

# ASX Announcement

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21 June 2021

## Proposed FY21 final distribution and preliminary 30 June 2021 valuations

Vicinity Centres ('Vicinity') (ASX: VCX) today announced its proposed final distribution for the financial year 2021 ('FY21'), preliminary 30 June 2021 valuation outcomes and an update from Moody's Investor Services on Vicinity's credit rating outlook.

### Proposed FY21 final distribution

Vicinity today announced a proposed final distribution per security of 6.6 cents, comprising:

- 4.1 cents in respect of underlying operations for the six months to 30 June 2021 ('2HFY21'); and
- 2.5 cents attributable to several one-off items recognised in the 12 months ending 30 June 2021.

As foreshadowed in Vicinity's interim 2021 results release on 17 February, the one-off items relate to:

- A decrease in FY20 rental waivers and provisions which has benefited FY21 Net Property Income;
- Elevated surrender payments;
- Temporarily reduced interest costs in 1HFY21 from the interest rate swap restructure; and
- Short term cost savings as a result of the COVID-19 pandemic.

The proposed final distribution of 6.6 cents per security will be paid to securityholders on 31 August 2021.

### Proposed FY21 final distribution key dates

|                                     |                |
|-------------------------------------|----------------|
| Ex-distribution date                | 29 June 2021   |
| Record date                         | 30 June 2021   |
| Announcement of FY21 annual results | 18 August 2021 |
| Distribution payment date           | 31 August 2021 |

The full-year distribution of 10.0 cents per security<sup>1</sup> is expected to be towards the lower end of Vicinity's distribution policy range of 95% to 100% of Adjusted Funds From Operations.

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<sup>1</sup> Full year distribution per security includes the interim 2021 distribution of 3.4 cents (paid on 4 March 2021) and the proposed final distribution announced today, of 6.6 cents.

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

### Preliminary 30 June 2021 valuation outcomes

Vicinity also announced a preliminary net valuation decline of 1.2% or \$164 million for the six months ending 30 June 2021, for its 60 directly owned retail<sup>2</sup> properties. Independent valuations were undertaken for 39 properties, with the remainder being valued internally.

Impacting preliminary 30 June 2021 valuation outcomes negatively were:

- The recent announcement by the Victorian Government on proposed land tax and stamp duty increases, which take effect during FY22;
- The continued impact of COVID-19 on CBD centres, notably the slower than expected return of workers to CBD office locations as well as a significant reduction in interstate and international tourism; and
- A softening in market rents, notably across Major Regional centres.

Impacting preliminary 30 June 2021 valuation outcomes favourably were:

- A strengthening in DFO valuations reflecting trading performance and leasing outcomes; and
- Resilience in Neighbourhood centres given their weighting toward non-discretionary / essential retail.

The table below provides a summary of the preliminary valuation outcomes of Vicinity's directly-owned portfolio as at 30 June 2021.

| Type                  | No of Centres <sup>a</sup> | Value Jun 21 \$m | Variance \$m   | Variance %    | Capitalisation rate Dec 20 | Capitalisation rate Jun 21 |
|-----------------------|----------------------------|------------------|----------------|---------------|----------------------------|----------------------------|
| Super Regional        | 1                          | 3,016            | (64.3)         | (2.1%)        | 3.88%                      | 3.88%                      |
| CBDs                  | 7                          | 1,976            | (63.9)         | (3.1%)        | 4.95%                      | 4.95%                      |
| Regional <sup>b</sup> | 16                         | 3,888            | (53.2)         | (1.3%)        | 6.10%                      | 6.10%                      |
| Sub Regional          | 25                         | 2,686            | (13.9)         | (0.5%)        | 6.52%                      | 6.48%                      |
| Neighbourhood         | 4                          | 204              | 4.4            | 2.2%          | 6.40%                      | 6.15%                      |
| DFO (Outlet)          | 7                          | 1,748            | 27.4           | 1.6%          | 5.93%                      | 5.92%                      |
| <b>Total</b>          | <b>60</b>                  | <b>13,518</b>    | <b>(163.5)</b> | <b>(1.2%)</b> | <b>5.49%</b>               | <b>5.49%</b>               |

a. Number of centres includes Milton Village, QLD, for which a contract of sale has been exchanged at a purchase price of \$36.5 million and is due to settle on 24 June 2021.

b. Includes Major Regional and Regional centres.

The preliminary valuations are subject to final audit and the Board's consideration of Vicinity's FY21 annual results, which will be released to the ASX on 18 August 2021.

<sup>2</sup> All data is by ownership interest.



### **Moody's Investor Services issuer rating and outlook**

Vicinity welcomes the rating action by Moody's Investor Services (Moody's) published on 7 June 2021, which saw Vicinity's A2 issuer rating affirmed and Vicinity's outlook changed from 'negative' to 'stable'.

Moody's also affirmed the A2 backed senior unsecured ratings and (P)A2 backed senior unsecured medium-term note ratings for Vicinity Centres RE Ltd.

Additionally, Vicinity is rated A by Standard & Poor's and its rating outlook was changed from 'negative' to 'stable' on 2 June 2020.

\* \* \*

The Board of Vicinity has authorised that this document be lodged with the ASX.

**ENDS**

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#### **About Vicinity Centres**

Vicinity Centres (Vicinity) 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 62 shopping centres, it is the second largest listed manager of Australian retail property. Vicinity has a Direct Portfolio with interests in 60 shopping centres (including the DFO Brisbane business) and manages 30 assets on behalf of Strategic Partners, 28 of which are co-owned by Vicinity. Vicinity is listed on the Australian Securities Exchange (ASX) under the code 'VCX' and has over 29,000 securityholders. Vicinity also has European medium term notes listed on the ASX under the code 'VCD'. For more information visit [vicinity.com.au](http://vicinity.com.au), or use your smartphone to scan this QR code.