.2)**	**(512.3)**
Cash flows from financing activities			
Proceeds from borrowings		840.0	1,367.0
Repayment of borrowings		(660.0)	(910.0)
Payment of lease liabilities		(5.0)	(5.8)
Distributions paid to external securityholders	10(b)	(521.3)	(514.3)
Debt establishment costs paid		(3.5)	(1.6)
Termination of interest rate swaps		(6.9)	–
Acquisition of shares on-market for settlement of share-based payments		(5.0)	(4.1)
Net cash outflows from financing activities		**(361.7)**	**(68.8)**
Net increase in cash and cash equivalents held		**137.3**	**8.4**
Cash and cash equivalents at the beginning of the year		55.6	47.2
Cash and cash equivalents at the end of the year		**192.9**	**55.6**

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

Notes to the Financial Statements

The index of notes to the financial statements is shown to the right.

Similar notes have been grouped into sections with relevant accounting policies and judgements and estimates disclosures incorporated within the notes to which they relate. The 'About this Report' section which precedes the notes to the financial statements contains information on the basis of preparation of the financial report, adoption of new accounting standards and significant accounting judgements, estimates and assumptions.

Notes to the Financial Statements

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 16 August 2023.

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.

GOING CONCERN

While the Group has a net current deficiency of $304.2 million (current liabilities exceed current assets) at reporting date, the Group has available liquidity including undrawn facilities of $1,222.0 million, cash and cash equivalents of $192.9 million and generates sufficient operating cash flows to pay its debts as and when they fall due for a period of 12 months from the date of these financial statements. Accordingly, the Financial Report has been prepared on a going concern basis.

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 table below summarises the areas of the Financial Report subject to significant judgement and estimation:

Area of judgement or estimation	**Note**
Recoverability of tenant debtors	11
Valuation of investment properties	4
Recognition of deferred tax assets	3
Recoverability of intangible assets	17
Valuation of derivative financial instruments	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 assets wholly or jointly owned by capital partners 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 enable the Chief Operating Decision Makers (**CODM**) to make strategic decisions, regardless of ownership structure arrangements. During the period, the CODM were the Chief Executive Officer and Managing Director (**CEO**), Chief Operating Officer (**COO**) and the Chief Financial Officer (**CFO**). The Group's former CEO left Vicinity on 16 November 2022. The COO was acting as the Group's CEO on 16 November 2022 and subsequently confirmed as the Group's CEO from 1 February 2023. The role of COO was not replaced.

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 23 $m	30 Jun 22 $m
Property Investment segment		
Net property income	900.2	802.8
Strategic Partnerships segment		
Property management, development, and leasing fees	58.7	49.9
Funds management fees	1.8	2.6
Total segment income	**960.7**	**855.3**
Corporate overheads (net of internal property management fees)	(96.7)	(94.7)
Net interest expense	(179.2)	(162.3)
FFO	**684.8**	**598.3**
Adjusted for:		
Maintenance capital and static tenant leasing costs	(101.9)	(101.5)
Termination of interest rate swaps	(6.9)	–
AFFO	**576.0**	**496.8**

Key metrics

	Note	30 Jun 23	30 Jun 22
FFO per security[1] (cents per security)		15.04	13.14
AFFO per security[1] (cents per security)		12.65	10.91
Distribution per security[2] (cents per security)	10(a)	12.00	10.40
Total distributions declared[2] ($m)	10(a)	546.3	473.4
AFFO payout ratio (%)		94.9%	95.3%
FFO payout ratio (%)		79.8%	79.1%

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

1. SEGMENT INFORMATION (continued)

B. RECONCILIATION OF NET PROFIT AFTER TAX TO FFO

	30 Jun 23 $m	30 Jun 22 $m
Net profit after tax	**271.5**	**1,215.2**
Property revaluation decrement/(increment) for directly owned properties[1]	195.9	(633.3)
Non-distributable loss relating to equity accounted investments[1]	71.9	10.8
Amortisation of incentives and leasing costs[2]	68.8	62.5
Straight-lining of rent adjustment[3]	(2.8)	3.9
Net mark-to-market movement on derivatives[3]	(66.4)	(88.6)
Net unrealised foreign exchange movement on interest bearing liabilities[3]	139.9	10.3
Income tax benefit[4]	(5.4)	(7.6)
Preliminary development planning and marketing costs[5]	1.7	1.0
Stamp duty[6]	–	22.6
Other non-distributable items	9.7	1.5
Funds from operations	**684.8**	**598.3**

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:
   - 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
   - Development leasing costs are included within the capital cost of the relevant development project.
3. Represents non-cash adjustments as required by Australian Accounting Standards and are excluded from FFO.
4. Income tax for the year represents the non-cash movement 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.
6. Transactions costs such as stamp duty are one-off and non-recurring.

C. RECONCILIATION OF SEGMENT INCOME TO TOTAL REVENUE

Refer to Note 2(b) 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 23 $m	30 Jun 22 $m
Investment properties[1]	4(a)	13,880.5	13,958.6
Investment properties included in equity accounted investments[2]		501.7	565.5
Total interests in directly owned investment properties		**14,382.2**	**14,524.1**
Assets under management on behalf of strategic partners[3]		9,173.6	9,194.7
Total assets under management		**23,555.8**	**23,718.8**

1. Total investment properties at Note 4(a) less investment property leaseholds and planning and holding costs.
2. Excludes planning and holding costs of $16.8 million (30 June 2022: $10.6 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 a lessor from leasing retail space within these investment properties. Lease rental income is recognised on a straight-line basis over the lease term except for non-lease components, predominantly the recovery of certain operation and maintenance costs, which is measured and recognised as revenue from contracts with customers. 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. Variable rental income is recognised as income in the period in which it is earned. Lease rental income due over the remaining lease term, which incorporates any future changes including waivers to fixed lease payments as compared to the original lease agreement, is accounted for as a lease modification and recognised on a straight-line basis over the remaining lease term.
- **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 investment properties. 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 over time at the start of each 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.

2. REVENUE AND INCOME (continued)

B. 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 23 $m			30 Jun 22 $m		
	Property Investment segment	Strategic Partnerships segment	Total	Property Investment segment	Strategic Partnerships segment	Total
Recovery of property outgoings[1,3]	169.7	–	169.7	211.4	–	211.4
Other property related revenue[1]	112.2	–	112.2	91.8	–	91.8
Property management and development fees[2]	–	61.9	61.9	–	54.0	54.0
Funds management fees[2]	–	2.9	2.9	–	2.6	2.6
Total revenue from contracts with customers	**281.9**	**64.8**	**346.7**	**303.2**	**56.6**	**359.8**
Lease rental income[1,3,4]	927.9	–	927.9	820.0	–	820.0
Interest and other income	6.8	–	6.8	2.6	–	2.6
Total income	**934.7**	**–**	**934.7**	**822.6**	**–**	**822.6**
Total revenue and income	**1,216.6**	**64.8**	**1,281.4**	**1,125.8**	**56.6**	**1,182.4**
Reconciliation to segment income						
Property-related expenses included in segment income			(422.7)			(395.2)
Allowance for expected credit losses			21.5			(13.7)
Net property income from equity accounted investments included in segment income			25.1			25.1
Straight-lining of rent adjustment			(2.8)			3.9
Amortisation of static lease incentives and other project items			68.8			62.5
Interest and other revenue not included in segment income			(10.6)			(9.7)
Total segment income			**960.7**			**855.3**

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.
3. Recovery of property outgoings includes estimated recoveries of property outgoings of gross and semi-gross deals, accounted for as revenue from contracts with customers as the income is earned. The estimate is updated annually based on recoveries of property outgoings of net deals in the financial year.
4. Lease rental income includes percentage rent income of $32.8 million (30 June 22: $16.8 million).

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 required by Australian Accounting Standards.

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

	30 Jun 23 $m	30 Jun 22 $m
Current income tax expense	(4.3)	(4.9)
Deferred income tax (expense)/benefit	(0.4)	0.3
Adjustment for current year tax of prior periods	0.7	(0.5)
Increase in deferred tax assets	9.4	12.7
Income tax benefit	**5.4**	**7.6**

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.

3. TAXES (continued)

B. RECONCILIATION BETWEEN NET PROFIT AND INCOME TAX BENEFIT

	30 Jun 23 $m	30 Jun 22 $m
Profit before tax for the year	266.1	1,207.6
Less: Profit attributed to the Trust and not subject to tax	(262.9)	(1,194.5)
Net profit before tax attributable to securityholders of Vicinity Limited	**3.2**	**13.1**
Prima facie income tax expense at 30%	(1.0)	(3.9)
Tax effect of amounts not taxable in calculating income tax expense:		
Net adjustment relating to share based payments	(0.8)	0.3
Other permanent differences	(2.9)	(1.7)
Prior period adjustments	0.7	0.2
Increase in deferred tax assets of previously unrecognised tax losses	9.4	12.7
Income tax benefit	**5.4**	**7.6**

C. MOVEMENT IN TEMPORARY DIFFERENCES

Significant Judgement and Estimate

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

Key assumptions subject to uncertainty include 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 estimate, this may result in reversal of deferred tax assets in future financial periods.

