

ASX Announcement

30 April 2019

March 2019 quarterly update

Progress this quarter

- Specialty store and mini majors moving annual turnover (MAT) growth of 3.3%
- Specialty store MAT of \$10,939 per sqm¹, up 10.3% over the past year
- Value-accretive developments progressed:
 - Chadstone: Hotel Chadstone to open November 2019 and is taking bookings; the link between the hotel and centre has commenced construction and the centre has introduced premium valet parking
 - The Glen: Stage four of the major redevelopment on track to open in August 2019
- Four solar projects completed and a further 10 underway as part of Vicinity's \$73 million solar investment
- Acquired 91 million securities for \$234 million at a 13.4% discount to December 2018 net tangible assets per security²
- Peter Huddle commenced as Chief Operating Officer in March 2019
- FY19 funds from operations (FFO) per security guidance remains 18.0 to 18.2 cents and the distribution payout ratio is expected to be the upper end of the target range of 95% to 100% of adjusted FFO³

Vicinity Centres (Vicinity, ASX:VCX) provides this update for the March 2019 quarter.

Mr Grant Kelley, CEO and Managing Director, said: "It has been an active start to the calendar year, with our strategy for the new Vicinity – creating market-leading destinations, realising mixed-use opportunities across our portfolio, and expanding our wholesale funds platform – now having been in place for just over six months.

"The repositioning of the portfolio toward approximately 50 market-leading destinations continues to be progressed and the strong operating metrics for this group of assets demonstrate Vicinity's strategy will continue to unlock value and deliver sustainable growth for securityholders.

"We have made significant progress on our live developments at Chadstone, with construction on the hotel and its link to the centre progressing well, while premium valet parking commenced operations in April 2019, as Chadstone continues to push the boundaries on the service and experience of shopping. In addition, stage four of the major redevelopment at The Glen remains on track to open in August 2019.

¹ Sales are reported on a comparable basis, which excludes divestments and development-impacted centres in accordance with Shopping Centre Council of Australia guidelines.

² Since recommending the on-market securities buy-back in October 2018. Securities bought back up to 26 April 2019.

³ Assumes impact of \$234 million of securities bought back and \$670 million of divestments completed to date in FY19. No further divestments, nor establishment of wholesale fund assumed in FY19. Assumes no material deterioration to existing economic conditions.

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“On strategic initiatives, we are actively acquiring Vicinity securities on-market, we have completed four solar projects and are continuing to work through the remaining asset sales and establishment of a proposed wholesale fund with higher-yielding Vicinity assets.”

Total portfolio specialty store MAT per sqm is \$10,939, compared to \$9,918 reported in March 2018, an increase of 10.3%, partly driven by organic growth and highlighting the success of portfolio repositioning. The destination portfolio specialty store MAT per sqm is \$11,392.

Total portfolio specialty store and mini majors’ MAT growth was up 3.3%, underpinned by jewellery (+11.0%), leisure (+6.1%) and retail services (+5.3%) categories, with particularly strong results for Chadstone and the DFO portfolio. Specialty store and mini majors’ MAT for the destination portfolio was up 3.9%.

Mr Kelley said: “We acknowledge that the retail environment continues to evolve however Vicinity is well placed to respond to changing market conditions. Vicinity’s strength is underpinned by our points of differentiation. Chadstone is Australia’s number one retail asset, we have seven premium east coast CBD locations and Australia’s leading Outlet Centre portfolio with six DFOs, and we are also Australia’s leading landlord for luxury retailers. Furthermore, we are continuing to progress the repositioning of our portfolio to 50 market-leading destinations which have an average asset value of \$478 million, up more than 35% on the 74 assets owned at June 2018.”

During the period, Chadstone maintained its position as Australia’s number one retail asset by MAT, for the 18th consecutive year, in the Big Guns survey⁴. With the completion of a number of retail projects in late 2018, the centre is well positioned for future growth and is also looking to take its service and experience to the next level. A visitor lounge was opened in late 2018, premium valet parking and associated concierge services commenced operations in April 2019 and construction of the 250-room MGallery By Sofitel Chadstone Hotel and the link between the hotel and the centre is on track to complete later this year.

The \$430 million⁵ major redevelopment of The Glen continues with stage four on track to open in August 2019, with a new format David Jones, 60 specialty stores and alfresco dining. Construction of more than 550 apartments on site, by third party Golden Age, will commence in May 2019, with expected completion in 2021.

Planning continues on a number of additional opportunities to create value for Vicinity securityholders through development. We have significant retail development projects planned for Bankstown Central, Box Hill Central, Chadstone, Chatswood Chase Sydney, DFOs, Emporium Melbourne and Victoria Gardens Shopping Centre. On mixed-use development, we are prioritising Vicinity resources on four main projects at Box Hill Central, Chadstone, QueensPlaza and Victoria Gardens Shopping Centre. At other centres we will look to realise capital, for example by entitling a site and then selling off the mixed-use development to a third party or strategic partner or fund.

⁴ Shopping Centre News Big Guns Survey 2019. Data is for the 12 months to 31 December 2018.

⁵ 100% interest. Vicinity’s share is 50%.



Additional detail on Vicinity's March 2019 quarterly update can be found in the investor presentation released to the ASX today.

Vicinity's FY19 annual results will be announced on 14 August 2019.

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 \$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 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.