

## ASX Announcement

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9 May 2016

### **\$841.4 million portfolio sale as part of divestment program**

Vicinity Centres (Vicinity, ASX:VCX) today announced as part of its asset divestment program a portfolio sale of four retail assets to affiliates of funds managed by Blackstone (Blackstone), and to Mirvac Group (Mircac) for a total consideration of \$841.4 million<sup>1</sup>. This is the second transaction announced in Vicinity's asset divestment program in a week following the agreed sale of Indooroopilly Central (Indooroopilly) in Queensland to a private investor for \$85 million<sup>1</sup>.

Mr Angus McNaughton, CEO and Managing Director, said: "This major transaction, the second in our divestment program of approximately \$750 million to \$1 billion of assets<sup>2</sup>, is another strong outcome for Vicinity. In a little over three months since we started marketing the first tranche of our divestment program, we have made substantial progress in reshaping the portfolio and have achieved this at favourable pricing with transactions agreed totalling \$926.4 million."

Blackstone will acquire Clifford Gardens in Queensland, together with Forest Hill Chase and Brimbank Shopping Centre in Victoria for a total consideration of \$613.3 million, and Toombul in Queensland is being sold to Mirvac for \$228.1 million.

The portfolio sale price announced today reflects around a 1% discount to the combined 31 December 2015 book values of the four assets and a weighted average capitalisation rate of 7.0%. Including the sale of Indooroopilly announced on 3 May 2016, agreements are now in place to sell five assets for a total price of \$926.4 million, reflecting approximately a 1% premium to the combined 31 December 2015 book values.

Mr Michael O'Brien, Chief Investment Officer, said: "The divestment transactions announced in the past week will free up significant capital. In the short-term, the sale proceeds will be used to repay debt. Over time, this capital will be reinvested into value-accretive development and acquisition opportunities, further enhancing the quality of our portfolio. An example of this is our recently announced joint venture with Perth Airport Pty Ltd to develop a new DFO Outlet Centre at Perth Airport for a cost of approximately \$145 million (Vicinity's share is approximately \$72.5 million).

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<sup>1</sup> Excluding transaction costs.

<sup>2</sup> No impact on FY16 underlying earnings per security (EPS) guidance is anticipated due to the expected timing of asset sales. In the short term, proceeds from asset sales are assumed to be used to repay debt. Prior to any reinvestment, the expected impact of the asset sales on underlying EPS is approximately 0.7 to 0.9 cents dilution on an annualised basis and on gearing, a reduction of between approximately 350 bps to 450 bps.

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As responsible entity for:  
Vicinity Centres Trust ARSN 104 931 928



“In the coming weeks we will be bringing to market a smaller tranche of assets.”

Blackstone’s acquisition is subject to approval from the Foreign Investment Review Board. Settlement of both transactions is expected to occur before 30 June 2016.

**ENDS**

**For further information please contact:**

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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 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 by 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.

