

ASX Announcement

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1 June 2020

\$1,200 million institutional placement to strengthen balance sheet

Vicinity Centres (Vicinity, ASX:VCX) today announced it is undertaking:

- a fully underwritten institutional placement to raise \$1,200 million (the 'Placement'), and
- a non-underwritten Security Purchase Plan ('SPP') to raise up to a further \$200 million (together with the Placement, the 'Equity Raising')¹

Additionally, announced today:

- The Vicinity Board has determined not to pay any distribution for the six months ending 30 June 2020
- Preliminary draft valuations received as at 29 May 2020 indicate a reduction in aggregate asset value as at 30 June 2020 in the order of 11% to 13% or \$1.8 billion to \$2.1 billion. These valuations are preliminary and are subject to finalisation and audit. Final valuations could result in a change in aggregate asset value as at 30 June 2020 within, above or below this range, and will be advised once received, expected to be in mid-July 2020.

Mr Grant Kelley, CEO and Managing Director, said: "We are taking decisive action today to strengthen our balance sheet and provide Vicinity with flexibility to respond to the uncertainty caused by COVID-19 and the evolving retail landscape. This Equity Raising also provides support for the continuation of Vicinity's investment-grade credit ratings."

The Placement component of the Equity Raising is expected to have the following financial impact to the 31 December 2019 pro forma balance sheet²:

- Gearing³ reducing to 26.6% from 34.9% pre-Placement
- Net tangible assets per security (NTA) reducing to \$2.23 from \$2.40 pre-Placement
- Cash and undrawn debt facilities of \$2.6 billion

Earnings and distribution

Vicinity withdrew its FY20 earnings and distribution guidance on 19 March 2020 and it is not able to provide a reliable earnings forecast in the current economic environment.⁴ The Board of Vicinity has determined

¹ The Equity Raising structure balances the need for certainty of proceeds received through the Placement with Vicinity's desire to provide its retail securityholders with the opportunity to participate through the SPP.

² Pro forma 31 December 2019 includes post-balance date adjustments for securities buy-back, revaluation decline of investment properties, the December 2019 distribution payment, the acquisition of a 50% interest in Uni Hill Factory Outlets and other adjustments. It also excludes the impact of any proceeds received under the SPP. Refer to Appendix 1 of the Investor Presentation released to ASX on 1 June 2020.

³ Drawn debt net of cash/Total tangible assets excluding cash, derivative financial assets, right of use assets and finance lease assets. Does not include proceeds from the SPP.

⁴ For completeness, noting that Vicinity cannot provide a reliable earnings forecast in the current environment, Vicinity does not endorse any forecast or other forward looking statements regarding Vicinity's future financial performance that may be provided by, or contained in, any analyst research or broker reports.

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Vicinity Centres Trust ARSN 104 931 928

today not to pay any distribution for the six months ending 30 June 2020, to further strengthen Vicinity's balance sheet.

Background and operational update

Since COVID-19 began to materialise in Australia in late January 2020, it has had a significant and broad-reaching impact on communities and businesses.

As outlined in Vicinity's 'March 2020 quarterly update and response to COVID-19' announcement, government initiatives to contain COVID-19 included 'stay at home' directives and mandatory closure of some retail stores. This led to a reduction of foot traffic across Vicinity's portfolio, prompting significant voluntary retail store closures and adversely impacting Vicinity's income. Vicinity welcomed the Federal Government's *SME⁵ Commercial Code of Conduct and Leasing Principles During COVID-19* (the 'Code') which provided principles for negotiating temporary waivers and deferrals of rent payable by eligible SME tenants. Negotiations with affected non-SME tenants are reflective of their individual circumstances.

Timing of the stabilisation of rental income remains uncertain. Negotiations continue with a large number of Vicinity's tenants in relation to short-term variations to their leases. For the three month period, March to May 2020, 49% of billings have been received, which is broadly in line with Vicinity's expectations. Vicinity expects rent receipts to improve as stores continue to re-open, foot traffic increases and lease negotiations are completed. Where rental relief is being negotiated, lease extensions are also sought where appropriate.

