

# ASX Announcement

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26 November 2015

## Vicinity enhances portfolio with acquisitions

Vicinity Centres (Vicinity or the Group, ASX:VCX) is pleased to announce the acquisition of two high quality Perth metropolitan shopping centres, The Shops at Ellenbrook (Ellenbrook) and Livingston Marketplace, for a total investment of \$319.0 million including acquisition costs. The transaction is expected to settle by early calendar year 2016.

Mr Angus McNaughton, CEO and Managing Director of Vicinity Centres, said: "Vicinity's strategy is to own high quality assets across the retail spectrum that are well positioned in strong catchments where we can add value through our intensive asset management and development capability.

"The attributes of the assets acquired are consistent with Vicinity's portfolio strategy. Both centres are located in trade areas characterised by strong population and retail expenditure growth over the medium to long term, and have high specialty sales productivity and low occupancy costs.

"Both assets also have development potential which will strengthen their positioning in their catchments over time. This is particularly the case at The Shops at Ellenbrook which includes 6.5 hectares of adjoining land acquired as part of the transaction."

Ellenbrook is a Sub Regional shopping centre with a gross lettable area (GLA) of 32,400 square metres (sqm) located approximately 30 kilometres north-east of Perth's Central Business District (CBD). The asset is the primary retail facility in a catchment which is forecast to experience 4.7% population growth and 7.3% retail spending growth on an annualised basis over the next 10 years.<sup>1</sup> The Ellenbrook catchment is one of Perth's fastest growing suburban regions.

Ellenbrook is anchored by Woolworths and Coles supermarkets and a Big W discount department store (DDS), all of which are generating high sales volumes which ranks each of them in the top 10 stores by sales by tenancy within Vicinity's 93 asset (owned and managed) portfolio. The asset has 75 specialty stores which generate specialty sales of \$8,500 per square metre (psm) and have below market specialty occupancy costs of 10.7%. With a total site area of over 19.0 hectares, there is a near term development opportunity to add a second DDS and additional specialty stores to the centre. Strong major tenant interest was confirmed during the due diligence process undertaken on the asset.

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<sup>1</sup> Based on an average of forecasts by Dimasi and Urbis.

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Livingston Marketplace is a Sub Regional shopping centre with a GLA of 15,500 sqm located in the southern Perth suburb of Canning Vale, approximately 15 kilometres from the Perth CBD. The asset sits in a catchment which is forecast to experience 2.6% population growth and 5.5% retail spending growth on an annualised basis over the next 10 years.<sup>2</sup> Sitting on a site area of 8.2 hectares, the centre is anchored by a Woolworths supermarket and Big W DDS both of which are turning over sales volumes which again positions them in the top 10 stores by sales by tenancy within Vicinity's portfolio. The centre has 36 specialty stores which generate specialty sales of \$9,900 psm and have below market specialty occupancy costs of 9.7%.

More details on Ellenbrook and Livingston Marketplace are outlined in Appendix A of this announcement.

The assets have been acquired from the Insurance Commission of Western Australia (ICWA). Ellenbrook has been purchased for \$220.0 million (\$231.6 million inclusive of acquisition costs) which includes \$20.0 million for the additional land surrounding the asset. The centre has been acquired on a cap rate of 5.75%. Livingston Marketplace has been purchased for \$83.0 million (\$87.4 million inclusive of acquisition costs) on a cap rate of 6.00%. Due to the rental growth potential identified, internal rates of return in excess of 9% (excluding the opportunity for higher returns as a result of any additional development) for both centres are expected to be achieved.

The assets are being debt funded, increasing the Group's gearing by approximately 150 basis points, remaining comfortably within Vicinity's target gearing range of 25%-35%.

Additional detail on Vicinity's portfolio strategy and composition, investment opportunities and asset sale program will be released to the ASX on Monday 14 December 2015.

**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 funds and asset management platform, and \$22.2 billion in retail assets under management across 93 shopping centres, making it the second largest listed manager of Australian retail property. The Group has a Direct Portfolio with interests in 83 shopping centres (valued at \$14.1 billion) and manages 37 assets on behalf of Strategic Partners, 27 of which are co-owned with the Group. Listed on the Australian Securities Exchange under the trading code 'VCX', Vicinity has over 24,000 securityholders. For more information visit the Group's website [vicinity.com.au](http://vicinity.com.au), or use your smartphone to scan this QR code to visit our Investor centre.



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<sup>2</sup> Based on an average of forecasts by Dimasi and Urbis.

## Appendix A

	The Shops at Ellenbrook	Livingston Marketplace
<b>Location</b>	Ellenbrook (WA)	Canning Vale (WA)
<b>Distance to Central Business District</b>	30km (north-east)	15km (south)
<b>Classification</b>	Sub Regional	Sub Regional
<b>Composition</b>	Woolworths Coles Big W 3 mini-majors (Best & Less, The Reject Shop, Dick Smith) 75 Specialties 10 Kiosks 6 ATMS 14 free-standing tenancies	Woolworths Big W 36 Specialties 4 Kiosks 6 ATMS 5 free-standing tenancies
<b>Site area (ha)</b>	19.0	8.2
<b>Car spaces</b>	2,018	1,000
<b>GLA (sqm)</b>	32,400	15,500
<b>Occupancy (area)</b>	98.3%	99.9%
<b>Centre foot traffic</b>	4.1m p.a.	3.2m p.a.
<b>Opened / Expanded</b>	2004 / 2011	1998 / 2004
<b>Performance statistics</b>		
<b>Moving annual turnover (MAT)</b>	\$232.3m	\$136.1m
<b>Specialty store - Occupancy cost</b>	10.7%	9.7%
<b>Specialty store - MAT \$/sqm</b>	\$8,500	\$9,900
<b>Urbis Specialty store<sup>3</sup> - MAT\$/sqm</b>	\$7,970	\$7,970
<b>Urbis Occupancy cost<sup>3</sup></b>	13.8%	13.8%
<b>Outlook</b>		
<b>Population growth<sup>4</sup></b>	4.7% p.a.	2.6% p.a.
<b>Retail spending growth MTA<sup>4,5</sup></b>	7.3% p.a.	5.5% p.a.

<sup>3</sup> The average for Sub Regional centres nationally.

<sup>4</sup> Based on an average of forecasts by Dimasi and Urbis.

<sup>5</sup> Main Trade Area.