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SCAPROPERTY.COM.AU

25 November 2020

The Manager
ASX Market Announcements Office
ASX Limited
Level 4, Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

2020 ANNUAL GENERAL MEETING | SCA PROPERTY GROUP (ASX: SCP)

Attached are the following presentations which will be presented on Wednesday, 25 November 2020 at the 2020 Annual General Meeting:

- Chairman's address and presentation to the meeting; and
- CEO's address and presentation to the meeting.

SCA Property Group

Encl.

This document has been authorised to be released to the ASX by the Company Secretary of SCP

ENDS

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Unitholders should contact SCP Information Line on 1300 318 976 (or +61 1300 318 976 from outside Australia) with any queries.

Chairman's Address (slide 3)

My presentation today will address four areas:

1. First, I will overview SCA's financial performance and returns to unitholders.
2. I will outline our response to the COVID-19 pandemic
3. Then some brief remarks on governance matters, and
4. I'll conclude by looking ahead.

1. Financial Performance and Returns to Unitholders (**slide 4**)

As I have done at recent AGMs, I present some key metrics which give a long-term perspective to our performance.

Our CEO, Anthony Mellowes will provide more detailed commentary on FY20 results in his presentation, which will follow mine.

Anthony will also update you on FY21 and while I don't want to steal his thunder, I think you will be pleased with what he has to say.

FFOPU and DPU (slide 5)

Our commitment to our unitholders, is to deliver secure earnings and distributions which grow over time.

You can see from this slide, that we have delivered earnings and distributions which have grown over the years, until the pandemic struck in 2020.

Unit Price Performance (slide 6)

In FY20 we were travelling well until the COVID-19 pandemic.

We reported a strong result for the six months to 31 December 2019. This was reflected in a record unit price of $3.17 on 19 February 2020.

However, the unit price fell to a low of $2.05 on 19 March as the impact of COVID was felt. The price recovered some ground and closed at $2.18 on 30 June 2020.

It traded in the $2.15 to $2.30 range until we issued a market update and guidance in late October and has recently traded above $2.40.

I remind you that in December 2012, the time of our Initial Public Offering, the unit price was $1.40.

Total Unitholder Return (slide 7)

Total unitholder return measures both unit price growth and distributions.

SCP's total unitholder return has outperformed the ASX A-REIT Index by 11% over the last 5 years.

Distributions to unitholders increased every six months since 2014, except for June 2020, which was impacted by the pandemic.

Management Expense Ratio (slide 8)

Our Management Expense Ratio (MER), which measures corporate costs as a percentage of total assets, is low.

That's because we maintain tight control over corporate overheads.

We are a low-cost operator, measured against our peers.

Capital Management (slide 9)

Our weighted average cost of debt is currently 3.3% per annum and continues to be amongst the lowest in the sector.

Our average debt expiry is 6.2 years and again has consistently been amongst the longest in the sector.

We have our CFO Mark Fleming and his team to thank for those excellent outcomes.

2. **Response to the COVID 19 Pandemic (slide 10)**

I will highlight four of the many responses we have made, in response to COVID.

i. **We strengthened our balance sheet**

In April 2020, in response to the onset of COVID, the Group raised $250 million by way of an underwritten institutional placement, which was followed in May 2020 by a $29.3 million unit purchase plan offered to our retail unitholders, on the same terms as the placement.

The UPP once again demonstrated the Board's commitment to equal opportunity for retail unitholders in capital raisings, whenever that aligns with our capital management strategy.

Institutional demand for the placement was 3.5 times oversubscribed with final demand at $889 million. Demand for the UPP was more subdued, given the prevailing uncertainty.

The purpose of the equity raising was twofold. Firstly, to strengthen the Group's balance sheet to provide a buffer against future shocks, such as a second wave of the pandemic and a more stringent shutdown, as subsequently occurred in Victoria. Secondly, to provide funding flexibility to continue to deliver on the group's strategy of investing in convenience-based, supermarket anchored shopping centres, as suitable opportunities arise.
Anthony will update you on implementation of our acquisition and development strategies.

In addition, we secured $200 million of additional lines of credit, thereby assuring that the Group had adequate funding to meet the repayment obligations of the $A Medium Term Note, which was due for repayment in April 2021 but has now been repaid, to reduce interest expense.

As a result, I am pleased to report, our balance sheet remains strong. We reduced gearing from 34.2 % at 31 December 2019 to 25.6% at 30 June 2020.
Also, at 30 June 2020 the Group had $622.8 million in cash, cash equivalents and undrawn facilities.

ii. We stuck with our strategy: sustainable tenants paying sustainable rents

We discharged our responsibilities to tenants by providing rental assistance to our specialty tenants in accordance with the National Cabinet Mandatory Code of Conduct.

