

ASX Announcement

27 January 2016

December 2015 valuations

Vicinity Centres (Vicinity or the Group, ASX:VCX) announces that as at 31 December 2015, 59 of its 85 directly-owned retail properties (62% by value) have been independently valued and the remaining properties have been subject to internal valuations resulting in a net valuation gain for the six-month period of \$422 million, or a 3.0% increase. The valuations are subject to final audit and will be confirmed in Vicinity's FY16 interim results to be announced on 17 February 2016.

Mr Angus McNaughton, CEO and Managing Director of Vicinity, said: "It is pleasing to see solid valuation gains across the majority of our portfolio as a result of both capitalisation rate compression and an improvement in income. The continued strong demand for quality retail assets combined with the historically low interest rate environment has resulted in capitalisation rate compression across all retail sub-sectors in our portfolio."

The table below provides a summary of the valuations of Vicinity's directly-owned portfolio at 31 December 2015¹.

Centre type	Number of centres ²	Valuation ³ 31-Dec-15 (\$m)	Net valuation gain		Weighted average capitalisation rate		
			(\$m)	(%)	New (%)	Prior (%)	Movement (bps)
Super Regional	1	2,100	171	9.1	4.75	5.00	(25)
Regional ⁴	24	7,488	64	0.9	5.99	6.09	(10)
Sub Regional	34	3,323	97	3.0	6.93	7.13	(20)
Neighbourhood	19	724	20	2.9	6.87	7.08	(21)
Outlet / other	5	1,028	70	7.4	6.58	6.82	(24)
TOTAL	83	14,663	422	3.0	6.11	6.28	(17)

At 31 December 2015, Net Tangible Asset (NTA) backing per stapled security is estimated to be \$2.54, subject to final audit, which is up 9 cents or an increase of 3.7% compared to \$2.45 reported at 30 June 2015.

¹ All data excludes property acquisitions (The Shops at Ellenbrook and Livingston Marketplace) and divestments (Mount Gambier Central, Westside Plaza, Katherine Oasis, Goulburn Plaza and Lutwyche City) during the period, and also excludes 15 Bowes Street, Woden (commercial property). Including the property acquisitions in the period, the directly-owned portfolio weighted average capitalisation rate at 31 December 2015 is 6.10%.

² Excludes property acquisitions (The Shops at Ellenbrook and Livingston Marketplace) during the period.

³ By ownership interest.

⁴ Includes Major Regional, City Centre and Regional centres.

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Net Asset Value (NAV) per stapled security at 31 December 2015 is estimated to be \$2.69, also subject to final audit, which is up 1 cent or an increase of 0.4% compared to \$2.68 reported at 30 June 2015. The change in NAV is a result of the increase in valuations, offset by a \$295 million reduction of the Group's goodwill balance.⁵

Mr Richard Jamieson, CFO of Vicinity, said: "Due to the relative share prices at the time of the merger, goodwill relating to a portfolio premium was recognised by the Group. As a result of the increase in valuations, a portion of this goodwill has now been reflected in the Group's underlying property values. Accordingly, this has seen an increase in the Group's tangible assets and a reduction of the Group's intangible assets."

Gearing is estimated to be 29.5% as at 31 December 2015, up from 28.0% at 30 June 2015. The increase predominantly reflects the recent asset acquisitions in Perth which settled in December 2015.

Further details on the December 2015 valuations will be included in Vicinity's FY16 interim results announcement to be released to the ASX on 17 February 2016. A briefing on the results will be webcast live from 10.30am (AEDT) on the day and can be accessed via Vicinity's website at www.vicinity.com.au.

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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 over \$23 billion in retail assets under management across 95 shopping centres, making it the second largest listed manager of Australian retail property. The Group has a Direct Portfolio with interests in 85 shopping centres and manages 38 assets on behalf of Strategic Partners, 28 of which are co-owned with the Group. Listed on the Australian Securities Exchange under the trading code 'VCX', Vicinity has over 25,000 securityholders. For more information visit the Group's website vicinity.com.au, or use your smartphone to scan this QR code.



⁵ Following the merger of Federation Centres (Federation) and Novion Property Group (Novion) in June 2015, goodwill of \$712.7 million was recognised in the 30 June 2015 Group financial statements. As the merger was a scrip-for-scrip transaction, the calculation of goodwill arising on merger was based on the relative share prices of Federation and Novion at the merger date, less the Net Asset Value (NAV) acquired. This goodwill impairment follows a portion of the intangible assets recorded at the time of the merger of Federation and Novion, primarily relating to the value of the diversified portfolio, having now been priced into the value of the Group's tangible assets (the investment properties). This non-cash item will not impact the Group's NTA, gearing ratio or underlying earnings.