

ASX Announcement

22 January 2018

December 2017 valuations

Vicinity Centres (Vicinity, ASX:VCX) announces that as at 31 December 2017, 42 of its 74 directly-owned retail properties¹ (56% by value) have been independently valued and the remaining properties have been subject to internal valuations resulting in a net valuation gain for the overall portfolio of \$408 million, a 2.6% increase for the six month period. The December valuations are subject to final audit and will be confirmed in Vicinity's FY18 interim results to be announced on 14 February 2018.

Mr Grant Kelley, CEO and Managing Director, said: "We are very pleased with the portfolio valuation increase of \$408 million in the December half and in particular the net \$324.1 million or 12.1% uplift in our investment in Chadstone Shopping Centre. Chadstone was independently valued in the period and is now valued at \$6.0 billion (Vicinity share: \$3.0 billion), with the capitalisation rate firming from 4.25% to 3.75%. Chadstone continues to trade strongly following completion of the \$666 million (Vicinity share: \$333 million) major development in June 2017.

"Our DFO centres also contributed to our portfolio valuation gain in the half, driven by strong income growth and capitalisation rate compression, particularly at Homebush (up \$41.1 million or 9.7%) and South Wharf (up \$42.5 million or 7.1%). Additionally, Box Hill South reported a gain of \$15.5 million or 8.0% supported by its solid trading performance and capitalisation rate compression.

"Roselands and Galleria recorded net valuation declines in the period of \$19.6 million (down 10.8%) and \$16.4 million (down 4.1%) respectively for Vicinity's 50% share in each asset. Plans for a refurbishment at Roselands and a major redevelopment of Galleria continue to progress well."

The following table provides a summary of the valuations of Vicinity's directly-owned portfolio at 31 December 2017 compared to 30 June 2017.^{1,2}

Centre type	Number of centres	Valuation			Weighted average capitalisation rate		
		31-Dec-17 (\$m)	Net valuation gain (\$m)	(%)	New (%)	Previous (%)	Movement (bps)
Super Regional	1	3,000	324	12.1	3.75	4.25	(50)
Regional ³	21	7,409	(35)	(0.5)	5.53	5.54	(1)
Sub Regional	32	3,488	24	0.7	6.32	6.35	(3)
Neighbourhood	14	703	4	0.7	6.44	6.50	(6)
Outlet (DFO)	6	1,499	91	6.5	6.03	6.29	(26)
TOTAL	74	16,099	408	2.6	5.45	5.60	(15)

¹ Includes DFO Perth, WA which is under construction.

² All data is by ownership interest and excludes Terrace Central, NSW which was divested during the period.

³ Includes Major Regional, City Centre and Regional centres.

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At 31 December 2017, net tangible assets per security (NTA) is estimated to be \$2.93 which is up 11 cents, or 3.9%, compared to \$2.82 reported at 30 June 2017.

Gearing is estimated to be 26.6% as at 31 December 2017, up from 24.7% at 30 June 2017. This increase during the half is due to development capital expenditure incurred and the on-market security buy-back program, partly offset by valuation gains. Estimated NTA and gearing figures are subject to final audit.

Further details on the December 2017 valuations will be included in Vicinity's FY18 interim results announcement to be released to the ASX on 14 February 2018. 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.

ENDS

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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 over \$25 billion in retail assets under management across 82 shopping centres (including the DFO Brisbane business and DFO Perth, which is under construction), making it the second largest listed manager of Australian retail property. The Group has a Direct Portfolio with interests in 74 shopping centres and manages 35 assets on behalf of Strategic Partners, 27 of which are co-owned by the Group. Vicinity is listed on the Australian Securities Exchange (ASX) under the code 'VCX' and has approximately 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.