As government restrictions have started to ease, there are some positive early signs of a recovery in centre visitation. Foot traffic is now 74% of the prior year, from a low of 50% in April 2020. Retailers who had closed their stores voluntarily are beginning to resume trade, with more than 3,000 stores having re-opened. Approximately 80% of stores across the portfolio are now trading, from a low of 42% in April 2020.

As a response to the uncertainty created by COVID-19, Vicinity has undertaken a number of measures to enhance liquidity and reduce operating costs:

- Establishing \$300 million of new debt facilities and extending \$650 million of existing facilities
- Deferring non-critical capital expenditure
- Reducing hours for 70% of team members effective 21 April to 30 June 2020
- Reducing Directors' fees and Executive Committee salaries effective 1 April to 30 June 2020
- Cancelling the FY20 Short Term Incentive program
- Reducing or deferring variable and non-critical operating expenses

Mr Kelley said: "This equity raising, combined with a range of cost and capital reductions implemented to date, significantly strengthens Vicinity's financial position. It provides capacity to invest in our assets to ensure they continue to deliver on consumer, retailer and community expectations."

⁵ Small and medium-sized enterprises.



Placement

Vicinity is undertaking a fully underwritten \$1,200 million Placement, representing approximately 22% of securities on issue prior to the Equity Raising.

Securities issued under the Placement will be issued at a fixed issue price of \$1.48 per security, which represents:

- an 8.1% discount to the last close price of \$1.61 on 29 May 2020
- a 10.6% discount to the 5-day volume weighted average price (VWAP) of \$1.656 on 29 May 2020

Securities will be issued under Vicinity's placement capacity per ASX LR 7.1, including the temporary additional capacity waiver (applicable until 31 July 2020). It is intended that all eligible institutional securityholders receive their 'pro rata' allocation of new securities issued under the Placement (should they submit a bid of this amount), on a best endeavours basis.⁶

The Gandel Group has committed to subscribe for an additional \$100 million of new securities in the Placement. The Gandel Group participation is pursuant to an ASX waiver of ASX Listing Rule 10.11.3 granted to Vicinity.⁷

New securities issued under the Placement will rank equally with existing securities from the date of issue.

The Placement is fully underwritten by Credit Suisse (Australia) Limited and Macquarie Capital (Australia) Limited.

Security purchase plan (SPP)

Eligible securityholders in Australia and New Zealand will be invited to subscribe for up to \$30,000 in additional securities, free of transaction and brokerage costs via an SPP.

The new securities will be offered at the lower of the Placement price, being \$1.48, and a 2% discount to the VWAP of fully paid ordinary Vicinity securities traded on ASX over the five trading days up to, and including, the closing date of the SPP offer period.

The relative size of the Placement and the target size of the SPP has been structured to reflect the split between the aggregate securityholdings of institutional and non-institutional securityholders.

The SPP will not be underwritten and is targeted to raise up to \$200 million from the date of issue.⁸

⁶ An eligible institutional/professional securityholder's existing holding will be estimated by reference to Vicinity's latest available beneficial register which shows historical holdings as at the date of that register (being 28 May 2020) which is necessarily not fully up to date. No verification or reconciliation of the holdings as shown in the historical beneficial register will be undertaken and accordingly this may not truly reflect the participating eligible institutional/professional securityholder's actual holding. Vicinity and the Underwriters do not have any obligation to reconcile assumed holdings (e.g. for recent trading or swap positions) when determining allocations. Institutional/professional securityholders who do not reside in Australia or other eligible jurisdictions will not be able to participate in the Placement. Vicinity and the Underwriters disclaim any duty or liability (including for negligence) in respect of the determination of an eligible institutional/professional securityholder's allocation using their assumed holdings. Eligible institutional/professional securityholders who bid in excess of their 'pro rata' share as determined by Vicinity and the Underwriters are expected to be allocated a minimum of their 'pro rata' share on a best endeavours basis, and any excess may be subject to scale back.

⁷ ASX has granted Vicinity a waiver of ASX Listing Rule 10.11.3 which enables the Gandel Group to participate in the Placement for up to its pro rata share of the new securities to be issued under the Placement.

