

ASX Announcement

24 January 2017

December 2016 valuations

Vicinity Centres (Vicinity or the Group, ASX:VCX) announces that as at 31 December 2016, 44 of its 75 directly-owned retail properties (56% by value) have been independently valued and the remaining properties have been subject to internal valuations resulting in a net valuation gain of \$508 million, or a 3.5% increase for the six month period. The valuations are subject to final audit and will be confirmed in Vicinity's FY17 interim results to be announced on 15 February 2017.

Mr Angus McNaughton, CEO and Managing Director, said: "We are very pleased with the significant portfolio valuation increase of \$508 million for the December half, and in particular the net \$286 million uplift in our investment in Chadstone Shopping Centre. Chadstone is now valued at \$5.25 billion (Vicinity share: \$2.63 billion), boosted by a 50 basis points tightening in the capitalisation rate to 4.25%. The uplift in Chadstone's valuation follows the successful opening in October of the key retail stage of the \$666 million redevelopment which has been positively received by both customers and retailers and reflected through the asset's very strong trading performance in the period.

"The portfolio valuation gain in the half was also driven by strong valuation growth of our DFO centres, particularly South Wharf (up 6.5% or \$25.3 million) and Homebush (up 4.6% or \$17.9 million), while Box Hill South also reported a gain of 9.2% or \$14.9 million where strong performance has supported solid income growth and capitalisation rate compression."

The table below provides a summary of the valuations of Vicinity's directly-owned portfolio at 31 December 2016 compared to 30 June 2016¹.

Centre type	Number of centres	Valuation ²			Weighted average capitalisation rate		
		31-Dec-16 (\$m)	Net valuation gain (\$m)	(%)	New (%)	Prior (%)	Movement (bps)
Super Regional	1	2,625	286	12.2	4.25	4.75	(50)
Regional ³	21	7,049	72	1.0	5.75	5.76	(1)
Sub Regional	33	3,383	81	2.5	6.52	6.68	(16)
Neighbourhood	15	705	22	3.2	6.60	6.77	(17)
Outlet (DFO)	5	1,160	47	4.2	6.35	6.49	(14)
TOTAL	75	14,922	508	3.5	5.75	5.92	(17)

¹ All data excludes acquisitions and divestments during the six months to 31 December 2016.

² By ownership interest.

³ Includes Major Regional, City Centre and Regional centres.

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At 31 December 2016, net tangible assets per security (NTA) is estimated to be \$2.73, which is up 14 cents or 5.4%, compared to \$2.59 reported at 30 June 2016.

Gearing is estimated to be 24.0% as at 31 December 2016, down from 25.9% at 30 June 2016. The decrease predominantly reflects the December 2016 valuation gains and the settlement of recent asset sales with proceeds being used to pay down bank debt. Both NTA and gearing numbers are subject to final audit.

Mr McNaughton added: "Vicinity's balance sheet continues to be in a strong position, enabling us to comfortably fund our commitment to portfolio enhancement through our significant development pipeline and selective acquisitions."

Further details on the December 2016 valuations will be included in Vicinity's FY17 interim results announcement to be released to the ASX on 15 February 2017. The results will be webcast live on the day from 10.30am (AEDT) and can be accessed via Vicinity's website at www.vicinity.com.au.

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About Vicinity Centres

Vicinity Centres (Vicinity or the Group) is one of Australia's leading retail property groups with a fully integrated asset management platform, and over \$23 billion in retail assets under management across 85 shopping centres, making it the second largest listed manager of Australian retail property. The Group has a Direct Portfolio with interests in 75 shopping centres (including the DFO Brisbane business) and manages 37 assets on behalf of Strategic Partners, 27 of which are co-owned by the Group. Vicinity is listed on the Australian Securities Exchange (ASX) under the code 'VCX' and has approximately 24,000 securityholders. Vicinity also has European medium term notes listed on the ASX under the code 'VCD'. For more information visit the Group's website vicinity.com.au, or use your smartphone to scan this QR code.