

ASX Announcement

6 November 2017

Vicinity and GIC undertake swap of premium Sydney retail assets

Vicinity Centres (Vicinity, ASX:VCX) announces that it has entered into contracts to exchange a 49% interest in Chatswood Chase Sydney for 50% interests in GIC's Queen Victoria Building, The Galleries and The Strand Arcade (together, the Sydney CBD Centres). The interests in the Sydney CBD Centres have been acquired for \$556.0 million¹ on a 5.1% blended capitalisation rate.² The interest in Chatswood Chase Sydney has been sold for \$562.3 million³ on a 4.75% capitalisation rate. Vicinity will continue to manage Chatswood Chase Sydney and will assume management of the Sydney CBD Centres. The transaction is expected to be accretive to funds from operations by approximately \$5 million, or 0.13 cents per security, on a full-year basis.

Mr Angus McNaughton, CEO and Managing Director, said: "This transaction is strategically significant for Vicinity. We gain exposure to, and the management rights of, three high quality and strongly performing CBD centres in Sydney, Australia's most populous and most visited CBD. This transaction also expands our strong relationship with GIC.

"Combined foot traffic through the Sydney CBD Centres is approximately 60 million people per annum, with visitation from three main, and growing, consumer segments: office workers, tourists and residents, who spent \$590 million across the three centres this year.⁴

"The Sydney CBD Centres perform at very high levels of retail sales productivity, with specialty sales averaging \$23,890 per square metre and specialty MAT growth of 2.4%, while overall MAT growth was 4.0%.^{4,5} This is despite significant disruption from the light rail works along George Street to which all three centres have frontage. These works are due to complete in 2019 and are expected to significantly improve the access and amenity along Sydney's main CBD thoroughfare. Adjusting for the inclusion of the

¹ Excluding acquisition costs.

² Excludes acquisition costs and management fees received by Vicinity.

³ Sale price includes a 49% interest in the holding structure for Chatswood Chase Sydney for \$539.0 million and ancillary properties for \$23.3 million.

⁴ Sales data reported for the 12 months to 30 September 2017.

⁵ Growth indicated is on prior year.

Vicinity Centres

National Office
Level 4, Chadstone Tower One
1341 Dandenong Road
PO Box 104
Chadstone VIC 3148

T +61 3 7001 4000
F +61 3 7001 4001
vicinity.com.au

Vicinity Limited ABN 90 114 757 783
and Vicinity Centres RE Ltd
ABN 88 149 781 322
As responsible entity for:
Vicinity Centres Trust ARSN 104 931 928



Sydney CBD Centres, specialty sales⁶ per square metre across Vicinity's direct portfolio would increase by 5.3% from \$9,417 to \$9,916.

"These premium Sydney CBD Centres will add more than \$1.1 billion to our retail assets under management, expanding Vicinity's management exposure to New South Wales and up-weighting our direct exposure to City Centre assets from 11% to 15%.

"The transaction also expands Vicinity's premium and CBD portfolio which already includes Emporium Melbourne and Chadstone both in Melbourne, The Myer Centre Brisbane and QueensPlaza both in Brisbane, as well as Chatswood Chase Sydney, providing unrivalled premium and CBD exposure for our retail partners."

Mr McNaughton added: "We have identified a number of areas where we can create additional value over time at the Sydney CBD Centres through continued improvement in the tenancy mix, driving ancillary income and operational efficiencies. These centres will also benefit from significant investment in transport infrastructure taking place over the next few years in Sydney including, in addition to the light rail project, the Sydney Metro rail which will improve access to the CBD from Sydney's north west and south west. The new Pitt Street Metro station will be adjacent to The Galleries.

"GIC has been a long term strategic partner at Emporium Melbourne and Myer Bourke Street, and we are delighted to extend this partnership to four additional centres including Chatswood Chase Sydney as that centre moves closer to a major expansion and redevelopment."

Chatswood Chase Sydney is a premium, high-performing Major Regional shopping centre situated in one of Australia's most affluent catchments on Sydney's North Shore, with more than 11 million consumer visits annually. The centre is anchored by high-performing David Jones, Coles and Kmart stores and has 170 specialty stores, including a number of premium brands.