Anthony will provide more detail.

iii. We did not apply for JobKeeper

We did not apply for JobKeeper, even though we may have been entitled to do so due to a technicality in our arrangements for paying corporate expenses.

The Board did not consider that taking advantage of that technicality was the right thing to do in circumstances where we were able to retain and pay our staff without JobKeeper.

iv. We showed restraint in KMP remuneration

We exercised restraint on executive bonuses and remuneration.

Given the Group's financial circumstances, the Board decided, in consultation with our Key Management Personnel, not to pay Short-Term incentives in 2020, nor to increase KMP remuneration, including Directors' fees, in FY21.

Steve Crane will provide more detail when he delivers the Remuneration Report.

3. Governance Matters (slide 11)

i. Our Management Team

At the opening of the meeting I introduced our Key Management Personnel, Anthony Mellowes our CEO, Mark Fleming our CFO and Mark Lamb our General Counsel and joint Company Secretary.

Our KMP are supported by a relatively small but very capable team. We have a good combination of experienced managers, supported by some very talented young people.

I would like to take this opportunity to introduce our senior managers and acknowledge the great contribution they make

- Campbell Aitken, Chief Investment Officer,
- Greg Inkson, Head of Corporate Finance and Funds Management
- Janene Kellaway, HR Manager,
- Erica Rees, Senior Legal Counsel and joint Company Secretary
- Michelle Tierney, Chief Operating Officer.

During 2020 our management and staff have been subjected to abnormal disruption and demands. That has created stress and anxiety, not just in their working environment but also in their personal lives.

I'd like to take this opportunity to acknowledge them and to thank them for the way they have responded to those challenges, for their commitment and for their hard work.

ii. The Board

Philip Redmond retired as a Director, effective 30 September 2020. Phil had been a Director of the Group since before we listed in 2012.

Drawing on his extensive knowledge and experience as a former senior investment banker, Phil has made a great contribution as a Director, particularly to our investment and capital management strategies.

Phil also made a significant contribution as an effective Chair of our Audit, Risk Management and Compliance Committee (ARMCC).

One of the minor highlights of my year was presenting Phil with an unusual farewell gift, a beehive for his farm.

On behalf of the Board, I thank Phil for his contribution and wish him well in retirement.

Beth Laughton, who joined the Board in December 2018, has been appointed to Chair the ARMCC. Beth is an experienced director with strong accounting and financial credentials.

Steve Crane has been appointed Deputy Chair of the Group. Steve also joined the Board in December 2018 and came to us with extensive management and board experience and strong credentials as a director.

Since joining the Board, Steve has helped ensure that the Board has met the challenges of a particularly difficult operating environment, and I welcome his appointment.

Significant demands were made on Board members during the year and they have all risen to the occasion. I take this opportunity to thank all my Board colleagues for their contributions and their hard work at numerous extra meetings.

The Directors and staff are sharing the financial pain felt by unitholders. Most of our staff own SCP units and all our Directors have significant unit holdings in SCP. We have also suffered a diminution in the value of our investment and a reduction in distributions during the year. That hurt, even though we did outperform many of our peers in the retail property sector.

iii. Sustainability Strategy

Anthony will report on our sustainability strategy, but I particularly wanted to acknowledge the progress made this year in implementing and reporting our sustainability programs.

The Board strongly supports those programs which discharge our social responsibility but also strengthen our business and deliver good outcomes for unitholders.

4. Conclusion and Outlook (slide 12)

The impact of the COVID-19 pandemic has already been significant, and no doubt will endure for some time. Who knows how long?

The pandemic will change the way we all live, work and shop, for years to come.

This is something we at SCA acknowledge as a challenge and embrace as an opportunity.

Our opportunity is to make our centres even more relevant for their local communities and to make them locations where our tenants can conduct viable businesses.

The Board remains committed to our key objective, which is to deliver secure earnings and distributions which grow over time.

Our strategies have served us well but in times like these we know we need to respond to a changing world. So, our Board and management will keep our strategies under close review.

Finally, I acknowledge that 2020 has no doubt been a difficult and stressful time for our unitholders.
In closing, I would like to thank you all for your continuing support and to thank you again for taking the time to join us here today, via the internet.

I will now hand over to Anthony.

CEO's Address (slide 13)

Good afternoon Ladies and Gentlemen. My name is Anthony Mellowes, and I am the Chief Executive Officer of SCA Property Group (**SCP**).