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

	Provisions $m	Other $m	Tax losses $m	Total $m
At 30 June 2021	**19.2**	**5.1**	**37.4**	**61.7**
Current tax expense	–	–	(4.9)	(4.9)
Adjustment for current year 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)	–
At 30 June 2022	**24.4**	**0.4**	**44.5**	**69.3**
Current tax expense	–	–	(4.3)	(4.3)
Adjustment for current year tax of prior periods	–	–	0.7	0.7
Deferred income tax movements	(2.9)	2.5	9.4	9.0
Transfers	0.1	–	(0.1)	–
At 30 June 2023	**21.6**	**2.9**	**50.2**	**74.7**

There were no unrecognised deferred tax assets of unused tax losses at 30 June 2023 (30 June 2022: $9.4 million). These unused tax losses 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

	30 Jun 23			30 Jun 22		
Shopping centre type	**Number of properties**	**Value $m**	**Weighted average cap rate %**	**Number of properties**	**Value $m**	**Weighted average cap rate %**
Super Regional	1	3,325.0	3.88	1	3,137.5	3.88
Major Regional	7	1,945.3	6.16	7	2,027.5	5.85
Central Business Districts (**CBD**)	7	1,965.7	5.14	7	2,000.5	4.94
Regional	8	1,588.7	6.59	8	1,776.8	6.14
Outlet Centre	8	2,337.5	5.71	8	2,264.5	5.54
Sub Regional[1]	23	2,529.3	6.36	23	2,558.8	6.12
Neighbourhood	3	189.0	6.01	3	193.0	5.68
Planning and holding costs[2]	–	48.9	n/a	–	50.4	n/a
Total	**57**	**13,929.4**	**5.47**	**57**	**14,009.0**	**5.30**
Add: Investment property leaseholds[3]		359.0			357.4	
Total investment properties		**14,288.4**			**14,366.4**	

1. Box Hill Central North is not included in the weighted average cap rate given the valuation for the property was derived based on a 'project related site assessment' method as disclosed in Note 4(c).
2. 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 at each period end to determine if continued capitalisation of these costs remains appropriate.
3. Refer to Note 18(a) for further details of investment property leasehold balances.

B. MOVEMENTS FOR THE YEAR

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

	30 Jun 23 $m	**30 Jun 22 $m**
Opening balance at 1 July	**14,009.0**	**12,937.9**
Acquisitions including associated stamp duty and transaction costs[1]	–	381.1
Capital expenditure[2]	327.4	275.2
Capitalised borrowing costs[3]	3.4	1.5
Disposals including transaction costs[4]	(148.4)	(130.4)
Property revaluation (decrement)/increment for directly owned properties[5]	(196.0)	632.7
Stamp duty written off on acquisition of investment property	–	(22.6)
Amortisation of incentives and leasing costs[6]	(68.8)	(62.5)
Straight-lining of rent adjustment[6]	2.8	(3.9)
Closing balance at 30 June	**13,929.4**	**14,009.0**

1. Prior period comprises acquisitions of $358.5 million and associated stamp duty and transaction costs of $22.6 million.
2. Includes development and maintenance capital expenditure, lease incentives, fit-out, and other capital costs.
3. Borrowing costs incurred in the construction of qualifying assets have been capitalised at a weighted average rate of 4.5% (30 June 2022: 4.2%).
4. Current period disposals include the sale of 50% interest in Broadmeadows Central for $134.5 million, partial disposal of vacant land at Castle Plaza for $14.8 million and associated transaction costs. Prior period comprises sale of 50% interest in Runaway Bay Centre for $132.0 million and associated transaction costs.
5. The property revaluation decrement of $196.0 million excluded the property revaluation increment of $0.1 million (30 June 2022: increment of $0.6 million) of investment property leaseholds held at fair value.
6. For lease arrangements where Vicinity is the lessor.

4. INVESTMENT PROPERTIES (continued)

C. PORTFOLIO VALUATION

Significant Judgement and Estimate

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 changes in regulatory and market conditions, and other requirements. 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 high inflation and interest rates, and regulatory changes. This means the valuation of an investment property requires significant judgement and estimation.

In the prior period, there were specific adjustments to the key valuation inputs of CBD assets due to lower foot traffic compared to pre-pandemic levels, protracted return of office workers, and reduced domestic and international travellers. These specific adjustments have been removed from the valuation inputs of CBD assets at 30 June 2023.

Valuation process

The valuation process requires:

- Each property to be independently valued at least once per year;
- Independent valuations prepared to assess the fair value of each of the Group's investment properties are conducted in accordance with the guidelines and valuation principles as set by the Australian Property Institute (**API**) and the International Valuation Standards Council (**IVSC**). As part of the valuation process, the Group has discussed the impact of environmental, social and governance factors with the independent valuers. In assessing the implications of sustainability in property valuations under the API and IVSC valuation standards, consideration is given to environmental factors that can or do impact on the valuation of an asset;
- 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 was last updated in the financial year ended 30 June 2022;
- 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 is undertaken (even if this results in a property being independently valued twice in one year); and
- Internal valuations to be reviewed by a director of an independent valuation firm to assess the assumptions adopted and the reasonableness of the outcomes.

As at 30 June 2023, 25 assets were independently valued (external) and 32 assets were valued internally (30 June 2022: 30 independent valuations and 27 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.

Valuation methodology

To determine the fair value of investment properties as at 30 June 2023:

- 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 properties under development; 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
Capitalisation of net income	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.
Discounted cash flow	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. 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. 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.
Residual value (for properties under development)	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.
Project related site assessment	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).

Key assumptions and inputs

As the capitalisation of income and discounted cash flow (**DCF**) 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" on 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.

	30 Jun 23		30 Jun 22		
Unobservable inputs	Range of inputs	Weighted average inputs	Range of inputs	Weighted average inputs	Sensitivity
Capitalisation rate[1]	3.88% – 8.50%	5.47%	3.88% – 8.00%	5.30%	The higher the capitalisation rate, discount rate, terminal yield, and expected downtime due to tenants vacating, the lower the fair value.
Discount rate[2]	6.25% – 8.75%	6.78%	6.00% – 8.50%	6.49%	
Terminal yield[3]	4.13% – 8.00%	5.67%	4.13% – 7.75%	5.51%	
Expected downtime (for tenants vacating)	4 to 15 months	7 months	3 to 13 months	8 months	
Market rental growth rate	2.00% – 3.69%	3.03%	1.94% – 3.40%	2.95%	The higher the assumed market rental growth rate, the higher the fair value.

1. 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.
2. 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.
3. 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 DCF 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.

4. INVESTMENT PROPERTIES (continued)

C. PORTFOLIO VALUATION (continued)

All of the above key assumptions have been taken from the 30 June 2023 external valuation reports and internal valuation assessments (where applicable). For all investment properties except for Box Hill Central North, the current use is considered the highest and best use. For Box Hill Central North, the highest and best use is a mixed-use development site.

The key inputs and assumptions at 30 June 2022 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 to five 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;
- 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.

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 as at 30 June 2023. Specific key unobservable inputs may impact only the capitalisation of net income method, the DCF method or both methods.

DCF method

30 Jun 23	Carrying value $m	Discount rate -0.25%	Discount rate +0.25%	10-year rental growth rate -0.25%	10-year rental growth rate +0.25%
Actual valuation[1]	13,880.5				
Impact on actual valuation		+263.6	(257.0)	(190.9)	+193.9
Resulting valuation		14,144.1	13,623.5	13,689.6	14,074.4

1. Excludes planning and holding costs and investment property leaseholds.

Capitalisation of net income method

30 Jun 23	Carrying value $m	Capitalisation rate -0.25%	Capitalisation rate +0.25%
Actual valuation[1]	13,880.5		
Impact on actual valuation		+703.9	(636.3)
Resulting valuation		14,584.4	13,244.2

1. Excludes planning and holding costs and investment property leaseholds.

Operations

4. INVESTMENT PROPERTIES (continued)

D. LIST OF INVESTMENT PROPERTIES HELD

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

i. Super Regional

	Ownership interest %	Valuation type 30 Jun 23	Carrying value 30 Jun 23 $m	Carrying value 30 Jun 22 $m
Chadstone	50	Independent	3,325.0	3,137.5
Total Super Regional			**3,325.0**	**3,137.5**

ii. Major Regional

	Ownership interest %	Valuation type 30 Jun 23	Carrying value 30 Jun 23 $m	Carrying value 30 Jun 22 $m
Bankstown Central	50	Internal	267.5	260.0
Bayside	100	Internal	430.0	435.0
Galleria	50	Internal	205.0	225.0
Mandurah Forum	50	Internal	200.0	217.5
Northland	50	Independent	405.0	402.5
Roselands	50	Internal	147.5	167.5
The Glen	50	Independent	290.3	320.0
Total Major Regional			**1,945.3**	**2,027.5**

iii. Central Business Districts

	Ownership interest %	Valuation type 30 Jun 23	Carrying value 30 Jun 23 $m	Carrying value 30 Jun 22 $m
Emporium Melbourne	50	Internal	522.5	522.5
Myer Bourke Street	33	Internal	131.7	135.0
Queen Victoria Building[1]	50	Independent	272.5	279.0
QueensPlaza	100	Internal	700.0	695.0
The Galeries	50	Independent	153.5	153.0
The Myer Centre Brisbane[2]	25	Independent	80.0	105.0
The Strand Arcade	50	Independent	105.5	111.0
Total Central Business Districts			**1,965.7**	**2,000.5**

1. The title to this property is leasehold and expires in 2083.
2. Renamed to Uptown on 1 August 2023.

iv. Regional

	Ownership interest %	Valuation type 30 Jun 23	Carrying value 30 Jun 23 $m	Carrying value 30 Jun 22 $m
Broadmeadows Central[1]	50	Independent	157.2	283.5
Colonnades	50	Internal	136.0	138.3
Cranbourne Park	50	Independent	137.5	147.5
Eastlands	100	Internal	180.0	178.0
Elizabeth City Centre	100	Internal	325.0	322.0
Ellenbrook Central	100	Internal	252.0	270.0
Grand Plaza	50	Internal	201.0	215.0
Rockingham Centre	50	Independent	200.0	222.5
Total Regional			**1,588.7**	**1,776.8**

