

Corporate tax transparency: 2016 tax profile

Information pertaining to the ATO's 2015-16 Report of Entity Tax Information

The purpose of this document is to describe the income tax profile of Vicinity Centres (Vicinity) and more specifically, the income tax profile of Vicinity Limited as the corporate income taxpayer in Vicinity's structure. This report is intended to supplement information already disclosed by the Australian Taxation Office (ATO) in its 2015-16 Report of Entity Information published on www.data.gov.au, pursuant to the tax transparency laws introduced in 2013.

Our approach to tax

Vicinity operates under a comprehensive tax risk management framework which is designed to ensure that Vicinity always conducts itself in a lawful manner with respect to all of its tax obligations. In carrying on its activities, Vicinity:

- has robust tax governance, with ongoing oversight from Vicinity's key executives, Audit Committee and Board of Directors
- has a low risk appetite and does not engage in aggressive tax planning and strategies
- is conservatively geared with a publicly disclosed target gearing range of 25% to 35%
- is wholly domestic, does not have any offshore subsidiaries and therefore has no related party cross-border transactions
- undertakes to comply with all of its statutory obligations in a timely and transparent manner, and
- engages directly with the ATO to provide greater transparency and understanding of Vicinity's tax affairs.

Overall, Vicinity's tax culture and business practices are driven by our Vision and Values, and are consistent with our purpose of enriching the communities that we serve. Our approach is evidenced by Vicinity's early adoption of the Board of Taxation's (BoT) voluntary Tax Transparency Code, which has been incorporated into Vicinity's Annual Reports since 2016 (available on www.vicinity.com.au/investor-centre).

Vicinity values having good relations with all external stakeholders, including the ATO. As a Key Taxpayer, Vicinity is working with the ATO in its Pre-Lodgement Compliance Review (PCR) program. Under the PCR Program, Vicinity engages with the ATO on a real-time basis so that, where possible, clearance of any tax issues and transactions occurs prior to the lodgement of Vicinity's annual income tax returns. Vicinity has a history of compliance, which is reflective of its approach and attitude towards the ATO.

Group structure

Vicinity has a stapled structure, with each stapled security comprising one share in a company (Vicinity Limited) and one unit in a trust (Vicinity Centres Trust).

Vicinity Limited, and its wholly-owned group of entities, undertakes the business of managing Vicinity's shopping centre portfolio including property management, development management and responsible entity and trustee services for Vicinity Centres Trust (VCT), its sub-trusts and wholesale funds. Vicinity Limited also provides property and development management services for joint-owners of Vicinity's assets and other third parties.

VCT is a managed investment scheme operating in accordance with the *Corporations Act 2001* (Cth), and is regulated by the Australian Securities and Investments Commission (ASIC). VCT and its controlled trusts hold the real estate investments for Vicinity.

The stapling of companies to trusts to create Australian Real Estate Investment Trusts (AREITs), as in the case of Vicinity and its predecessor organisations, has been commonplace in the Australian property industry since the 1990s. A stapled property group generally holds its real estate investments within a trust, while its management and other trading activities are held by the company. The structure provides securityholders the opportunity to invest in property through a regulated and managed scheme, while at the same time allowing securityholders to receive the benefits and efficiencies that result from property investment as if they held directly. These benefits extend to tax flow through status of the taxable income (including capital gains) of the trust so that this income is taxed directly in the hands of the securityholder.

ATO Public Disclosure of Entity Information

As a company taxpayer with total income in excess of \$100 million for the 2016 financial year, Vicinity Limited is required to have its tax information disclosed by the ATO in its Report of Entity Information published on www.data.gov.au. These disclosures are set out below.

Vicinity Limited – Report of Entity Information

For the year ended 30 June 2016

Name	Vicinity Limited
ABN	90 114 757 783
Total income	\$250,961,197
Taxable income	\$0
Income tax payable	\$0

Due to losses incurred for both accounting and tax purposes, Vicinity Limited did not pay income tax for the 2016 financial year. However, the taxable incomes from the property investments in their stapled trusts were taxed on a flow through basis in the hands of their securityholders.

In addition to the income tax paid by securityholders, Vicinity pays many other taxes relating to its property activities, including land taxes, stamp duties, council rates and fire levies, payroll taxes and fringe benefits taxes. Moreover, Vicinity assists with maintaining efficiency in the Australian tax system by collecting and remitting GST and withholding taxes to the ATO. Further detailed information is outlined in Vicinity's Tax Transparency Report in the 2016 Annual Report, which was prepared in accordance with the BoT's voluntary Tax Transparency Code (www.vicinity.com.au/media/529355/vicinity-tax-transparency-2016.pdf).

As Vicinity Limited was in tax loss positions, the ATO has disclosed their taxable income and income tax payable labels as nil. This is consistent with the guidance released by the ATO on their website at www.ato.gov.au/Business/Large-business/In-detail/Tax-transparency/.

Contact us

For further information on this report, contact investor.relations@vicinity.com.au.

Disclaimer

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