Phil Clark has outlined the Group's achievements since listing and this afternoon I will run through some of our key achievements for FY20 and update our outlook for FY21.

High Quality Portfolio (slide 14)

For those of you not familiar with the SCP portfolio, as at 30 June 2020, it consisted of:

- 89 managed shopping centres across Australia, being 85 on SCP's balance sheet, plus 4 managed properties in "SURF" SCP's unlisted Funds Management business;
- Approximately 48% of our income is derived from Coles, Wesfarmers and Woolworths with average lease tenure of 10 years; and
- As at 30 June 2020, our portfolio was valued at approximately $3.18 billion, and we now have approximately 1,840 Specialty Tenants, with a total occupancy across the portfolio of in excess of 98%.

FY20 Highlights (slide 15)

I will now take you through some of the key highlights for the financial year ended 30 June 2020 and towards the end of my presentation, the outlook for SCP for FY21: In FY20 our earnings were negatively impacted by the Covid-19 Pandemic.

- We delivered Funds from Operations of 14.65 cpu, a decrease of 10% on the prior financial year.

- This enabled us to pay distributions to unitholders of 12.5 cpu, which was a decrease of 15% on the prior year. This represented a payout ratio of around 100% of AFFO.

- Our total Funds from Operations was $140.8 million for the year which was a decrease of 0.7%.

- Our gearing as at 30 June 2020 was 25.6%, which well is below our stated policy range of 30-40%.

- Our NTA at 30 June 2020 decreased slightly to $2.22 per unit, down from $2.27 per unit at the same time in the prior year, due to transaction costs, primarily, stamp duty paid on our acquisitions and some Covid Valuation impacts.

- Our portfolio occupancy was 98.2%, which represents a specialty vacancy rate of 5.1% at 30 June 2020. This included all of our acquisitions.

- Due to strong pricing for neighbourhood centres over the past 2 years, SCP remained disciplined however we took advantage of an opportunity to acquire Warner Marketplace in Brisbane and also completed Stage 3 of our Shell Cove development. We also disposed of Cowes in Victoria in February 2020 for $21.5M which was 10% above our June 2019 Book Value.

Key Achievements (slide 16)

1. Our key achievement for FY20 was how the team dealt with the impacts from Covid-19, it affected all aspects of our business from our Capital Management initiatives, our ability to charge and collect rent was compromised through to how we had to adapt very quickly with respect to how we cleaned and operated our centres.

2. I would now like to run you through in more detail how the Pandemic affected our business and how we responded.

   - Balance Sheet: When the Pandemic hit Australia in late February 2020 SCA took immediate steps to strengthen our balance sheet. We initially put in place some additional debt capacity and then undertook a capital raise that was well supported by both our Institutional and Retail unitholders that raised $280M. SCA was the first REIT in Australia to raise capital.

   - Income: As the crisis was unfolding relevant Industry Bodies such as the National Retailers Association and The Shopping Centre Council of Australia together with the Federal Government developed a Code of Conduct as to how landlords and retailers would deal with Small Medium Enterprises (SME's) as the crisis unfolded and as certain businesses were forced to close due to social distancing measures. Effectively the Code of Conduct was a set of rules as to how a tenant's rental would or could be abated or deferred, landlords' ability to enforce the leases was reduced as well. At SCA we called this Project Assist and during FY20 we abated approximately $8.8M of rent to our tenants.
     April 2020 was the height of the Pandemic at SCA with approximately 24% of our retailers closed.
     Costs at the centre level were also affected. Our Pandemic cleaning regimes were enacted, and this meant not only additional hours of cleaning but also additional types of cleaning products were required. We also engaged extra security at our centres to ensure that social distancing measures were enforced. These increased measures which were absolutely necessary cost approximately $1.6M for the FY20 year.

- Recovery Process: As the Pandemic took hold it became clear that the Local Convenient centres in the suburbs were in fact showing strong signs of recovery. Some of our sales categories never decreased their sales but increased them at levels not seen in Australia before. Supermarkets are a good example. (**slide 17**) Our marketing tag line for the past five years of LOVE LOCAL SHOP LOCAL ACT LOCAL has never been more relevant.

With respect to our existing centres, the supermarkets (Coles and Woolworths) continue to perform strongly increasing their Moving Annual Turnover sales growth at June 2020 to 5.1% per annum, our DDS category increased to 7.6% and our specialties reduced by 1.1%, however since June 2020 the sales growth has accelerated. Notwithstanding the lockdowns experienced in Victoria the September 2020 quarterly sales for Supermarkets were 10.5%, DDS were 14.1% and the specialties were flat. If you exclude Victoria which is 18% of our portfolio the supermarkets were 9.4% up, DDS were 22% up and the specialties were 7% up on the corresponding period last year. The October 2020 sales have followed similar trends with a strong rebound in Victoria specialty sales.