1. Disposed of 50% interest in the shopping centre during the year.

4. INVESTMENT PROPERTIES (continued)

D. LIST OF INVESTMENT PROPERTIES HELD (continued)

v. Outlet Centre

	Ownership interest %	Valuation type 30 Jun 23	Carrying value 30 Jun 23 $m	Carrying value 30 Jun 22 $m
DFO Brisbane[1]	100	Independent	75.0	72.0
DFO Essendon[2]	100	Internal	185.0	176.0
DFO Homebush	100	Internal	690.0	675.0
DFO Moorabbin[3]	100	Independent	100.0	102.0
DFO Perth[4]	50	Internal	127.5	122.0
DFO South Wharf[5]	100	Independent	710.0	665.0
DFO Uni Hill	50	Internal	85.0	75.0
Harbour Town Premium Outlets Gold Coast	50	Internal	365.0	377.5
Total Outlet Centre			**2,337.5**	**2,264.5**

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.

vi. Sub Regional

	Ownership interest %	Valuation type 30 Jun 23	Carrying value 30 Jun 23 $m	Carrying value 30 Jun 22 $m
Altona Gate Shopping Centre	100	Internal	109.0	112.0
Armidale Central	100	Independent	49.0	36.6
Box Hill Central North	100	Internal	122.0	125.0
Box Hill Central South[1]	100	Internal	276.0	248.0
Buranda Village	100	Independent	42.5	42.5
Carlingford Court	50	Internal	106.3	111.2
Castle Plaza[2]	100	Internal	145.3	168.7
Gympie Central	100	Internal	80.0	80.0
Halls Head Central	50	Independent	36.0	41.8
Karratha City	50	Independent	50.0	51.2
Kurralta Central	100	Independent	56.7	55.8
Lake Haven Centre	100	Internal	287.0	300.0
Livingston Marketplace	100	Independent	85.5	88.0
Maddington Central	100	Internal	97.0	101.0
Mornington Central	50	Internal	46.0	47.0
Nepean Village	100	Internal	206.0	206.0
Northgate	100	Independent	105.0	97.0
Roxburgh Village	100	Internal	113.0	106.0
Sunshine Marketplace	50	Independent	66.0	65.5
Taigum Square	100	Internal	98.0	96.0
Warriewood Square	50	Independent	131.0	140.5
Warwick Grove	100	Internal	160.0	173.0
Whitsunday Plaza	100	Internal	62.0	66.0
Total Sub Regional			**2,529.3**	**2,558.8**

1. The title to this property is leasehold with options to extend the ground lease to 2134 at the Group's discretion.
2. Partial disposal of vacant land of $14.8 million during the year.

Operations

4. INVESTMENT PROPERTIES (continued)

D. LIST OF INVESTMENT PROPERTIES HELD (continued)

vii. Neighbourhood

	Ownership interest %	Valuation type 30 Jun 23	Carrying value 30 Jun 23 $m	Carrying value 30 Jun 22 $m
Dianella Plaza	100	Independent	72.0	76.0
Oakleigh Central	100	Independent	92.0	90.0
Victoria Park Central	100	Independent	25.0	27.0
Total Neighbourhood			**189.0**	**193.0**

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 fixed 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[1]. Rentals which may be received when tenant sales exceed set thresholds and separately invoiced amounts for recovery of property outgoings are excluded[1].

	30 Jun 23 $m	30 Jun 22 $m
Not later than one year	882.4	840.9
Two years	736.2	709.4
Three years	612.0	555.1
Four years	494.6	441.2
Five years	363.0	327.0
Later than five years	790.3	817.9
Total undiscounted lease payments to be received from operating leases	**3,878.5**	**3,691.5**

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

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.

These investments are accounted for using the equity method.

A. SUMMARY OF EQUITY ACCOUNTED INVESTMENTS

	Ownership 30 Jun 23 %	Ownership 30 Jun 22 %	Carrying value 30 Jun 23 $m	Carrying value 30 Jun 22 $m
Chatswood Chase Sydney (Joint Venture)[1,2,3]	51	51	342.8	416.4
Victoria Gardens Retail Trust (Joint Venture)[2]	50	50	93.7	87.5
			436.5	**503.9**
Other associates			1.0	9.9
Closing balance			**437.5**	**513.8**

1. 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.
2. 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).
3. The decrease in the carrying value of the Group's equity accounted investments during the period was primarily driven by property revaluation decrements in Chatswood Chase Sydney recorded on the underlying investment properties held.

5. EQUITY ACCOUNTED INVESTMENTS (continued)

B. MOVEMENTS FOR THE YEAR

A reconciliation of the movements in significant equity accounted investments is shown in the table below.

	Note	30 Jun 23 $m	30 Jun 22 $m
Opening balance		**503.9**	**479.3**
Additional investments made during the year		3.0	30.3
Share of net (loss)/gain of equity accounted investments[1]		(50.5)	16.6
Distributions of net income declared by equity accounted investments		(19.9)	(22.3)
Closing balance	5(a)	**436.5**	**503.9**

1. Excludes share of net loss from other associates of $0.4 million (30 June 2022: share of loss of $0.7 million).

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 23 $m	30 Jun 22 $m
Investment property (non-current)	353.5	417.5
Other net working capital balances	(10.7)	(1.1)
Net assets	**342.8**	**416.4**
Total revenue and income	23.5	24.4
Aggregate net loss after income tax	(57.1)	(0.3)

Victoria Gardens Retail Trust

Summarised financial information represents 50% of the underlying financial information of the Victoria Gardens Retail Trust joint venture.

	30 Jun 23 $m	30 Jun 22 $m
Investment property (non-current)	165.0	158.6
Interest bearing liability (non-current)	(68.6)	(68.2)
Other net working capital balances	(2.7)	(2.9)
Net assets	**93.7**	**87.5**
Total revenue and income	10.4	9.8
Interest expense	(2.7)	(2.4)
Aggregate net profit after income tax	6.5	16.9

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 $5,728,000 (30 June 2022: $5,548,000). At 30 June 2023, no amounts remain payable to the Group (30 June 2022: $nil). Distribution income from the Group's investment in Chatswood Chase Sydney was $16,583,000 (30 June 2022: $18,256,000) with $8,749,000 remaining receivable at 30 June 2023 (30 June 2022: $339,000).

Victoria Gardens Retail Trust

Asset management fees earned by the Group for management services provided to Victoria Gardens Retail Trust totalled $2,343,000 (30 June 2022: $2,322,000). At 30 June 2023, no amounts remain payable to the Group (30 June 2022: $nil). Distribution income from the Group's investment in Victoria Gardens Retail Trust was $3,310,000 (30 June 2022: $3,999,000) with $5,488,000 remaining receivable at 30 June 2023 (30 June 2022: $6,178,000).

Operations

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 outstanding by the weighted average number of additional securities that would have been outstanding assuming the conversion of all dilutive potential securities.

Basic and diluted earnings per security are as follows:

	30 Jun 23	**30 Jun 22**
Earnings per security attributable to securityholders of the Group		
Basic earnings per security (cents)	5.96	26.69
Diluted earnings per security (cents)	5.95	26.64
Earnings per security attributable to securityholders of the Parent:		
Earnings per security (cents)	(0.02)	0.18
Diluted earnings per security (cents)	(0.02)	0.18

The following net profit after income tax amounts are used as the numerator in calculating earnings per stapled security of the Group and the Parent:

	30 Jun 23 $m	**30 Jun 22 $m**
Earnings used in calculating basic and diluted earnings per security of the Group	271.5	1,215.2
Earnings used in calculating basic and diluted earnings per security of the Parent	(0.8)	8.2

The following weighted average number of securities are used as the denominator in calculating earnings per stapled security of the Group and the Parent:

	30 Jun 23 Number (m)	**30 Jun 22 Number (m)**
Weighted average number of securities used as the denominator in calculating basic earnings per security	4,552.2	4.552.2
Adjustment for potential dilution from performance and restricted rights	8.3	9.1
Weighted average number of securities used as the denominator in calculating diluted earnings per security	**4,560.5**	**4,561.3**

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 each reporting period with the gain or loss attributable to exchange rate movements recognised in the Statement of Comprehensive Income.

A. SUMMARY OF FACILITIES

The following table outlines the Group's interest bearing liabilities at balance date:

	30 Jun 23 $m	30 Jun 22 $m
Current liabilities		
Unsecured		
Bank debt[1]	123.0	–
AUD Medium Term Notes (**AMTNs**)	200.0	–
US Private Placement Notes (**USPPs**)	–	40.0
Total current liabilities	**323.0**	**40.0**
Non-current liabilities		
Unsecured		
Bank debt	330.0	233.0
AMTNs[2]	958.8	1,158.1
GBP European Medium Term Notes (**GBMTNs**)	665.6	615.6
HKD European Medium Term Notes (**HKMTNs**)	122.5	118.2
USPPs	868.4	842.6
EUR European Medium Term Notes (**EUMTNs**)	815.3	755.9
Deferred debt costs[3]	(10.1)	(10.9)
Total non-current liabilities	**3,750.5**	**3,712.5**
Total interest bearing liabilities	**4,073.5**	**3,752.5**

1. The Group provided irrevocable notices of repayment at reporting date. This was repaid on 4 July 2023.
2. Non-current unsecured AMTNs include $60.0 million issued under the Group's EUMTN program and $300.0 million of Green Bonds. The proceeds of Green Bonds were utilised to fund eligible green projects and assets with high sustainability rating (e.g. NABERS Energy rating of 5 stars or higher).
3. Deferred debt costs comprise the unamortised value of borrowing costs paid on establishment or refinancing 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.

