

ASX Announcement

3 October 2018

Vicinity sells eleven centres for \$631 million, progressing divestment program

Vicinity Centres (Vicinity, ASX:VCX) today announced a progress update on its non-core asset divestment program, with the sale of a portfolio of ten Sub Regional and Neighbourhood shopping centres to SCA Property Group (SCP, ASX:SCP)¹ and one Neighbourhood shopping centre to a private investor, for an aggregate sale price of \$631.0 million².

The aggregate sale price of \$631.0 million announced today reflects a 5.1% discount to the combined 30 June 2018 book values of the eleven assets and a weighted average capitalisation rate of 6.9%. Including the interests in 24 assets sold since the merger, Vicinity has now divested 35 shopping centres for more than \$2.5 billion at a 0.5% premium to book value.

These transactions form part of Vicinity's non-core asset divestment program, of the sale of up to \$1.0 billion of Sub Regional and Neighbourhood shopping centres, announced in June 2018. Discussions are progressing with prospective purchasers of three remaining assets included in Vicinity's divestment program.

Mr Grant Kelley, Vicinity's CEO and Managing Director, said: "These transactions are a significant achievement and advance our strategy to unlock major potential in the business."

"It is an important step in delivering strong and sustainable growth through focusing our directly-owned portfolio on approximately fifty market-leading destination assets, expanding our wholesale funds platform and realising mixed-use opportunities across the portfolio."

SCP will acquire ten assets (Bentons Square and The Gateway in Victoria, Lavington Square and West End Plaza in New South Wales, North Shore Village and Oxenford Village in Queensland, Currambine Central, Kalamunda Central, Stirlings Central and Warnbro Centre in Western Australia) for a total consideration of \$573.0 million. Settlement of these transactions is expected later this month.³ The sale of Belmont Village in Victoria to a private investor for \$58.0 million was settled at the end of September 2018.

¹ Sale is conditional on completion of a capital raising by SCP. SCP has entered into an underwriting agreement on customary terms with Citi as underwriter including termination events.

² Transaction also includes a rental guarantee of up to \$8.0 million available for two years to SCP. Excludes transaction costs.

³ The settlement of Currambine Central is subject to head landlord consents being received in relation to the transfer of the ground lease. Sale completion for Currambine Central is expected by the end of December 2018.

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

Mr Kelley said: “We undertook an extensive campaign to market these non-core assets, generating significant interest on both an individual asset and portfolio basis. In the interest of progressing our strategy of focusing on owning highly productive market-leading destination assets, the sale of the ten-asset portfolio to SCP makes strategic sense for both parties.”

As at 30 June 2018, the eleven assets sold had specialty sales per square metre averaging \$7,611. Adjusting for these asset sales, total⁴ portfolio comparable specialty sales per square metre for Vicinity would increase by 1.4% to \$10,279, from \$10,133 reported at June 2018.

The proceeds of the transactions announced today will be reinvested into opportunities consistent with Vicinity’s strong focus on value-accretive capital allocation, including investment in its retail development pipeline and potentially, a securities buy-back which will drive stronger growth in funds from operations (FFO) and net tangible assets, both on a per security basis.

Vicinity’s FFO guidance for FY19 remains unchanged at 18.0 to 18.2 cents per security.⁵ Assuming the sale proceeds of the eleven non-core assets are used to repay debt in the short-term, gearing would be reduced by approximately 280 basis points.

ENDS

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 \$27 billion in retail assets under management across 79 shopping centres, making it the second largest listed manager of Australian retail property. The Group has a Direct Portfolio with interests in 72 shopping centres (including the DFO Brisbane business) and manages 35 assets on behalf of Strategic Partners, 28 of which are co-owned by the Group. Vicinity is listed on the Australian Securities Exchange (ASX) under the code ‘VCX’ and has over 27,000 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.

⁴ Excludes divestments and development-impacted centres in accordance with Shopping Centre Council of Australia guidelines and includes Chadstone same-store sales.

⁵ Assumes no material deterioration in existing economic conditions.