The key statistics for our specialty tenants remain relatively robust with an occupancy ratio of 10%. We concluded 232 renewals at a slightly negative 1% and our retention rate was 76%. We continued to lease to new tenants through the pandemic and we concluded 148 new lease deals at a negative 7.7% for the FY20 year, we are seeing similar numbers for FY21.

(**slide 18**) Rent or Cash Collection rates have been improving since the Pandemic hit in March 2020. Our collection rates hit a low in April 2020 at 69% and have improved each month. In October 2020 we collected 85% of the rent invoiced in October 2020 and collected a further 11.5%

of rent invoiced in prior months. Although we are not yet back to pre-Pandemic levels our progress has been steady and shows the resilience of our portfolio.

2. (**slide 19**) With respect to our 3 currently identified growth opportunities being acquisitions, developments, and funds management:

Acquisitions: As outlined earlier we completed 1 acquisition at Warner Marketplace in Northern Brisbane for $78.4M and disposed of Cowes in Victoria in February 2020 for $21.5M a 10% uplift on the book value at June 2019. As previously announced, we also settled Bakewell in NT for $33.0M on 30 September 2020 and contracted to acquire the adjoining Petrol station for $6.4M in October 2020. This acquisition rounds out the entire block. On Thursday 19 November 2020 we also announced the acquisition of Auburn Central in Sydney NSW for $129.5M at a yield of 6%. We anticipate settling this asset early in 2021.

Developments: With respect to our developments, we completed stage 3 of Shell Cove just south of Wollongong in NSW for $4.8M.

Funds Management: Our Funds Management business continues to be active. SURF 1 was launched in October 2015 and successfully sold the five assets, consistent with the PDS. The fund generated an Internal Rate of Return (IRR) of 11%, the fund is now in the final stages of being wound up.
SURF 2 which comprised 2 assets being Katoomba Woolworths and Big W and Mittagong Dan Murphy's, Mittagong was sold in June 2020 for $9.7M and the proceeds were used to de-lever the SURF 2 balance sheet, this fund continues to distribute in line with the PDS.
SURF 3 was launched in July 2018 with four properties, Swansea was sold in July 2020 for $15.6M and the proceeds were used to repay debt and strengthen the balance sheet of SURF 3.

Sustainability (slide 20)

As SCP has matured over the past 8 years, so has the planning and execution of our sustainability practices.

(slide 21) We have 3 pillars to our Sustainability Strategy, which guide the investments and initiatives that we implement each year. Our Sustainability Strategy will continue to deliver positive outcomes for our customers, our retailers and our investors.

The 1st pillar is **Stronger Communities**.

The 2nd pillar is **Environmentally Efficient Centres**.

The 3rd pillar is **Responsible Investment**.

I will now go into a little bit of detail on each of our pillars:

1st Pillar - **Stronger Communities: (slide 22)**

2020 has been a challenging year for the communities that we serve. Extreme weather events and COVID-19 has seen the need for SCP to support our retailers and local communities in new and varied ways. Through rent relief for COVID-19 restrictions, shelter for effected communities and partnering with charitable organisations, SCP has endeavored to improve the engagement and relationship with our customers and the communities in which we reside.

During 2020, SCP formed a corporate partnership with The Smith Family. The Smith Family is a national, independent charity helping disadvantaged Australians to get the most out of their education, so they can create better futures for themselves and believe supporting a child's education is the best way to help break the poverty cycle. The

Smith Family works across 91 communities in Australia, where the communities have been identified as having higher concentrations of families living in economic disadvantage and are across all Australian states and territories.

The Smith Family targets and supports disadvantaged youth through education, allowing these youth to participate fully in their education, giving them the best chance at breaking the cycle of disadvantage. SCP has committed to a 3-year partnership with the Smith Family that will provide opportunities for SCP staff and our centre teams to provide volunteering assistance and participate in charitable activities in support of disadvantaged youth. I look forward to building this relationship and being able to provide positive examples of collaborative activities delivered between SCP and The Smith Family.

2nd pillar - **Environmentally Efficient Centres (slide 23)**

Interest in the sustainability performance of our centres continues to grow with the impacts of climate change on our communities such as fire, drought and extreme weather conditions increasing in frequency. We recognise the need to continuously improve the efficiency of our centres' consumption of natural resources whilst minimising waste and emissions productions. We are pleased to confirm we exceeded our 3-year target for the reduction of energy consumption (Target 4% Actual 8%) and met our target for the reduction of GHG emissions (Target 8%, Actual 7.5%). We are developing future targets that will focus our efforts on further reductions across a range of areas such as water, waste, energy and carbon emissions.