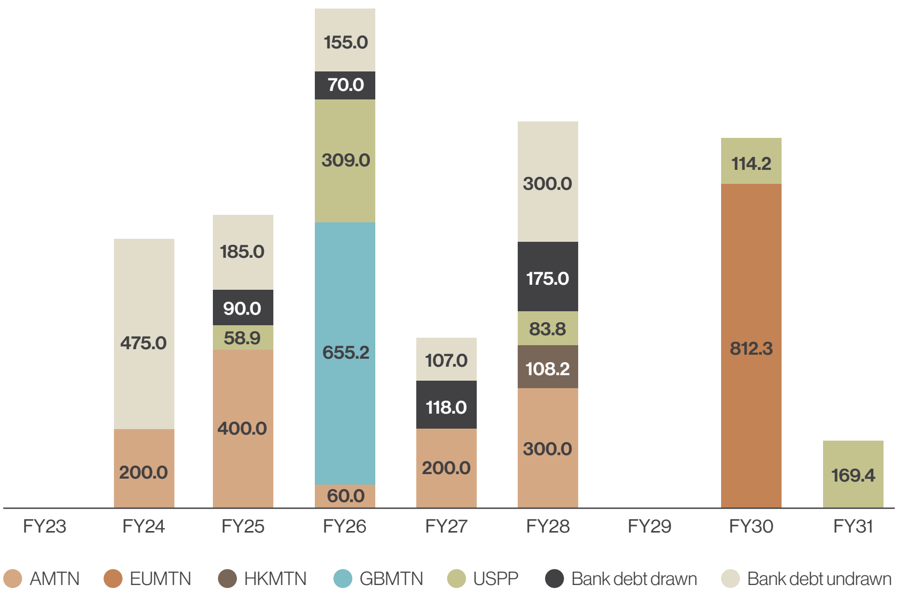
Capital structure and financial risk management

7. INTEREST BEARING LIABILITIES AND DERIVATIVES (continued)

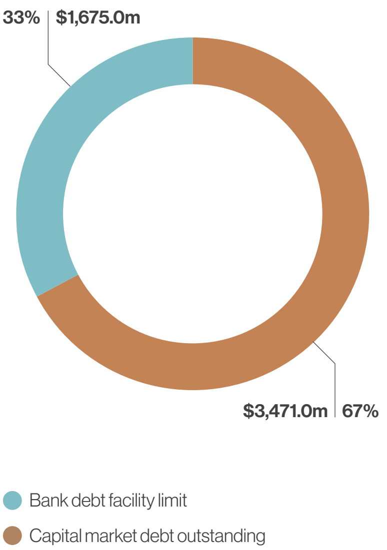
B. FACILITY MATURITY AND AVAILABILITY

The charts below outline the maturity of the Group's total available facilities at 30 June 2023 by type, and the bank to capital markets debt ratio. Of the $5,146.0 million total available facilities (30 June 2022: $5,585.9 million), $1,222.0 million remains undrawn at 30 June 2023 (30 June 2022: $1,842.0 million).

Available facilities expiry profile ($m) [1,2]



Bank to capital market debt ratio ($m, %)



1. The carrying amount of the USPPs, GBMTNs, HKMTNs, EUMTNs and AMTNs on the Balance Sheet is net of adjustments for fair value items and foreign exchange translation losses of $159.6 million (30 June 2022: losses of $19.4 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 $10.1 million (30 June 2022: $10.9 million) are not reflected in the amount drawn.
2. $123.0 million of the bank debt facility was classified as current as the Group provided irrevocable notices of repayment at reporting date. This was repaid on 4 July 2023.

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 qualifying 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 23 $m	**30 Jun 22 $m**
Interest and other costs on interest bearing liabilities and derivatives	174.6	155.6
Amortisation of deferred debt costs	4.3	4.5
Amortisation of face value discounts	1.6	1.7
Amortisation of fair value adjustments relating to discontinuation of hedge accounting	(1.3)	(1.3)
Interest charge on lease liabilities	28.9	28.6
Capitalised borrowing costs	(3.4)	(1.5)
Total borrowing costs	**204.7**	**187.6**

D. DEFAULTS AND COVENANTS

At 30 June 2023, the Group had no defaults on debt obligations or breaches of lending covenants (30 June 2022: nil).

7. INTEREST BEARING LIABILITIES AND DERIVATIVES (continued)

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. These are not accounted for under hedge accounting. 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. The Group does not currently have a legally enforceable right to set-off the derivative assets and liabilities. As such, the derivatives are presented on a gross basis.

The following are recorded within the Statement of Comprehensive Income in respect of derivative financial instruments:

- 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.

The classification of derivatives is presented based on the net cash outflows expected to be settled (or net cash inflows expected to be realised) within 12 months in determining the current liability (or current asset). A derivative contract is considered a single unit of account, therefore when the overall derivative's fair value is a liability (asset), any net cash inflows (outflows) within 12 months are not separately presented.

The carrying amount and notional principal amounts of these instruments are shown in the table below:

		Carrying amount			
30 Jun 23	**Notional principal amount $m**	**Current asset $m**	**Non-current asset $m**	**Current liability $m**	**Non-current liability $m**
Cross currency swaps (pay AUD floating receive USD fixed)	660.3	–	87.5	(2.2)	(5.2)
Cross currency swaps (pay AUD floating receive GBP fixed)	655.2	–	–	(18.8)	(47.8)
Cross currency swaps (pay AUD floating receive HKD fixed)	108.2	–	7.9	–	–
Cross currency swaps (pay AUD floating receive EUR fixed)	812.3	–	–	(38.3)	(95.9)
Interest rate swaps (fixed to floating)[1]	2,425.0	39.1	132.2	–	–
Total carrying amount of derivative financial instruments[2]	**n/a**	**39.1**	**227.6**	**(59.3)**	**(148.9)**

		Carrying amount			
30 Jun 22	**Notional principal amount $m**	**Current asset $m**	**Non-current asset $m**	**Current liability $m**	**Non-current liability $m**
Cross currency swaps (pay AUD floating receive USD fixed)	660.3	1.4	86.3	(4.1)	(4.1)
Cross currency swaps (pay AUD floating receive GBP fixed)	655.2	–	–	(10.8)	(61.3)
Cross currency swaps (pay AUD floating receive HKD fixed)	108.2	–	6.4	–	–
Cross currency swaps (pay AUD floating receive EUR fixed)	812.3	–	–	(7.0)	(145.9)
Interest rate swaps (fixed to floating)[1]	2,525.0	7.8	126.9	(1.0)	–
Interest rate swaps (floating to fixed)	400.0	0.3	–	–	(9.7)
Total carrying amount of derivative financial instruments[2]	**n/a**	**9.5**	**219.6**	**(22.9)**	**(221.0)**

1. Notional value excludes the $300.0 million swaps with a forward start date in August 2025 (30 June 2022: $300.0 million). The fair value of this forward start contract at 30 June 2023 is included in the carrying value of $132.2 million (30 June 2022: $126.9 million).
2. The net movement in the carrying amount of derivative financial instruments during the year of $73.3 million was due to mark-to-market fair value adjustments of $66.4 million and the termination of interest rate swaps of $6.9 million in February 2023.

Capital structure and financial risk management

7. INTEREST BEARING LIABILITIES AND DERIVATIVES (continued)

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 23 $m	30 Jun 22 $m
Opening balance	3,752.5	3,281.9
New bond issuance – Green Bonds	–	300.0
Net drawdowns of borrowings	180.0	157.0
Foreign exchange rate adjustments recognised in profit and loss	139.9	10.3
Payment of deferred debt costs	(3.5)	(1.6)
Amortisation of face value discount	1.6	1.7
Amortisation of deferred debt costs	4.3	4.5
Fair value movements, non-cash	(1.3)	(1.3)
Closing balance	**4,073.5**	**3,752.5**

G. FAIR VALUE OF INTEREST BEARING LIABILITIES

As at 30 June 2023 the Group's interest bearing liabilities had a fair value of $3,759.3 million (30 June 2022: $3,526.5 million).

The carrying amount of these interest bearing liabilities was $4,073.5 million (30 June 2022: $3,752.5 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 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 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.

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.

8. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

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.

Exposure

As at the balance date, the Group had the following exposure to cash flow interest rate risk:

	Note	30 Jun 23 $m	30 Jun 22 $m
Total interest bearing liabilities	7(a)	**4,073.5**	**3,752.5**
Reconciliation to drawn debt			
Deferred debt costs		10.1	10.9
Fair value and foreign exchange adjustments to EUMTNs		(3.0)	56.4
Fair value and foreign exchange adjustments to GBMTNs		(10.4)	39.6
Fair value and foreign exchange adjustments to USPPs		(133.1)	(107.4)
Fair value adjustments to AMTNs		1.2	1.9
Foreign exchange adjustments to HKMTNs		(14.3)	(10.0)
Total drawn debt		**3,924.0**	**3,743.9**
Less: Fixed rate borrowings		(1,000.0)	(1,040.0)
Variable rate borrowings exposed to cash flow interest rate risk		**2,924.0**	**2,703.9**
Less: Notional principal of outstanding interest rate swap contracts		(2,425.0)	(2,125.0)
Net variable rate borrowings exposed to cash flow interest rate risk		**499.0**	**578.9**
Hedge ratio[1]		**87.3%**	**84.5%**

[1] Calculated as net variable rate borrowings exposed to cash flow interest rate risk divided by total drawn debt.

Sensitivity

A shift in the floating interest rate of +/- 50 bps, assuming the net exposure to cash flow interest rate risk as at 30 June 2023 remains unchanged for the next 12 months, would impact the Group's cash interest cost for the next 12 months by $2.5 million (30 June 2022 +/- 100 bps: $5.8 million).

A shift in the forward interest rate curve of +/- 50 bps, assuming the net exposure to fair value interest rate risk as at 30 June 2023 remains unchanged for the next 12 months, would impact net profit and equity for the next 12 months by $10.4 million (30 June 2022 +/- 100 bps: $36.0 million).

This sensitivity analysis should not be considered a projection.

Capital structure and financial risk management

8. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

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.

