



# ASX Announcement

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4 June 2018

## Vicinity accelerates portfolio enhancement with up to \$1 billion of asset sales

Vicinity Centres (Vicinity; ASX: VCX) today announced plans for the sale of up to \$1.0 billion of Sub Regional and Neighbourhood shopping centres, with sale proceeds to be reinvested into value-accretive development opportunities. This continues Vicinity's focus on ongoing portfolio enhancement and delivering superior income and sustainable long-term capital growth for securityholders.

Mr Grant Kelley, CEO and Managing Director, said: "Since the merger in 2015, we have sold \$1.9 billion of assets at a 2.1% premium to book value. These proceeds were used to reduce debt and then reinvested over time into substantially higher returning asset acquisitions and developments, creating significant securityholder value and improving portfolio specialty sales productivity by 22% to \$10,243 per sqm.<sup>1</sup>

"Building on these successes, and following an extensive review of our portfolio, it is clear that we need to focus our resources on creating destinations that provide market-leading shopping, dining and entertainment experiences. Accordingly, we are divesting up to \$1.0 billion of non-core assets to fund the acceleration of our strategy.

"The proceeds from the divestments will be reinvested into transformative developments, including The Glen and Box Hill Central in Melbourne; Galleria in Perth; and Chatswood Chase and Bankstown Central in Sydney; and additional value-accretive development opportunities. These investments will continue Vicinity's strong track record of value creation since the merger and drive further net tangible asset growth.

"Vicinity's strong portfolio already includes Chadstone, Australia's number one shopping and entertainment destination; an unrivalled premium retail offer across Australia's three largest CBDs as a result of the recently concluded acquisition of iconic Sydney CBD retail assets, including Queen Victoria Building, and Australia's leading Outlet Centre portfolio, the DFOs."

Vicinity has appointed JLL as its real estate advisor and coordinator of the asset sales process working with Macquarie Capital as its corporate advisor on the asset sales program.

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<sup>1</sup> Including Chadstone same-store specialty sales.



Mr Kelley added: “There are other assets in the portfolio to which the market is not ascribing, in our view, full value. We are working through options as to how to deal with these, with a further update anticipated at our annual results briefing in August.”

The expected impact of \$1.0 billion of asset sales on funds from operations per security (FFOps) is approximately 1.0 cent dilution on an annualised basis, before the reinvestment of proceeds. No impact on FY18 FFOps guidance is anticipated, due to the expected timing of asset sales. Assuming the repayment of debt, gearing would be reduced by approximately 450 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](mailto: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 \$26 billion in retail assets under management across 83 shopping centres, making it the second largest listed manager of Australian retail property. The Group has a Direct Portfolio with interests in 75 shopping centres (including the DFO Brisbane business) and manages 34 assets on behalf of Strategic Partners, 26 of which are co-owned by the Group. Vicinity is listed on the Australian Securities Exchange (ASX) under the code ‘VCX’ and has over 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](http://vicinity.com.au), or use your smartphone to scan this QR code.