The specific focus areas will include:

Renewable electricity generation and storage – Reviewing current market practices for onsite renewable energy generation, developing technologies such as batteries and sourcing renewable energy from external sources to move towards a low carbon operation.

Building Automation – Continued installation of smart building controls, managing the energy consumption of the buildings systems such as air conditioning, lighting and energy demand.

Waste Management – Working with all our retail partners to ensure waste production on site is minimised. Encouraging active participation in recycling programs, new shop fit outs utilise recycled/repurposed materials and food waste diverted from land fill through technologies such as onsite treatments.

3rd pillar - **Responsible Investment (slide 24)**

Climate Change and the need to manage Climate Risk is an evolving area for SCP. Earlier in 2020, we engaged an external party to complete a Climate Risk assessment across all our properties. This risk assessment focused on future climate changes and the possible impacts they may have on our portfolio. The assessment focused not only on the physical impact of extreme weather, it also reviewed management capabilities in dealing with weather events. Our teams are well prepared in this area and have demonstrated a positive spirit and a professional approach in managing extreme weather events. SCP will further the risk analysis by moving into the second phase of the assessment (assessing further the identified higher risk properties) during 2021.

With regards to disclosure and transparency on performance, we have re-certified the portfolio under the Green Building Councils rating tool "Green Star Performance".

We maintained our 5.5-star NABERs energy rating for our head office and we will continue our participation in external investor and advisor benchmarking of our ESG performance through GRESB. Results of the annual GRESB benchmarking are expected shortly. But we acknowledge that there is still work to be done and this process will be an ongoing one.

In summary, I am really pleased with our ESG results to date and believe that our focus on supporting our local communities and partnering with leading social charities such as The Smith Family place SCP in a strong position for future growth in the area of Environmental, Social and Governance performance.

Core Strategy Unchanged (slide 25)

SCP's strategy has remained unchanged since we listed 8 years ago and a lot has changed in 8 years particularly the challenges facing the Retail Industry as a result of the Pandemic.

My senior team and I in conjunction with the Board have spent a lot of time challenging ourselves as to whether we in fact have the right strategy or whether we should vary or change it. I am pleased to say that we are unified in our belief that our strategy is in fact the correct strategy for these challenging times in the Retail Industry.

We will continue to deliver defensive, resilient cashflows to support secure and growing long term distributions to our unitholders. We will do this by continuing to focus on convenience-based retail centres, which are weighted towards the non-discretionary retail segments of Food, Pharmacy & Medical and retail services. These are "necessities" for the everyday spend of households. The benefits of these retail categories are that there is very low volatility and they are required by all demographics, every day of every week of the year.

We will continue to have an appropriate or conservative capital structure and we will continue to seek out growth opportunities which suit our risk profile in a very disciplined way.

Key Priorities and Outlook (slide 26)

SCP will continue to deliver on its stated strategy in FY21, which assumes a continuation of the current economic environment of low inflation, low interest rates and relatively low unemployment. We will continue to focus on optimising our core business by:

- focusing on sustainable tenants at sustainable rents;
- asset management teams exploring additional new income opportunities across the portfolio;
- all teams (whether at a corporate or centre level) managing our expenses to grow at a level that is no greater in percentage terms than our income growth; and
- commence work on our sustainability project to reduce the environmental footprint of our buildings while continuing to be a central component of the communities that we serve.

We will also focus on our growth initiatives by:

- continuing to seek value accretive acquisition opportunities consistent with SCP’s strategy and investment criteria; and
- continuing to progress the identified development pipeline.

We will continue to actively manage our balance sheet to maintain diversified funding sources with long weighted average debt expiry and a low cost of capital consistent with our risk profile.

Of course, if there is any material change to the current macro-economic conditions our strategy will need to adapt to these changes but at this stage of the property cycle I believe that maintaining our gearing at the lower level of our preferred range is the appropriate setting.

Finally, I am pleased to re-affirm the SCP guidance for December 2020:

- for Distribution per unit of between 5.5 to 5.7 cpu; and
- second half DPU will be greater than the first half.

Thank you for your time this afternoon.

I will now hand back to Phil.