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 2022: 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 23 $m	30 Jun 22 $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 2023 remains unchanged for the next 12 months, would impact net profit and equity for the next 12 months by $10.6 million (30 June 2022 +/- 5.0 cents: $1.3 million).

This sensitivity analysis should not be considered a projection.

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.

8. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

C. LIQUIDITY RISK (continued)

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.

30 Jun 23	Less than 1 year $m	1 to 3 years $m	Greater than 3 years $m	Total $m
Bank debt[1]	123.0	105.0	225.0	453.0
AMTNs	200.0	460.0	500.0	1,160.0
GBMTNs	–	648.1	–	648.1
HKMTNs	–	–	127.3	127.3
USPPs	–	423.6	450.3	873.9
EUMTNs	–	–	910.0	910.0
Estimated interest payments and line fees on borrowings	144.5	228.4	162.6	535.5
Estimated net interest rate swap cash (inflows)	(43.1)	(67.8)	(88.1)	(199.0)
Estimated gross cross currency swap cash outflows	143.3	1,283.7	1,443.2	2,870.2
Estimated gross cross currency swap cash (inflows)	(66.2)	(1,192.7)	(1,507.6)	(2,766.5)
Total contractual outflows	**501.5**	**1,888.3**	**2,222.7**	**4,612.5**

[1] Repayment of $123.0 million of bank debt made in July 2023, following the sale of 50% interest in Broadmeadows Central.

30 Jun 22	Less than 1 year $m	1 to 3 years $m	Greater than 3 years $m	Total $m
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)
Total contractual outflows	**184.1**	**1,210.4**	**3,184.5**	**4,579.0**

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. In previous reporting periods, the credit risk on tenant receivables increased as many of the Group's tenants were unable or chose not to trade, or had their trade significantly impacted during the pandemic. Note 11 further discusses the assessment of credit risk on tenant receivables at 30 June 2023.

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. As at balance date, 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 (**S&P**) Global Ratings.

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:

- Total 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 23 $m	30 Jun 22 $m
Total drawn debt	**8(a)**	**3,924.0**	**3,743.9**
Drawn debt net of cash		3,731.1	3,688.3
Total tangible assets excluding cash, right of use assets, net investments in lease, investment property leaseholds and derivative financial assets		14,577.2	14,719.3
Gearing ratio (target range of 25.0% to 35.0%)		**25.6%**	**25.1%**

Interest cover ratio

The interest cover ratio 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 4.6 times at 30 June 2023 (30 June 2022: 4.7 times).

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.

	30 Jun 23 Number (m)	30 Jun 22 Number (m)	30 Jun 23 $m	30 Jun 22 $m
Total stapled securities on issue at the beginning of the year	4,552.2	4,552.2	9,102.2	9,102.2
Total stapled securities on issue at the end of the year	**4,552.2**	**4,552.2**	**9,102.2**	**9,102.2**

Treasury securities are on-market securities purchased by the Group to settle employee share based payment plans. The Group held 1.0 million or $1.8 million of treasury securities at 30 June 2023 (30 June 2022: 0.4 million shares or $1.0 million).

10. DISTRIBUTIONS

A. DISTRIBUTIONS FOR THE YEAR

	30 Jun 23 Cents [1]	30 Jun 22 Cents [1]	30 Jun 23 $m	30 Jun 22 $m
Distributions paid/payable in respect of the earnings:				
For six-months to 30 June 2023 (30 June 2022)	6.25	5.70	284.5	259.5
For six-months to 31 December 2022 (31 December 2021)	5.75	4.70	261.8	213.9
Total distributions for the year	**12.00**	**10.40**	**546.3**	**473.4**

1. Cents per VCX stapled security.

An interim distribution of 5.75 cents per VCX stapled security, which equates to $261.8 million, was paid on 7 March 2023.

On 16 August 2023, the Directors declared a distribution in respect of the Group's earnings for the six-months to 30 June 2023 of 6.25 cents per VCX stapled security, which equates to total final distribution of $284.5 million. The final distribution will be paid on 11 September 2023.

B. DISTRIBUTIONS PAID DURING THE YEAR

	30 Jun 23 Cents [1]	30 Jun 22 Cents [1]	30 Jun 23 $m	30 Jun 22 $m
Distributions paid in respect of the earnings:				
For six-months to 31 December 2022 (31 December 2021)	5.75	4.70	261.8	213.9
For six-months to 30 June 2022 (30 June 2021)	5.70	6.60	259.5	300.4
Total distributions paid during the year	**11.45**	**11.30**	**521.3**	**514.3**

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 and other assets are held to collect contractual cash flows. Trade receivables and other assets 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 (**ECLs**). Trade receivables and other assets with maturities greater than 12 months after the reporting date are classified as non-current assets.

At 30 June 2023, the carrying value of trade receivables and other assets approximated their fair value.

	Note	30 Jun 23 $m	30 Jun 22 $m
Current trade receivables			
Trade debtors		21.1	108.2
Deferred rent[1]		2.3	8.5
Accrued income		29.8	16.2
Receivables from strategic partners		2.6	2.5
Less: estimated rent waivers	11(b)	(2.0)	(20.6)
Less: allowance for expected credit losses	11(b)	(5.5)	(54.8)
Total current trade receivables[2]		**48.3**	**60.0**
Current other assets			
Distributions receivable from joint ventures and associates		14.2	6.5
Prepayments		15.5	14.5
Land tax levies		17.7	21.2
Tenant security deposits held		1.2	0.4
Other[3]		27.6	14.5
Total current other assets		**76.2**	**57.1**
Total current trade receivables and other assets		**124.5**	**117.1**
Non-current other assets			
Deferred rent[1]		1.0	3.1
Less: allowance for expected credit losses	11(b)	(0.1)	(1.4)
Other		6.8	4.8
Total non-current other assets		**7.7**	**6.5**

1. Under certain rent assistance agreements, rents are deferred to be repaid at a later date.
2. Include receivables relating to lease rental income, recovery of property outgoings and other property-related revenues. Refer to Note 2 for an analysis of the Group's revenue and income.
3. Current period includes sales proceeds of $14.8 million held in escrow from the partial disposal of vacant land at Castle Plaza.

Significant Judgement and Estimate

The key inputs and assumptions used in the determination of allowance for ECLs at reporting date are subject to uncertainty around the impact of high inflation and interest rates on consumer spending and rental collection rates. 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. The level of judgement and estimation have decreased due to reduced debt balance at 30 June 2023.

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 if contractual payments have not been made when they fall due and is written off when collections are extremely unlikely based on historical experience and/or being pursued by legal means.

Approach

The allowance of ECLs consist of the following:

- Estimated rent waivers of $2.0 million (30 June 2022: $20.6 million) based on the ongoing rental assistance negotiations across the portfolio as at reporting date; and
- Expected credit losses of $5.6 million (30 June 2022: $56.2 million) on the residual trade debtors net of estimated rent waivers (residual debt). This involves segmenting the residual debt in accordance with a number of factors such as age of the outstanding debt, risk profiles such as locations or type of assets, trading conditions, and tenant credit risk factors such as size (Major, National and SME). The ECL of these segments are then assessed with reference to the historical losses, estimated collection rates, and other adjustments such as current and planned collection activities and tenants' financial position (if known). Macroeconomic factors that may affect the tenants' ability to pay are also considered, such as unemployment, interest and inflation rates, and business confidence.

As at 30 June 2023, $9.9 million, which represents approximately 40.6% of total trade receivables, is considered past due but not impaired (30 June 2022: $40.3 million which represents 33.6% of total trade receivables).

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 23 $m	30 Jun 22 $m
Opening balance at 1 July	**(76.8)**	**(130.9)**
Amounts written off as uncollectible	31.7	10.5
Rental waivers granted	18.4	57.3
Net remeasurement of prior period allowance[1,2]	27.1	60.6
Loss allowance on receivables originated during the current period	(8.0)	(74.3)
Closing balance at 30 June	**(7.6)**	**(76.8)**

1. The opening balance of allowance for ECLs at 1 July was remeasured due to better outcomes than anticipated in the Group's rent waiver negotiations and estimated 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 2023.
2. Excludes recovery of previously written off trade receivables of $2.4 million (30 June 2022: $nil).

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 2023, the carrying value of payables and other financial liabilities approximated their fair value.

	30 Jun 23 $m	30 Jun 22 $m
Trade payables and accrued expenses	109.9	117.1
Lease rental income and property outgoings recovery revenue received in advance[1]	29.2	21.6
Accrued interest expense	21.7	15.6
Accrued capital expenditure	27.4	30.4
Security deposits	1.6	1.0
Other	5.6	11.2
Total payables and other financial liabilities	**195.4**	**196.9**

1. Largely represents amounts received in advance relating to the following month's lease rental income and recovery of property outgoings revenue.

