

ASX Announcement

21 January 2021

December 2020 valuations

Vicinity Centres (Vicinity, ASX:VCX) today announced a net valuation decline of 4.0% or \$570 million for the six-month period to 31 December 2020 for its 60 directly-owned retail¹ properties, following independent valuations of 48 of those properties, with the remainder being internally valued.

Mr Grant Kelley, CEO and Managing Director, said: “COVID-19 impacted the global economy materially in 2020, the effects of which continue to be felt into 2021, and this in large part has resulted in Vicinity’s December 2020 valuations softening 4.0%.

“While we remain cautious on the impact of potential future outbreaks of COVID-19 on retail trade, and the challenges of the evolving retail environment, we are encouraged by a number of factors.

“Australia has been highly successful in containing COVID-19 outbreaks, which puts our economy in a relatively strong position globally. Australians have also shown that they are excited to return to their favourite retail destinations with customer visitation bouncing back strongly over the Black Friday and Christmas periods. Additionally, the COVID-19 recovery is expected to be further boosted by the national rollout of a vaccine which is anticipated in the first half of 2021.

“Across our portfolio, Vicinity maintains enhanced health and safety protocols to promote COVID-Safe operating conditions, and enabling our teams to quickly respond if potential COVID-19 cases are identified.

“We have been pleased to see visitation and retail trade pick up, in our Victorian assets, following the lifting of the State Government’s Stage 4 restrictions in late October 2020.

“Our CBD centres in Brisbane, Sydney and Melbourne, however, continued to be impacted by the current low levels of tourism and office occupancy. We welcome the efforts of governments and the private sector stepping up the return to CBDs for workers and visitors in 2021.”

“With their greater weighting to non-discretionary retail, our Neighbourhood and Sub Regional centres have had more resilient valuations generally, while providing a higher income yield.

“Across the portfolio, outside of CBD locations, customer activity is generally returning to near pre-COVID levels. In December 2020, centre visitation across Vicinity’s portfolio averaged 88.4% of the prior year².

¹ All data is by ownership interest.

² Excluding CBD centres, which averaged 63.3%.

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The following table provides a summary of the valuations of Vicinity's directly-owned portfolio at 31 December 2020 compared to 30 June 2020.

Centre type	Number of centres	Valuation 31-Dec-20 (\$m)	Net valuation decline		Weighted average capitalisation rate	
			(\$m)	(%)	New (%)	Previous (%)
Super Regional	1	3,062	(63.8)	(2.0)	3.88 ^a	3.88 ^a
CBDs	7	2,033	(191.4)	(8.6)	4.95	4.81
Outlet (DFO)	7	1,716	(47.0)	(2.7)	5.93	5.94
Regional ^b	16	3,917	(177.4)	(4.3)	6.10	6.09
Sub Regional	25	2,669	(88.1)	(3.2)	6.52	6.52
Neighbourhood	4	196	(1.9)	(1.0)	6.40	6.52
TOTAL	60	13,593	(569.6)	(4.0)	5.49	5.47

a. Rounded to two decimal places, actual core capitalisation rate is 3.875%.

b. Includes Major Regional and Regional centres.

The valuations are subject to final audit review and the Board's consideration of Vicinity's FY21 interim results, which will be released to ASX on 17 February 2021.

Authorisation

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

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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 \$24 billion in retail assets under management across 63 shopping centres, making it the second largest listed manager of Australian retail property. The Group has a Direct Portfolio with interests in 60 shopping centres (including the DFO Brisbane business) and manages 31 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 over 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.