ANNUAL GENERAL MEETING

Wednesday, 25 November 2020

SCA Property Group

Bakewell, NT

AGENDA

CHAIRMAN’S ADDRESS

CEO’S ADDRESS

FORMAL BUSINESS

GENERAL QUESTIONS

SCA Property Group

CHAIRMAN'S ADDRESS

Philip Marcus Clark AO

1. FINANCIAL PERFORMANCE AND RETURNS TO UNITHOLDERS
2. RESPONSE TO THE COVID-19 PANDEMIC
3. GOVERNANCE MATTERS
4. LOOKING AHEAD

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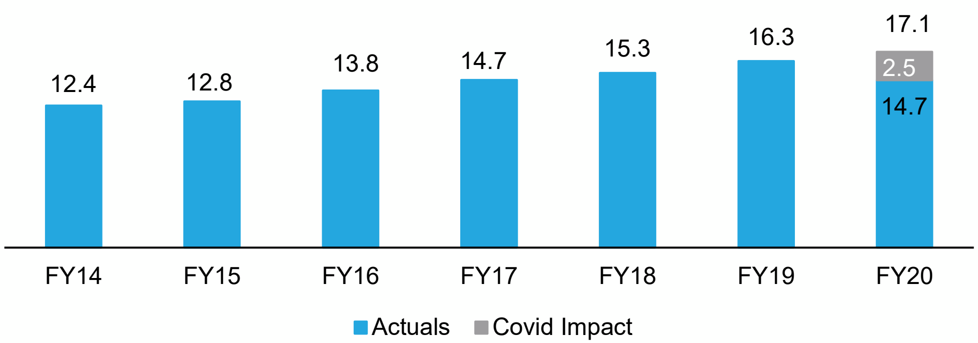
FINANCIAL PERFORMANCE AND RETURNS TO UNITHOLDERS

Chairman's Address

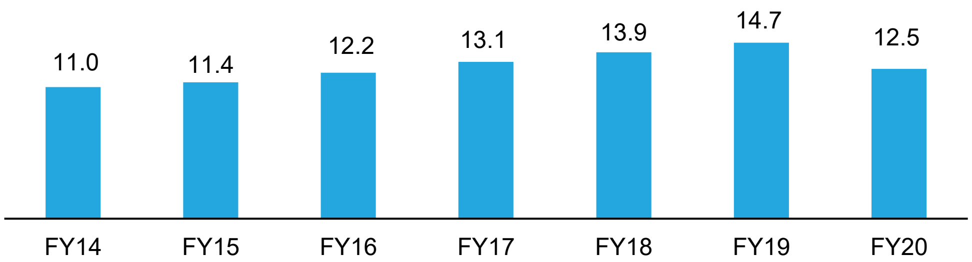
SCA Property Group

FINANCIAL RESULTS – FFOPU AND DPU

Consistent FFOPU growth (cents per unit)



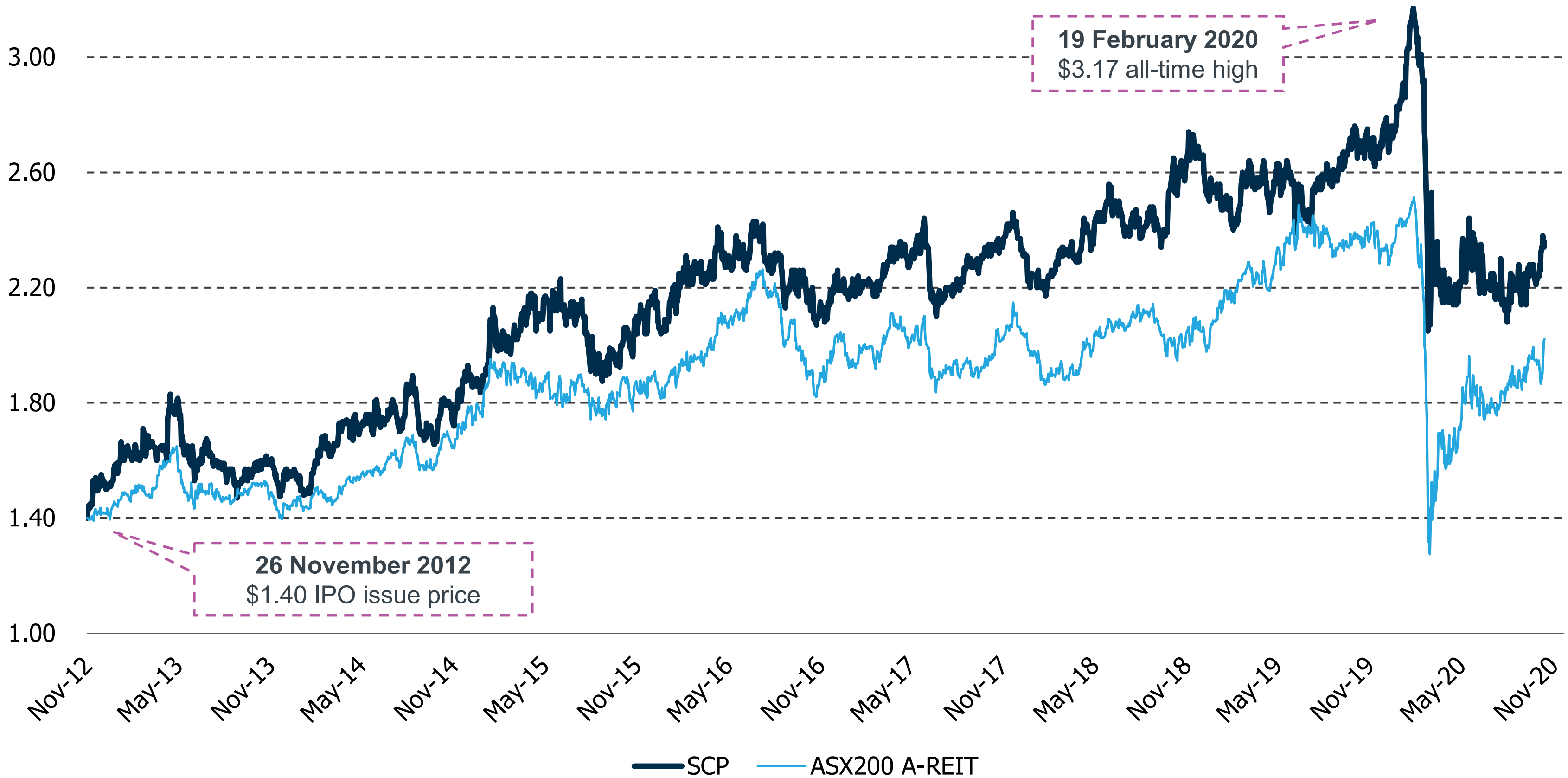
Consistent DPU growth (cents per unit)



