

ASX Announcement

6 November 2019

Delivering on strategy with two non-core asset divestments and FY20 earnings guidance update

- Ongoing strategy execution, with divestment of two non-core assets for \$195.5 million, in line with June 2019 book values in aggregate
 - Mt Ommaney Centre, QLD sold for \$94.5 million (Vicinity's 25% interest), a 3.3% premium to book value, and
 - Corio Central, VIC sold for \$101.0 million, a 3.8% discount to book value.
- Portfolio quality continues to strengthen
- FY20 funds from operations (FFO) per security guidance reduced by 0.2 cents to 17.6 to 17.8 cents¹ due to timing of asset sales, assuming no reinvestment of proceeds
- Transactions expected to reduce gearing by around 90 basis points to 26.2% (pro forma June 2019), with proceeds used to repay debt in the short term

Vicinity Centres (Vicinity, ASX:VCX) today announced the divestment of two non-core assets for a total of \$195.5 million, reflecting a 0.5% discount to their combined June 2019 book values.

Mr Grant Kelley, CEO and Managing Director, said: "We are pleased to have achieved solid pricing for these assets, following improved investor demand since we announced in August 2019 that we would not proceed with any further material divestments in the current environment. The sale of these non-core assets is in line with our strategy of focusing our portfolio on market-leading destinations.

"The transaction will further strengthen our balance sheet, with around a 90 basis point reduction in gearing, with the proceeds assumed to repay debt in the short term.

"Over the medium term, we expect to drive additional value for securityholders through investing the sale proceeds into accretive developments of our strongly performing centres, acquiring destination assets aligned with our strategy, or by acquiring Vicinity securities at accretive pricing."

Mr Kelley added: "Today's announcement is the continuation of strategic portfolio refinement, which has seen Vicinity divest interests in 37 non-core assets for \$3.3 billion at a combined 0.7% premium to book value. These proceeds have been used to create additional value for our securityholders through \$1.1 billion of acquisitions, up 12.3% in value since acquisition; \$0.5 billion of securities buy-back at an

¹ Assuming no material deterioration in existing economic conditions.

11.1% discount to June 2019 NTA²; and \$1.0 billion of developments which have delivered a 12.5% uplift on completion.

“Consequently, adjusting for these divestments, Vicinity’s portfolio has a 76% greater average asset value and 35% stronger comparable specialty store sales productivity. Our strategy focused on creating and investing in market-leading destinations is delivering results.”

The sale of Vicinity’s 25% interest in Mt Ommaney Centre, QLD to YFG Shopping Centres Pty Ltd (as trustee for the YFG Trust) is expected to settle later this month. The sale of Corio Central, VIC to IP Generation Pty Ltd is expected to settle mid to late next month.

Revision to FY20 guidance

Divestment proceeds will initially be used to repay floating debt. The expected impact on FFO is approximately 0.3 cents per security reduction on an annualised basis, prior to any reinvestment of proceeds. Due to the expected timing of settlement of the asset sales, the forecast impact on Vicinity’s FY20 FFO is approximately 0.2 cents per security. Vicinity’s FY20 FFO per security guidance has been reduced accordingly, from 17.8 to 18.0 cents to 17.6 to 17.8 cents³. The distribution payout ratio remains unchanged at the upper end of the target range of 95% to 100% of adjusted FFO^{3,4}.

Vicinity’s 2019 Annual General Meeting will be held in Melbourne on Thursday 14 November 2019 and FY20 interim results will be announced on Wednesday 19 February 2020.

ENDS

For further information please contact:

Penny Berger

Head of Investor Relations

T +61 2 8229 7760

E penny.berger@vicinity.com.au

Kat Rellos

Head of Corporate Communications

T +61 3 7001 4670

E katherine.rellos@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 \$26 billion in retail assets under management across 66 shopping centres, making it the second largest listed manager of Australian retail property. The Group has a Direct Portfolio with interests in 62 shopping centres (including the DFO Brisbane business) and manages 33 assets on behalf of Strategic Partners, 29 of which are co-owned by the Group. Vicinity is listed on the Australian Securities Exchange (ASX) under the code ‘VCX’ and has over 23,000 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.

² Net tangible assets per security.

³ Assuming no material deterioration in existing economic conditions.

⁴ Maintenance capex and incentives of \$80 million to \$90 million is forecast for FY20.