



ASX Announcement

20 June 2022

Vicinity updates FY22 FFO and AFFO guidance and announces a \$245 million uplift in preliminary valuations for the six months ending 30 June 2022

Vicinity Centres (**'Vicinity'**, ASX:VCX) today updated its earnings guidance for the 12 months ending 30 June 2022 (**'FY22'**) and announced its preliminary asset valuations at 30 June 2022.

FY22 earnings guidance and full year distribution timetable

Vicinity now expects FY22 Funds From Operations (**'FFO'**) to be at or above 12.6 cents per security and Adjusted Funds From Operations (**'AFFO'**) to be at or above 10.3 cents per security¹. Vicinity expects full-year distribution to be towards the lower end of its 95-100% of AFFO target range.

Today's announcement represents an upgrade to Vicinity's previous FFO and AFFO guidance² provided to the market as part of Vicinity's FY22 interim results announcement on 16 February 2022 and reaffirmed in its quarterly update (**'3Q FY22'**) on 5 May 2022. The guidance update largely reflects the sustained strength of retail sales and improved negotiation outcomes with retailers, and therefore stronger than expected cash collections in respect to current and prior years.

While trading conditions continue to support Vicinity's ongoing recovery from the pandemic, closing out COVID-lease variation negotiations and collecting current and outstanding rent remain key priorities in the lead up to 30 June 2022. Cash collections for the 2H FY22 to date have improved moderately to 91%³ of gross billings, from 89% of gross billings as at 28 April 2022⁴.

Mr Grant Kelley, CEO and Managing Director, said: "The updated FY22 earnings guidance today demonstrates our continued focus on collecting current and overdue rent. Furthermore, while we are mindful of the inflationary and rising interest rate environment, we continue to observe favourable trading conditions that support our recovery from the pandemic as well as our long-term growth agenda."

¹ Vicinity's FY22 guidance range is subject to changes in COVID-related conditions.

² Vicinity's previous FY22 earnings guidance provided to the market on 16 February 2022 and reaffirmed on 5 May 2022: FY22 FFO per security expected to be in the range of 11.8-12.6 cents with AFFO per security expected to be in the range of 9.5-10.3 cents; targeting a full-year distribution payout range of 95-100% of AFFO

³ As at 9 June 2022

⁴ As announced to the market in Vicinity's 3Q FY22 quarterly update on 5 May 2022

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Subject to Board assessment and external conditions, Vicinity's full year distribution for the six months ending 30 June 2022 is expected to be announced together with Vicinity's FY22 annual results in accordance with the timetable below⁵.

Estimated timetable for final FY22 distribution

FY22 annual results and announcement of final distribution	17 August 2022
Full year distribution ex-date	22 August 2022
Full year distribution record date	23 August 2022
Full year distribution payment date	12 September 2022

Preliminary asset valuations at 30 June 2022

Vicinity also announced preliminary 30 June 2022 asset valuations which indicate a \$245 million, or 1.7%, uplift in book values (representing 5.4 cents per security) for the six months to 30 June 2022 and a modest tightening of the weighted average capitalisation rate to 5.31% from 5.35%.

Mr Kelley said: "We are pleased with the increase in preliminary asset valuations, noting especially that income growth across a number of our flagship Premium, Outlet and Sub-regional centres was a dominant driver of the valuations uplift.

"Our Regional and Sub Regional assets continued to benefit from strong transactional evidence, with pricing of third-party interests in assets where Vicinity is a joint owner delivering meaningful valuation gains.

"Outlet valuations continue to grow as income growth and tightening capitalisation rates highlight the ongoing strength of our Outlet portfolio and its resilience through cycles.

"CBD asset valuations remained in line with 31 December 2021 reflecting resilient leasing activity and improving re-leasing spreads, as sophisticated retailers consolidate store networks into Premium CBD centres. With weekend visitation now at 85% of pre-COVID levels⁶, we maintain our view that the outlook for CBD retail is improving, and we expect these centres to return to their former vibrancy over time."

Independent valuations are being undertaken for 32 assets (56% of the portfolio by value), while the remaining 27 assets are subject to internal valuations.

Valuations at 30 June 2022 are subject to finalisation and audit and will be confirmed in Vicinity's FY22 annual results on 17 August 2022.

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The Board has authorised that this document be given to ASX.

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⁵ Dates are indicative and subject to change.

⁶ As at 9 June 2022



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 \$23 billion in retail assets under management across 60 shopping centres, making it the second largest listed manager of Australian retail property. The Group has a Direct Portfolio with interests in 59 shopping centres (including the DFO Brisbane business) and manages 29 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 28,000 securityholders. Vicinity also has European medium term notes listed on the ASX under the code 'VCD'. For more information visit vicinity.com.au or use your smartphone to scan this QR code.