SCP had delivered consistent and growing earnings and distributions, until the COVID-19 pandemic struck

UNIT PRICE PERFORMANCE

After peaking at $3.17 per unit, SCP's unit price has since traded in the $2.15 to $2.50 range due to equity raisings and Covid-19 impact

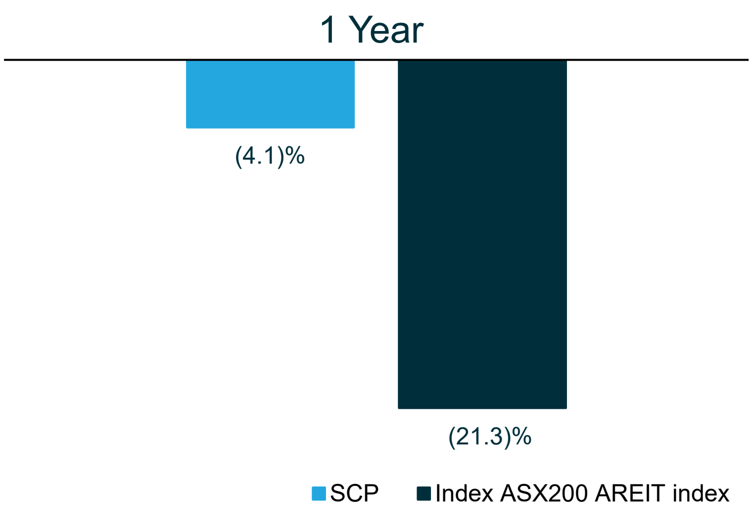


Source: IRESS, as at 6 November 2020

TOTAL UNITHOLDER RETURN [1]

Over the last year and the last five years SCP has delivered total unitholder return which has outperformed the ASX200 A-REIT Accumulation Index