The transaction is expected to settle in early 2018 and remains subject to approvals by Sydney City Council, RailCorp and the Foreign Investment Review Board.

Additional information on the transaction can be found in the Appendix to this release.

ENDS

⁶ Sales data reported for the 12 months to 30 September 2017.



For further information please contact:

Penny Berger

Head of Investor Relations

T +61 2 8229 7760

E penny.berger@vicinity.com.au



About Vicinity Centres

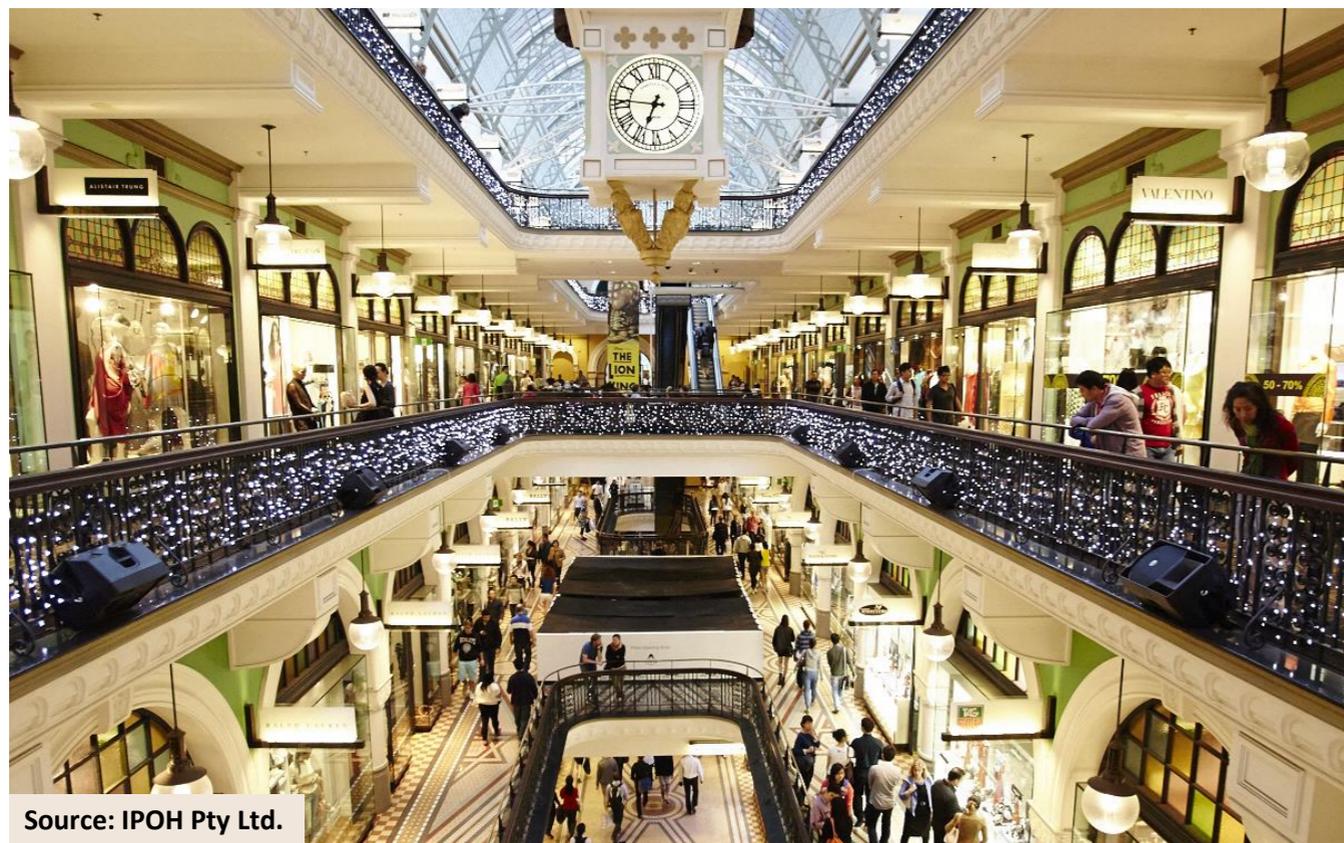
Vicinity Centres (Vicinity or the Group) is one of Australia's leading retail property groups with a fully integrated asset management platform, and over \$25 billion in retail assets under management across 82 shopping centres, making it the second largest listed manager of Australian retail property. The Group has a Direct Portfolio with interests in 74 shopping centres (including the DFO Brisbane business) and manages 34 assets on behalf of Strategic Partners, 26 of which are co-owned by the Group. Vicinity is listed on the Australian Securities Exchange (ASX) under the code 'VCX' and has over 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.