Working capital

13. PROVISIONS

Provisions comprise liabilities arising from employee benefits, such as annual leave, long service leave and related on-costs, 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 calculate the present value of employee-related provisions are determined with 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 23 $m	30 Jun 22 $m
Current		
Current employee entitlements	59.7	59.3
Other current provisions	17.9	21.8
Total current provisions	**77.6**	**81.1**
Non-current		
Non-current employee entitlements	3.9	3.7
Other non-current provisions	–	0.3
Total non-current provisions	**3.9**	**4.0**

The movements for the year in other provisions are as follows:

	30 Jun 23		30 Jun 22	
	Land tax levies $m	Other $m	Land tax levies $m	Other $m
Opening balance at 1 July	**21.2**	**0.9**	**20.5**	**1.0**
Arising during the year	17.7	–	21.2	0.3
Paid during the year	(21.2)	(0.7)	(20.5)	(0.4)
Closing balance 30 June	**17.7**	**0.2**	**21.2**	**0.9**

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 23 $'000	30 Jun 22 $'000
Short-term employee benefits – Executive KMP	3,624	4,491
Short-term employee benefits – Non-executive KMP	1,878	1,560
Termination benefits	750	–
Share based payments	2,966	2,032
Post-employment benefits	183	185
Other long-term employee benefits	68	191
Total remuneration of KMP of the Group	**9,469**	**8,459**

15. EMPLOYEE BENEFITS EXPENSE

Employee benefits expense consists of:

	Note	30 Jun 23 $m	30 Jun 22 $m
Salaries and wages		99.2	95.5
Share based payments expense	16(a)	7.3	6.1
Other employee benefits expense		4.1	3.8
Total employee benefits expense		**110.6**	**105.4**

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
Long-Term Incentive (**LTI**)	Executive KMP, other members of the Executive Leadership Team (**ELT**) and other senior executives are granted a combination of performance and restricted rights to acquire Vicinity securities for nil consideration. Performance rights granted are subject to Total Shareholder Return (**TSR**) and Total Return (**TR**) hurdles. The performance rights and restricted rights vest after completion of a three[1] to four-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).
Short-Term Incentive (**STI**)	The STI provides the opportunity for eligible employees 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 ELT and other senior executives, a portion of the annual STI award is deferred into equity for a period of 12 to 24 months. The amounts deferred become available to the employee at the end of the deferral period, provided they remain employed by the Group.
Tax Exempt Restricted Securities Plan (**TERSO**)	Subject to the Board's approval each year, $1,000 worth of Vicinity securities are granted annually to eligible employees for nil consideration. Securities granted 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.

[1] The FY21 LTI Tranche 1 restricted rights which had a two-year performance period vested in the prior period, and were released to participants in September 2022.

Further details relating to the LTI and STI plans are included in Note 16(c).

Remuneration

16. SHARE BASED PAYMENTS (continued)

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 23 $m	30 Jun 22 $m
LTI	3.4	2.9
STI	3.0	2.3
TERSO[1]	0.9	0.9
Total share based payments	**7.3**	**6.1**

1. A total of 455,500 securities were granted under TERSO during the year (30 June 2022: 530,725).

B. MOVEMENTS DURING THE YEAR

The movement in the number of LTI performance and restricted rights during the year was as follows:

	30 Jun 23 Number	30 Jun 22 Number
Opening balance at the beginning of the year	11,220,194	9,070,491
Granted	3,770,648	5,229,765
Forfeited and lapsed[1]	(6,158,643)	(2,779,173)
Vested[2]	(190,726)	(300,889)
Outstanding at the end of the year	**8,641,473**	**11,220,194**
Exercisable at the end of the year	Nil	Nil
Weighted average remaining contractual life (years)	2.15	2.65

1. The performance hurdles of the FY20 LTI plan were tested as at reporting date with no performance rights vested and 1,822,704 lapsed (30 June 2022: 2,310,766 performance rights lapsed under the FY19 LTI plan). An additional 4,335,939 rights were forfeited under the FY21-FY23 LTI plans during the year (30 June 2022: 468,407 rights were forfeited under the FY20-FY22 LTI Plans).
2. The FY21 LTI Tranche 2 restricted rights vested (30 June 2022: FY21 LTI Tranche 1), and will be released to participants in September 2023.

16. SHARE BASED PAYMENTS (continued)

C. PLAN DETAILS

LTI plan conditions

Features of the LTI grants on issue at 30 June 2023:

	Performance Rights (PRs) and Restricted Rights (RRs)
Grant years	**FY23:** Executive KMP and other members of the ELT granted PRs subject to TSR (50% weighting) and TR (50% weighting) hurdles. Other senior executives granted PRs subject to TSR (50% weighting) and RR (50% weighting) hurdles. **FY22 and FY20:** PRs subject to TSR (50% weighting) and TR (50% weighting) hurdles. **FY21:** PRs subject to TSR (50% weighting) and RR (50% weighting) hurdles.
Performance period	**TSR and TR:** Four years, for each grant commencing from 1 July of the grant year. **RR:** FY23 – Commencing from 1 July of the grant year: • Tranche 1 (50%): 1 July 2022 – 30 June 2025 (three years) • Tranche 2 (50%): 1 July 2022 – 30 June 2026 (four years) FY21 – Commencing from 1 July of the grant year[1]: • Tranche 3 (50%): 1 July 2020 – 30 June 2024 (four years)
Service period	**TSR and TR:** Four years **RR:** Between three and four years[2]
Performance hurdles[3]	**TSR:** 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. **TR:** Calculated as the change in Vicinity's net tangible assets (**NTA**) value during the year plus total distributions paid 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.[4] **RR:** Awards granted to Executive KMP and other members of the ELT are 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. Awards granted to other executives are subject to individual performance.
TSR Comparator Group	**FY23 and FY22:** Domestic REITs most closely aligned to the Group's business which included Scentre Group, Charter Hall Retail REIT, Region Group, The GPT Group and Dexus Property Group. The FY23 plan also included HomeCo Daily Needs REIT. **FY21 and FY20:** S&P/ASX 200 A-REIT Index at grant date, excluding Westfield Corporation and Unibail-Rodamco-Westfield.[5]

1. The FY21 LTI Tranche 1 and Tranche 2 restricted rights vested in the prior and current period respectively.
2. The FY21 LTI Tranche 1 restricted rights which had a two-year performance period vested in the prior period.
3. For the purposes of the LTI plan assessment, each performance hurdle operates independently of the other.
4. 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.
5. 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 LTI 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 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.

The weighted average fair value assumptions at the grant date used in valuing performance and restricted rights granted in the period are shown in the table below:

Assumption	Basis	FY23 awards	FY22 awards
Security price at measurement date	Closing Vicinity securities price at grant date.	$1.99	$1.75
Distribution yield (p.a.)	Historical distributions paid over the last three years.	4.9%	4.9%
Risk-free interest rate	Four-year government bond yields as at grant date.	3.1%	1.1%
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.	68.0%	75.0%
Volatility of Vicinity securities		40.6%	31.0%
TSR of Vicinity securities	Performance between the start date of the testing period and the valuation date.	11.8%	10.2%
Fair value per performance right – TSR		**$1.06**	**$0.77**
Fair value per performance right – TR		**$1.64**	**$1.44**
Fair value per restricted right – tranche 1		**$1.75**	**n/a**
Fair value per restricted right – tranche 2		**$1.66**	**n/a**

STI Plan

1,885,265 securities were issued on 30 September 2022 under the FY22 Deferred STI plan (30 June 2022: 1,208,780). These are held in escrow and released to employees upon completion of the relevant service condition. The fair value of these securities was $1.91 per security (30 June 2022: $1.72) being the volume weighted average security price of VCX in the 10 trading days prior to the grant date.

Other disclosures

17. INTANGIBLE ASSETS

Intangible asset balances at 30 June 2023 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 23 $m	30 Jun 22 $m
External management contracts	164.2	164.2
Carrying value	**164.2**	**164.2**

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 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 23	30 Jun 22
Post-tax external management contract cash flows	5 years	5 years
Terminal value growth rate	2.30%	2.10%
Post-tax discount rate range	6.75% – 7.25%	6.55% – 7.05%

The impairment test at 30 June 2023 determined that the recoverable amount of the SP CGU exceeded its carrying value and no impairment was required.

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.

Significant Judgement and Estimate

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.

Sensitivity to changes in assumptions

Sensitivities to the key assumptions within the external management contracts DCF were 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 2023. 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 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. There are no significant disposals contemplated as at the date of this report.

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 which are expensed in the period when incurred.

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 the 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, and are tested for impairment where there is an indicator that an asset may be impaired. Right of use assets are adjusted for any remeasurement of the associated lease liability.

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 and are measured at fair value in accordance with AASB 140 *Investment Property*.

A. MOVEMENTS FOR THE YEAR

The table below show the movements in the Group's lease related balances for the year:

	30 Jun 23			30 Jun 22		
	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	**27.2**	**(357.4)**	**(31.7)**	**26.8**	**(356.4)**	**(32.1)**
Interest charge on lease liabilities	–	(27.3)	(1.6)	0.1	(27.1)	(1.6)
Lease (receipts)/payments[1]	(0.3)	27.1	7.0	(1.1)	26.5	8.8
New leases during the period	2.6	–	(2.6)	6.9	–	(6.8)
Market rent reassessment	–	(1.4)	–	–	(0.4)	–
Depreciation	(4.9)	–	–	(5.5)	–	–
Closing balance – 30 June[2]	**24.6**	**(359.0)[3]**	**(28.9)**	**27.2**	**(357.4)[3]**	**(31.7)**

[1] Lease payments (net of sub lease receipts) includes $4.9 million (30 June 2022: $5.6 million) in principal repayments and $28.9 million (30 June 2022: $28.6 million) in interest charges on lease liabilities.

[2] Total lease liabilities of $387.9 million (30 June 2022: $389.1 million) represents $5.4 million of current lease liabilities (30 June 2022: $8.9 million) and $382.5 million of non-current lease liabilities (30 June 2022: $380.2 million).

[3] A number of the Group's investment properties are held under long-term leasehold arrangements as disclosed in Note 4(d). The right of use assets in relation to these investment property leaseholds meet the definition of investment property and are presented within investment property in Note 4(a).

18. LEASES (continued)

B. LEASE LIABILITIES MATURITY PROFILE

The table below show the undiscounted maturity profile of the Group's lease liabilities due as follows:

	30 Jun 23 $m	30 Jun 22 $m
Lease liabilities		
Not later than one year	30.7	33.6
Later than one but not more than five years	126.1	121.7
More than five years	793.7	820.8
Total	**950.5**	**976.1**

The Group also recognised variable lease payments of $18.3 million during the year (30 June 2022: $16.4 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 after tax for the year to net cash provided by operating activities is provided below.

