

ASX Announcement

24 January 2019

December 2018 valuations

Vicinity Centres (Vicinity, ASX:VCX) announces that as at 31 December 2018, 38 of its 62 directly-owned retail properties¹ (50% by value) were independently valued and the remaining properties were internally valued resulting in a net valuation decline for the overall portfolio of \$37 million, a 0.2% decrease for the six month period. The December valuations are subject to final audit review and will be confirmed in Vicinity's FY19 interim results to be announced on 15 February 2019.

Mr Grant Kelley, CEO and Managing Director, said: "While the overall portfolio recorded a valuation decline of \$37 million in the December half, we were pleased to see Vicinity's flagship portfolio consisting of Chadstone Shopping Centre, premium CBD assets and DFO (Outlet) centres record a valuation gain. The flagship portfolio increased in value by \$169 million or 2.4% in the period, with capitalisation rates firming by 4 basis points reflecting continued income growth and strong investor demand for these assets.

"Chadstone recorded a gain of \$42.4 million or 1.4%, valuing Vicinity's investment in the asset at \$3.15 billion, with a capitalisation rate of 3.75%. The centre continues to trade strongly following recent development works incorporating a new Victoria's Secret flagship store, the first in Australia, new luxury retailers and the introduction of further casual and destination dining options.

"Our DFO assets also contributed a valuation gain in the half, driven by strong income growth and capitalisation rate compression, particularly DFO South Wharf (up \$48.4 million or 7.4%) and DFO Homebush (up \$34.3 million or 7.1%). Additionally, Vicinity's investment in DFO Perth recorded a significant gain (up \$30.7 million or 40.4%) following the successful trading performance of the centre since opening in October 2018.

"Net valuation declines were recorded across a number of Regional, Sub Regional and Neighbourhood centres largely driven by recent market transactional evidence, including some softening in capitalisation rates."

The following table provides a summary of the valuations of Vicinity's directly-owned portfolio at 31 December 2018 compared to 30 June 2018.¹

¹ All data is by ownership interest. Excludes Lavington Square, North Shore Village, Belmont Village, Bentons Square, The Gateway, Flinders Square, Kalamunda Central, Stirlings Central, Warnbro Centre, West End Plaza, Oxenford Village and Currumbine Central which were divested during the period.

Centre type	Number of centres	Valuation			Weighted average capitalisation rate		
		31-Dec-18 (\$m)	Net valuation gain (\$m)	(%)	New (%)	Previous (%)	Movement (bps)
Super Regional	1	3,150	42	1.4	3.75	3.75	-
City Centre	7	2,450	13	0.5	4.65	4.66	(1)
Outlet (DFO)	6	1,694	113	7.2	5.81	6.04	(23)
Regional ²	17	5,174	(141)	(2.6)	5.77	5.72	5
Sub Regional	26	3,115	(49)	(1.6)	6.26	6.22	4
Neighbourhood	5	253	(15)	(5.7)	6.34	6.19	15
TOTAL	62	15,836	(37)	(0.2)	5.31	5.31	-

At 31 December 2018, net tangible assets per security (NTA) is estimated to be \$2.96 which is down 1 cent, or 0.3%, compared to \$2.97 reported at 30 June 2018. Gearing is estimated to be 25.1% as at 31 December 2018, down from 26.4% at 30 June 2018. Estimated NTA and gearing figures are subject to final audit review.

Further details on the December 2018 valuations will be included in Vicinity's FY19 interim results announcement to be released to the ASX on Friday 15 February 2019. Management will host a briefing on the results which will be webcast live from 11.00am (AEDT) on the day of the announcement 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 \$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 32 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 26,000 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 Includes Major Regional and Regional centres.