⁸ Vicinity is targeting to raise \$200m under the SPP, with the ability to scale back applications should it receive demand above that target or to issue a higher amount, at its absolute discretion. If a scaleback is applied, Vicinity intends to apply the scaleback having regard to the pro rata holding of eligible securityholders at the SPP Record Date who apply for securities under the SPP. The SPP is not underwritten.

New securities issued under the SPP will rank equally with existing securities from the date of issue.

Further information on the SPP will be lodged with the ASX and sent to eligible securityholders on or around 9 June 2020.

Timetable

Event	Date
Record date for SPP	7.00pm, Friday 29 May 2020
Trading halt and announcement of Placement and SPP	Monday 1 June 2020
Placement bookbuild	Monday 1 June 2020
Announcement of outcome of Placement	Tuesday 2 June 2020
Trading halt lifted – trading of securities resumes on the ASX	Tuesday 2 June 2020
Settlement of securities issued under the Placement	Thursday 4 June 2020
Allotment and normal trading of securities issued under the Placement	Friday 5 June 2020
SPP offer opens and booklet dispatched	Tuesday 9 June 2020
SPP offer closes	5.00pm, Monday 6 July 2020
Announcement of results of SPP	Wednesday 8 July 2020
SPP issue and allotment date	Monday 13 July 2020
Normal trading of securities issued under the SPP	Tuesday 14 July 2020
Dispatch of holding statements	Wednesday 15 July 2020

All dates and times are indicative only and subject to change. Unless otherwise specified, all times and dates refer to AEST.

Additional information

Additional information about the Equity Raising, including certain key risks, is contained in the Investor Presentation released to the ASX today.

Authorisation

The Board has authorised that this document be given to 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 \$26 billion in retail assets under management across 64 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 32 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 26,000 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.



IMPORTANT NOTICE

The information in this announcement is subject to change without notice and Vicinity is not obliged to update or correct it. This announcement contains statements that constitute "forward-looking statements". The forward-looking statements include statements regarding Vicinity's intent, belief or current expectations with respect to the timetable, conduct and outcome of the Equity Raising and the use of proceeds thereafter, statements about the plans, objectives and strategies of the management of Vicinity, statements about the industry and markets in which Vicinity operates, statements about the future performance of Vicinity's business and its financial condition, indicative drivers, forecasted economic indicators and the outcome of the Equity Raising and the use of proceeds. Words such as "will", "may", "expect", "indicative", "intent", "seek", "would", "should", "could", "continue", "plan", "probability", "risk", "forecast", "likely", "estimate", "anticipate", "believe", "aim" or similar words are used to identify forward-looking statements.

You are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the outbreak of COVID-19. Any such statements, opinions and estimates in this announcement speak only as of the date hereof and are based on assumptions and contingencies subject to change without notice, as are statements about market and industry trends, projections, guidance and estimates. Forward-looking statements are provided as a general guide only. The forward-looking statements contained in this announcement are not indications, guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Vicinity, its officers, employees, agents and advisers, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Forward-looking statements may also assume the success of Vicinity's business strategies. The success of any of these strategies is subject to uncertainties and contingencies beyond Vicinity's control, and no assurance can be given that any of the strategies will be effective or that the anticipated benefits from the strategies will be realised in the period for which the forward looking statements may have been prepared or otherwise.

There can be no assurance that actual outcomes will not differ materially from these statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements, including (without limitation) the risks and uncertainties associated with the ongoing impacts of COVID-19, the Australian and global economic environment and capital market conditions and other risk factors set out in this announcement. Investors should consider the forward-looking statements contained in this announcement in light of those risks and disclosures. The forward-looking statements are based on information available to Vicinity as at the date of this announcement.

To the maximum extent permitted by law, responsibility for the accuracy or completeness of any forward-looking statements whether as a result of new information, future events or results or otherwise is disclaimed. Vicinity disclaims any responsibility to update or revise any forward-looking statement to reflect any change in Vicinity's financial condition, status or affairs or any change in the events, conditions or circumstances on which a statement is based, except as required by law.

In this announcement, unless otherwise stated or the context requires otherwise, references to "\$" or "A\$" are to Australian dollars.

This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration of the US Securities Act and applicable US state securities laws.