

Corporate tax transparency: 2017 tax profile

Information pertaining to the ATO's 2016-17 Report of Entity Tax Information

The purpose of this document is to describe the income tax profile of Vicinity Centres (Vicinity) and more specifically, the income tax profile of Vicinity Limited as the corporate income taxpayer in Vicinity's structure. This report is intended to supplement information already disclosed by the Australian Taxation Office (ATO) in its 2016-17 Report of Entity Information published on www.data.gov.au, pursuant to the tax transparency laws introduced in 2013.

Our approach to tax

Vicinity's tax culture and business practices are driven by our Vision and Values, and are consistent with our purpose of enriching the communities that we serve. Vicinity is also committed to strong corporate governance policies and practices across all of its functions, including tax.

- Vicinity has an established Tax Risk Management Framework (the Framework) that is endorsed by the Vicinity Board and reflects the Group's low risk approach to taxation. The Framework seeks to ensure that in carrying on its activities, Vicinity: has a low risk appetite and does not engage in aggressive tax planning and strategies;
- complies with all of its statutory obligations in a timely and transparent manner;
- conducts itself in a lawful manner with respect to its tax obligations and protects its reputation;
- has robust tax governance, with ongoing oversight and escalation points from Vicinity's key executives to the Audit Committee and Board of Directors;
- has a set of tax policies, procedures and systems across the Vicinity business to enable compliance with the tax laws and the management of tax risk; and
- engages directly with the ATO to provide greater transparency and understanding of Vicinity's tax affairs.

Vicinity's approach is reflected by its early adoption of the Board of Taxation's (BoT) voluntary Tax Transparency Code, which has been incorporated into Vicinity's Annual Reports since 2016 (available on www.vicinity.com.au/investor-centre).

Vicinity values having good relations with all external stakeholders, including the ATO. For the 2017 financial year, Vicinity participated in the ATO's Pre-Lodgement Compliance Review (PCR) program. Under the PCR program, Vicinity engages with the ATO on a real-time basis so that, where possible, clearance of any tax issues and transactions occurs prior to the lodgement of Vicinity's annual income tax returns. As part of the PCR, Vicinity is also participating in the ATO's Justified Trust review. The aim of that review is to assure the community that it can trust that Vicinity is paying the right amount of tax. That review remains ongoing.

Group structure

Vicinity has a stapled structure, with each stapled security comprising one share in a company (Vicinity Limited) and one unit in a trust (Vicinity Centres Trust).

Vicinity Limited, and its wholly-owned group of entities, undertakes the business of managing Vicinity's shopping centre portfolio including property management, development management and responsible entity and trustee services for Vicinity Centres Trust (VCT), its sub-trusts and wholesale funds. Vicinity Limited also provides property and development management services for joint-owners of Vicinity's assets and other third parties.

VCT is a managed investment scheme operating in accordance with the *Corporations Act 2001* and is regulated by the Australian Securities and Investments Commission. VCT and its controlled trusts hold the real estate investments for Vicinity.

The stapling of companies to trusts to create Australian Real Estate Investment Trusts, as in the case of Vicinity and its predecessor organisations, has been commonplace in the Australian property industry since the 1990s. A stapled property group generally holds its real estate investments within a trust, while its management and other trading activities are held by the company. The structure provides securityholders the opportunity to invest in property through a regulated and managed scheme, while at the same time allowing securityholders to receive the benefits and efficiencies that result from property investment as if they held directly. These benefits extend to tax flow through status of the taxable income (including capital gains) of the trust so that this income is taxed directly in the hands of the securityholder.

ATO Public Disclosure of Entity Information

As a company taxpayer with total income in excess of \$100 million for the 2017 financial year, Vicinity Limited is required to have its tax information disclosed by the ATO in its Report of Entity Information published on www.data.gov.au. These disclosures are set out below.

Vicinity Limited – Report of Entity Information

For the year ended 30 June 2017

Name	Vicinity Limited
ABN	90 114 757 783
Total income	\$237,349,617
Taxable income	\$0
Income tax payable	\$0

Due to losses incurred for both accounting and tax purposes, Vicinity Limited did not pay income tax for the 2017 financial year. However, the taxable income from the property investments in the stapled trusts were taxed on a flow through basis in the hands of their securityholders.

In addition to the income tax paid by securityholders, Vicinity pays many other taxes relating to its property activities, including land taxes, stamp duties, council rates and fire levies, payroll taxes and fringe benefits taxes. Moreover, Vicinity assists with maintaining efficiency in the Australian tax system by collecting and remitting GST and withholding taxes to the ATO. Further detailed information is outlined in Vicinity's Tax Transparency Report in the 2017 Annual Report, which was prepared in accordance with the BoT's voluntary Tax Transparency Code (<http://www.vicinity.com.au/media/691137/tax-transparency-excerpt-2017.pdf>).

As Vicinity Limited had tax losses, the ATO has disclosed its taxable income and income tax payable labels as nil. This is consistent with the guidance released by the ATO on their website at <https://www.ato.gov.au/Business/Large-business/In-detail/Tax-transparency/>.

Contact us

For further information on this report, contact investor.relations@vicinity.com.au.

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