	30 Jun 23 $m	30 Jun 22 $m
Net profit after tax	**271.5**	**1,215.2**
Exclude non-cash items and cash flows under investing and financing activities:		
Amortisation of incentives and leasing costs	68.8	62.5
Straight-lining of rent adjustment	(2.8)	3.9
Property revaluation decrement/(increment) for directly owned properties	195.9	(633.3)
Share of net loss/(gain) of equity accounted investments	50.9	(15.9)
Amortisation of non-cash items included in interest expense	4.5	5.0
Net foreign exchange movement on interest bearing liabilities	139.9	10.3
Net mark-to-market movement on derivatives	(66.4)	(88.6)
Stamp duty paid	-	22.6
Depreciation of right of use assets	4.9	5.5
Income tax benefit	(5.4)	(7.6)
Other non-cash items	13.6	(2.3)
Movements in working capital:		
Increase in payables and other financial liabilities, and provisions	0.6	35.3
Decrease/(increase) in receivables including distributions receivable and other assets	26.2	(23.1)
Net cash inflow from operating activities	**702.2**	**589.5**

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 23 $'000	30 Jun 22 $'000
Audit and review of statutory financial statements of the Group and its controlled entities	**1,297**	**1,282**
Assurance services required by legislation to be provided by the auditor	**21**	**19**
Other assurance and agreed-upon procedures services under other legislation or contractual arrangements		
Property related audits[1]	274	223
Sustainability assurance services	50	–
Other assurance services	51	48
Total other assurance services under other legislation or contractual arrangements	**375**	**271**
Other services		
Taxation compliance services	277	271
Sustainability assurance services	140	–
Other services	44	40
Total other services	**461**	**311**
Total auditor's remuneration	**2,154**	**1,883**

1. Comprises audits of outgoing statements, promotional funds, real estate trust account and joint venture audits required under legislation or contractual arrangements.

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 23 $m	30 Jun 22 $m
Current assets	141.1	140.7
Total assets	**771.5**	**775.4**
Current liabilities	64.4	50.8
Total liabilities	**557.2**	**576.3**
Net assets	**214.3**	**199.1**
Equity		
Contributed equity	515.6	515.6
Share based payment reserve	1.9	(2.0)
Accumulated losses	(303.2)	(314.5)
Total equity	**214.3**	**199.1**
Net profit/(loss) for the financial year	**11.3**	**(8.7)**
Total comprehensive income/(loss) for the financial year	**11.3**	**(8.7)**

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 (30 June 2022: nil) which have been contracted but not provided for, or contingencies (30 June 2022: nil) as at reporting date. Guarantees provided to subsidiary entities are disclosed at Note 23(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.

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 2023.

B. INFORMATION ON RELATED PARTY TRANSACTIONS AND BALANCES

Vicinity Funds RE Ltd, a wholly-owned subsidiary of the Group, is the Responsible Entity of Direct Property Investment Fund A and Direct Property Investment Fund B (collectively known as the 'Wholesale funds' managed by the Group).

The transactions with the Wholesale funds, made on normal commercial terms, and the balances outstanding at 30 June 2023 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 fee receivable		Alignment fee payable	
	30 Jun 23 $'000	**30 Jun 22 $'000**	**30 Jun 23 $'000**	**30 Jun 22 $'000**
Wholesale funds managed by the Group	300	324	72	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 23 $'000	**30 Jun 22 $'000**
Asset and funds management fee income	2,634	3,365
Reimbursement of expenses to the property manager	712	718
Distribution income	–	8
Alignment fee expense	(299)	(307)
Rent and outgoings expenses	(105)	(104)

Related party balances and transactions with other associates

Vicinity Asset Operations Pty Ltd

	30 Jun 23 $'000	**30 Jun 22 $'000**
Rent and outgoings income	5,037	4,473
Receivables	1,680	1,383

23. COMMITMENTS AND CONTINGENCIES

A. CAPITAL COMMITMENTS

Estimated capital expenditure and tenant incentives contracted for at reporting date, but not recognised in the Balance Sheet:

	30 Jun 23 $m	**30 Jun 22 $m**
Not later than one year	189.2	120.7
Later than one but not more than five years	0.1	0.2
Total capital commitments	**189.3**	**120.9**

B. CONTINGENT ASSETS AND LIABILITIES

Bank guarantees totalling $39.3 million (30 June 2022: $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 for other capital commitments of the Group.

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 2023 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 securityholders of other stapled entities of the Group including Vicinity Centres Trust are shown net of 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).

IMPACT OF NEW AND AMENDED ACCOUNTING STANDARDS

New and amended standards that became effective as of 1 July 2022 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.

FUTURE IMPACT OF ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The Group has not adopted any standard, interpretation or amendment that has been issued but is not yet effective and there are none that are expected to have a material impact on the Group's financial position or performance.

The International Sustainability Standards International Sustainability Standards Board (**ISSB**) their first two sustainability disclosure standards, IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures* in June 2023. In addition, as at the reporting date, the Treasury Department was completing a second round of consultation for the detailed implementation and sequencing of standardised, internationally aligned requirements for disclosure of climate-related financial risks and opportunities in Australia.

The Group will continue to monitor the regulatory developments within Australia. In the meantime, the Group continues to assess the impact of climate change when preparing the financial statements where relevant, in line with emerging industry and regulatory guidance.

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 2023 were nil (30 June 2022: $16.5 million).

25. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

Capital management activities

Subsequent to 30 June 2023, the following transactions were completed:

- $200.0 million of new and extended bank debt facility with FY27 maturity;
- Repaid $123.0 million of drawn bank debt following the sale of 50% interest in Broadmeadows Central; and
- Cancelled $300.0 million of bank debt facilities.

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 74 to 116 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 2023 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 2023.

Signed in accordance with a resolution of the Directors of Vicinity Limited.

Trevor Gerber
Chairman

16 August 2023

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 2023, 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 2023 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.

Building a better
working world

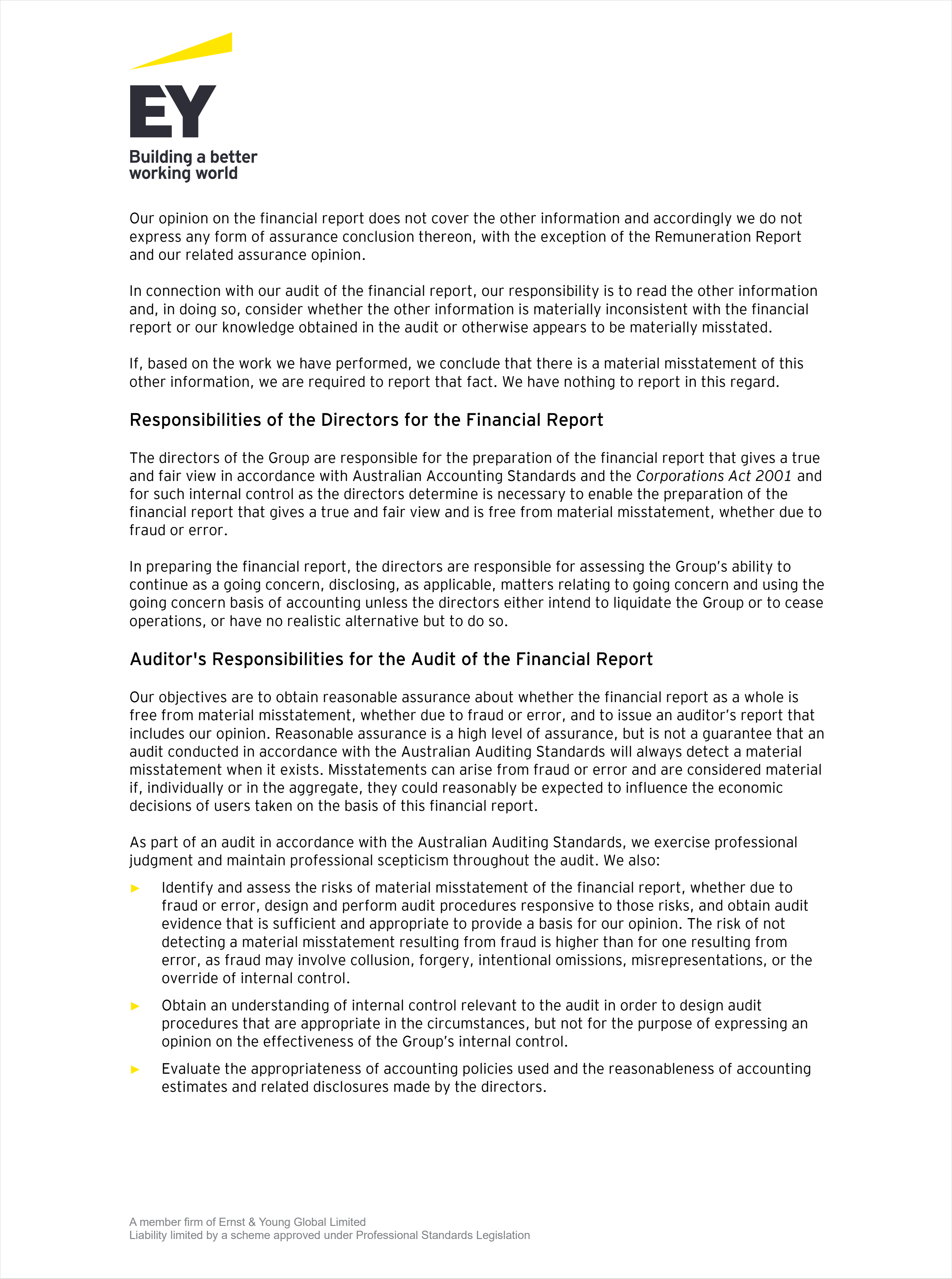
1. Shopping Centre Investment Property Portfolio – Carrying Values and Revaluations