Queen Victoria Building

Asset summary



Performance metrics		Acquisition metrics (50% interest)
\$276.7m Centre MAT	18.7% Specialty occupancy cost	\$301.2m Price (excluding acquisition costs)
\$25,393 Specialty MAT/sqm		5.25% Capitalisation rate



Source: IPOH Pty Ltd.

Centre information	
Leasehold title	Leased from Sydney City Council Lease expires in 2083
Site area (sqm)	11,400
Car spaces	720 (5.27 bays per 100 sqm)
GLA (sqm)	13,668
Occupancy (by area) (%)*	97.3
Annual foot traffic	33.0m
Opened/Expanded	1898/1986
Composition	4 Mini-majors 160 Specialty stores 2 ATMs 1 Office
Key retailers	Country Road, Bally, Longines, Mondial Jewellers, Salvatore Ferragamo, Swarovski, Victoria's Secret, Haigh's Chocolates, RM Williams, Zumbo Patisserie, HobbyCo, The Tea Room and Victoria's Basement

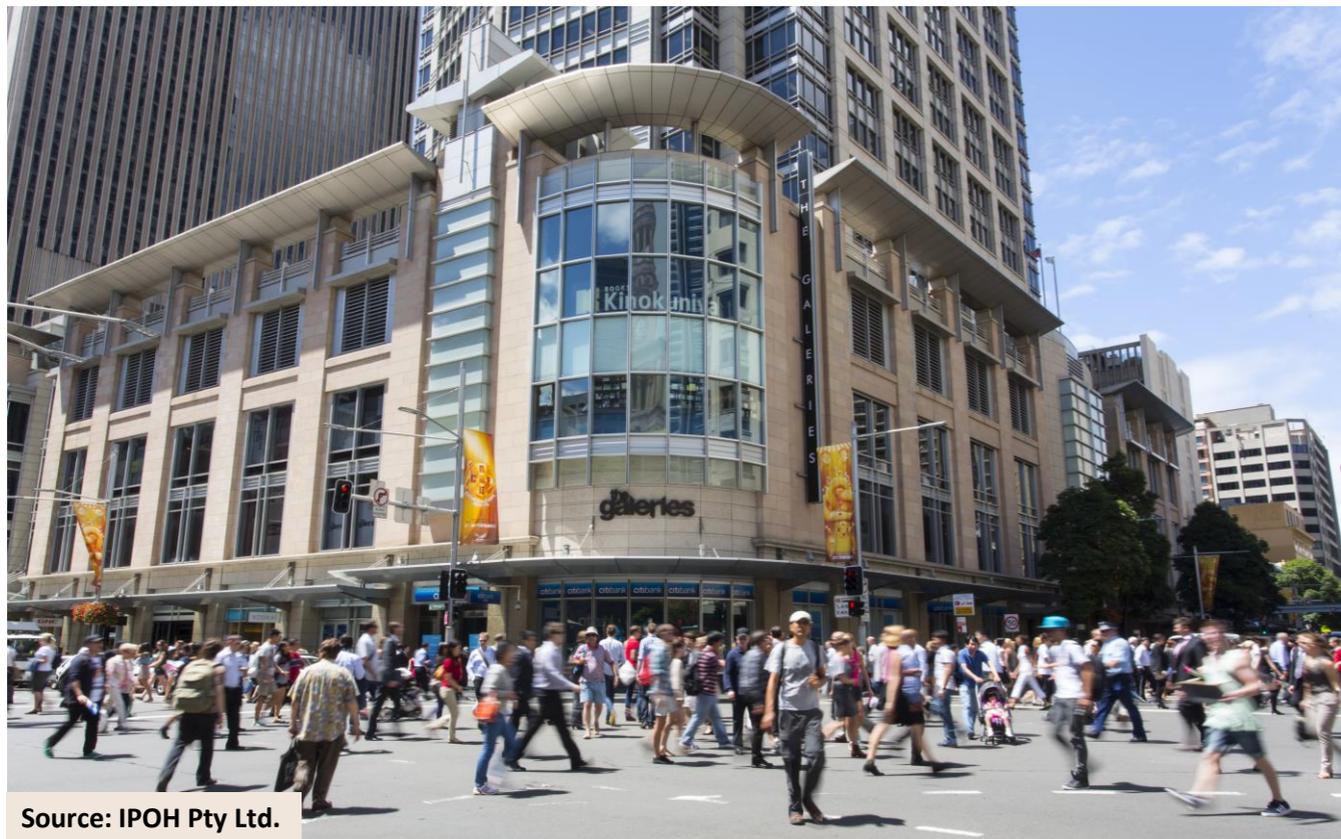
*Occupancy increases to 99% if several leasing deals progress to formal agreements.
Note: Data as at September 2017.

The Galleries

Asset summary



Performance metrics		Acquisition metrics (50% interest)
\$189.8m Centre MAT	14.2% Specialty occupancy cost	\$143.1m Price (excluding acquisition costs)
\$20,212 Specialty MAT/sqm		5.00% Capitalisation rate



Source: IPOH Pty Ltd.

Centre information	
Title	Freehold
Site area (sqm)	7,565
Car spaces	Nil
GLA (sqm)	14,849
Occupancy (by area) (%)	99.9
Annual foot traffic	21.3m
Opened/Expanded	2000
Composition	6 Mini-majors 71 Specialty stores
Key retailers	Books Kinokuniya, The Grounds of the City, MUJI, Grill'd, Lotus, Brent Wilson, Incu, Ben Sherman, Fitness First, JB Hi-Fi and The Arthouse Hotel

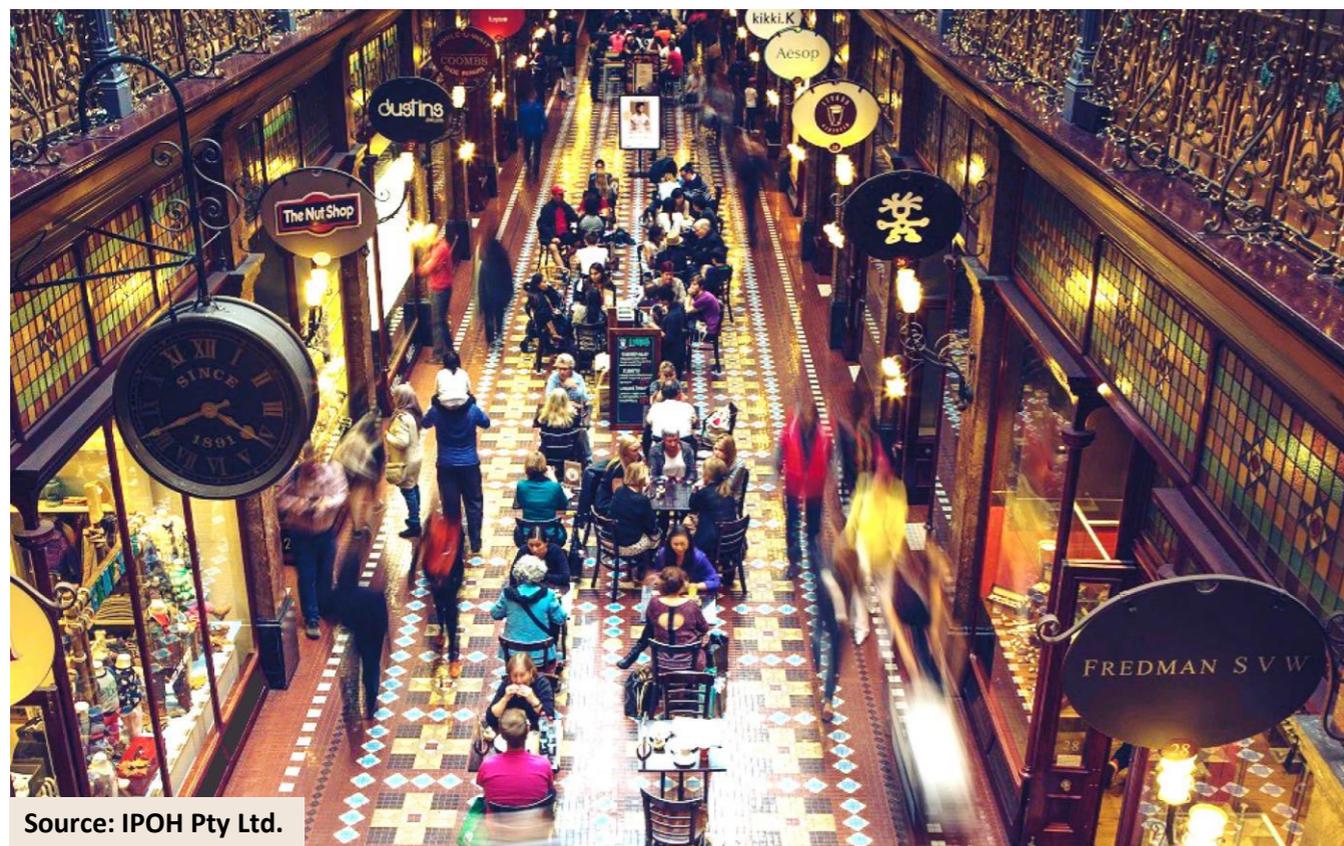
Note: Data as at September 2017.

The Strand Arcade

Asset summary



Performance metrics		Acquisition metrics (50% interest)
\$123.9m Centre MAT	14.3% Specialty occupancy cost	\$111.7m Price (excluding acquisition costs)
\$25,030 Specialty MAT/sqm		4.75% Capitalisation rate



Source: IPOH Pty Ltd.

Centre information	
Title	Freehold
Site area (sqm)	2,101
Car spaces	Nil
GLA (sqm)	5,797
Occupancy (by area) (%)	99.4
Annual foot traffic	5.0m
Opened/Expanded	1891/1969