Why significant	How our audit addressed the key audit matter
The Group owns a portfolio of retail property assets valued at $14,288.4 million at 30 June 2023, which represents 91.7% of total assets of the Group. In addition, there are retail property assets valued at $518.5 million held 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. 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. We consider this a key audit matter due to the number of judgements required in determining fair value. Note 4 of the financial report describes the key assumptions, inputs, judgements and estimations, 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 2023.	Our audit procedures included the following for properties held both directly and through interests in joint ventures: ▸ We discussed the following matters with management: ▸ movements in the Group's investment property portfolio; ▸ changes in the condition of each property, including an understanding of key developments and changes to development activities; ▸ changes in the Group's investment property portfolio including understanding leasing activity and tenant occupancy risk; and ▸ controls in place relevant to the valuation and development processes. ▸ In conjunction with our real estate valuation specialists, on a sample basis, we performed the following procedures: ▸ 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. ▸ Tested the mathematical accuracy of valuations. ▸ Evaluated the suitability of the valuation methodology across the portfolio based on the type of asset. ▸ We considered the reports of the external and internal valuers, to assess the reasonableness of the key assumptions and estimates used. This included assumptions such as the capitalisation, discount and growth rate and future forecast rentals. We also obtained an understanding of how the valuers consider environmental factors. ▸ For properties under development, we considered key assumptions such as estimated cost to complete the development, allowances for developer's risk and profit and post development stabilisation allowances. ▸ Where relevant we compared the valuation against comparable transactions utilised in the valuation process. ▸ Assessed the qualifications, competence and objectivity of the valuers. ▸ Assessed capitalised planning and holding costs relating to planned major development projects. ▸ We assessed the adequacy of the Group's disclosures in the financial report.

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' 2023 Annual Report, but does not include the financial report and our auditor's report thereon.

Independent Auditor's Report



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.

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.

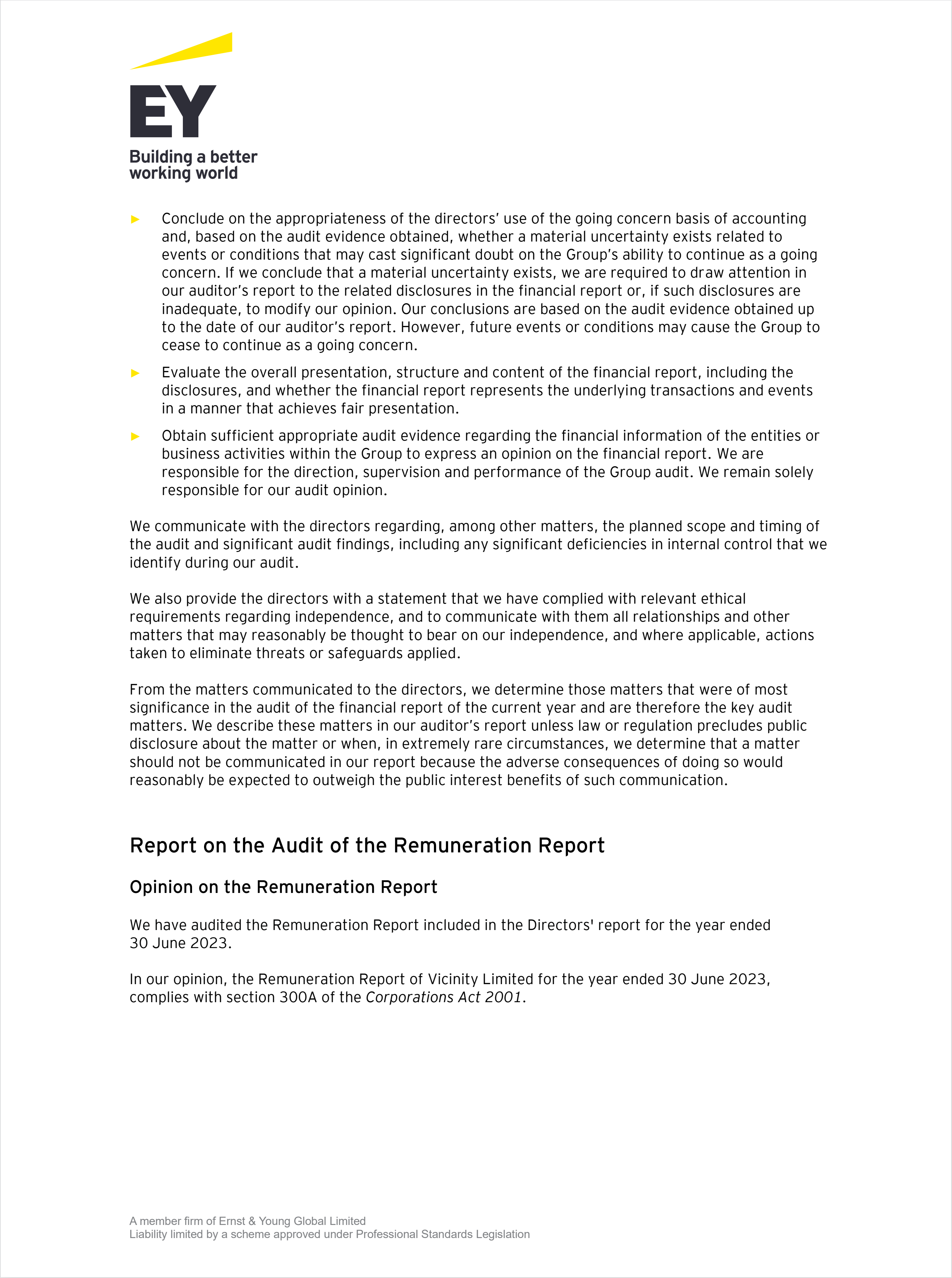
In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or 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.

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 2023.

In our opinion, the Remuneration Report of Vicinity Limited for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Independent Auditor's Report

Building a better working world

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 + Young

Ernst & Young

Alison Parker
Partner
Melbourne
16 August 2023

Michael Collins
Partner
Melbourne
16 August 2023

Summary of Securityholders

As at 31 July 2023

SPREAD OF SECURITYHOLDERS

Range	Number of securityholders	Number of securities	% of issued securities
100,001 and over	230	4,365,739,590	95.90
10,001 to 100,000	5,573	130,034,580	2.86
5,001 to 10,000	4,428	32,664,489	0.72
1,001 to 5,000	7,612	21,030,940	0.46
1 to 1,000	6,192	2,805,759	0.06
Total	**24,035**	**4,552,275,358**	**100.00**

The number of securityholders holding less than a marketable parcel of 254 securities (based on a security price of $1.975 on 31 July 2023) is 1,640 and they hold 146,115 securities.

SUBSTANTIAL SECURITYHOLDERS[1]

Company name	Date last notice received	Number of securities [2]
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
UniSuper Limited as trustee for UniSuper and UniSuper Management Pty 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
Pinnacle Investment Management Group Limited and its subsidiaries	4 January 2023	227,653,906

1. As notified to Vicinity in accordance with section 671B of the *Corporations Act 2001* (Cth).
2. As disclosed in the last substantial holding notice lodged by the substantial securityholder with the ASX.

VOTING RIGHTS

In the case of a resolution of the Company, at a general meeting, each securityholder present has one vote on a show of hands, or one vote for each security held on a poll.

In the case of a resolution of the Trust, at a general meeting, each securityholder present has one vote for each dollar of the value of the total interests they have in the Trust.

UNQUOTED EQUITY SECURITIES

The number of performance rights on issue under Vicinity's Long-Term Incentive Plan and Equity Incentive Plans was 9,283,863 and the number of holders of those performance rights was 53.

The number of restricted rights on issue under Vicinity's Equity Incentive Plans was 1,371,040 and the number of holders of those restricted rights was 50.

ON-MARKET PURCHASE OF SECURITIES

During FY23, 2,652,774 Vicinity securities were purchased on-market at an average price per security of $1.91 by the trustee to satisfy entitlements under Vicinity's Equity Incentive Plans.

Summary of Securityholders

As at 31 July 2023

TOP 20 LARGEST SECURITYHOLDERS

Rank	Name	Number of securities held	% of issued securities
1	HSBC Custody Nominees (Australia) Limited	1,399,843,378	30.75
2	J P Morgan Nominees Australia Pty Limited	958,780,899	21.06
3	Citicorp Nominees Pty Limited	488,291,555	10.73
4	Netwealth Investments Limited	403,407,130	8.86
5	BNP Paribas Nominees Pty Ltd	375,909,528	8.26
6	BNP Paribas Noms Pty Ltd	127,726,364	2.81
7	National Nominees Limited	118,759,087	2.61
8	Rosslynbridge Pty Ltd	92,069,814	2.02
9	Allowater Pty Ltd	63,624,571	1.40
10	Citicorp Nominees Pty Limited	40,604,302	0.89
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	HSBC Custody Nominees (Australia) Limited	11,955,116	0.26
16	Ledburn Proprietary Limited	10,206,076	0.22
17	Artmax Investments Limited	9,262,865	0.20
18	Neweconomy Com Au Nominees Pty Limited	7,992,678	0.18
19	BNP Paribas Noms(Nz) Ltd	7,872,840	0.17
20	BNP Paribas Nominees Pty Ltd	7,514,662	0.17
Top 20 largest securityholders		**4,281,975,131**	**94.06**
Balance of register		**270,300,227**	**5.94**
Total issued capital		**4,552,275,358**	**100.00**

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)
Peter Huddle (CEO)
Clive Appleton
Dion Werbeloff
Georgina Lynch
Janette Kendall
Michael Hawker AM
Peter Kahan
Tiffany Fuller
Tim Hammon

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

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
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, or via the 'Investor Login' section of the Security Registrar's website at 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; and
- 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

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
Website: afca.org.au
Post: GPO Box 3
Melbourne VIC 3001 Australia

Follow us on

designdavey

VICINITY
CENTRES

VICINITY.COM.AU