Composition	1 Mini-major 69 Specialty stores 12 Offices
Key retailers	Alex Perry, Scanlan & Theodore, Mecca, Dion Lee, Christian Louboutin, Haigh's Chocolates, Koko Black, JB Hi-Fi, The Restaurant Pendolino, La Rosa Osteria and Wine Bar

Note: Data as at September 2017.

Chatswood Chase Sydney

Asset summary



Performance metrics		Divestment metrics (49% interest)
\$555.8m Centre MAT	15.6% Specialty occupancy cost	\$562.3m Price (including ancillary properties)
\$13,923 Specialty MAT/sqm		4.75% Capitalisation rate



Centre information	
Title	Freehold
Site area (sqm)	3,533
Car spaces	2,441
GLA (sqm)	63,715
Occupancy (by area) (%)	98.1
Annual foot traffic	11.0m
Opened/Expanded	1980/2009
Composition	3 Majors 11 Mini-majors 170 Specialty stores
Key retailers	David Jones, Kmart, Coles, Apple, Country Road, JB Hi-Fi, Hugo Boss, Ralph Lauren, Williams Sonoma, Pottery Barn, West Elm, Mecca Cosmetica, Toymate and Le Creuset

Note: Performance and divestment metrics as at September 2017. Centre information as at June 2017.

Premium Sydney CBD Centres in a prime location

Located in the heart of Sydney's CBD retail precinct