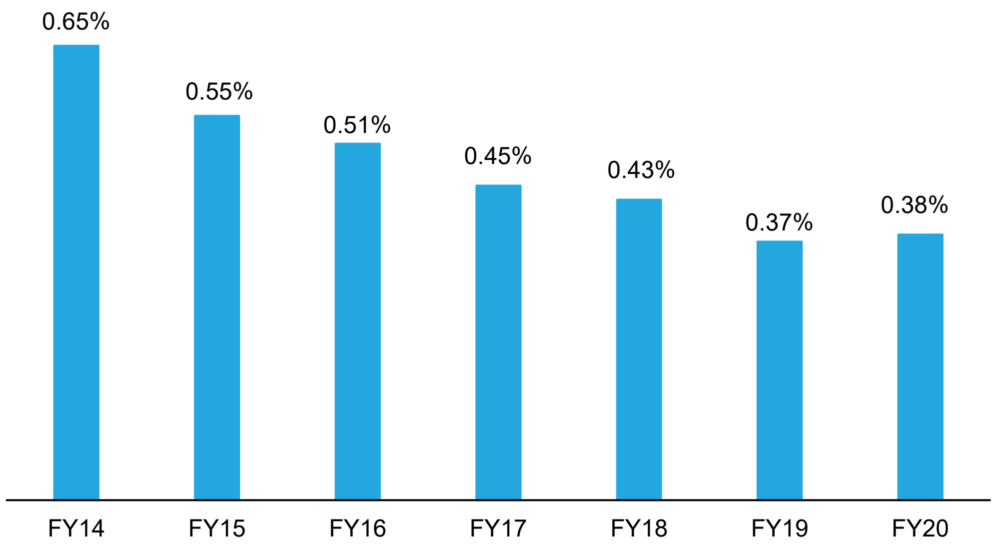
Year to 30 June 2020



Since 1 July 2015 to 30 June 2020

1. Total unitholder return includes both distributions to unitholders and unit price appreciation.

MANAGEMENT EXPENSE RATIO

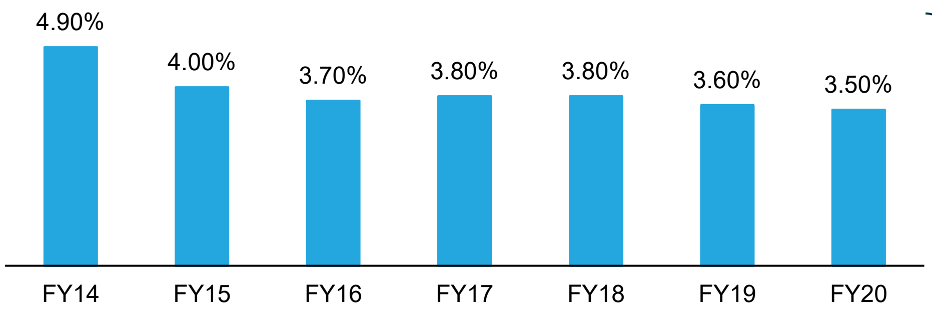


The Group's management expense ratio (MER), which measures corporate costs as a percentage of total assets, has reduced due to a significant increase in the value of the portfolio and tight control of corporate overheads

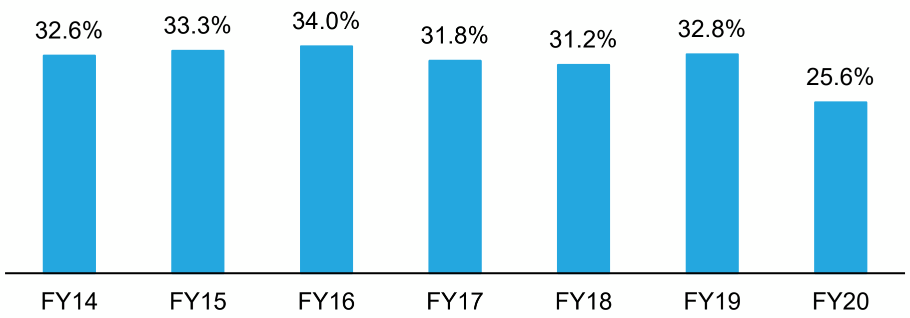
CAPITAL MANAGEMENT – DEBT

Debt structure has been actively managed

Weighted average cost of debt (%)



Gearing (%)



Conservative debt capital structure
(as at 30 June 2020):

- Gearing below target range of 30% - 40%
- $622.8m cash and undrawn facilities
- 91.1% of debt fixed or hedged
- 5.1 years weighted average debt maturity
- Diversified funding sources

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RESPONSE TO THE COVID-19 PANDEMIC

Chairman's Address

1. WE STRENGTHENED OUR BALANCE SHEET
2. WE STUCK WITH OUR STRATEGY
3. WE DID NOT APPLY FOR JOBKEEPER
4. WE SHOWED RESTRAINT IN KMP REMUNERATION

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GOVERNANCE MATTERS

Chairman's Address

1. OUR MANAGEMENT TEAM
2. THE BOARD
3. SUSTAINABILITY STRATEGY

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LOOKING AHEAD

Chairman's Address

THANK YOU

SCA Property Group

CEO'S ADDRESS

Anthony Mellowes

SCA Property Group

OUR PROPERTY PORTFOLIO

As at 30 June 2020:

- 89 Properties under management
- $3,138m Investment Properties Total Value
- 7.4 yrs Weighted Average Lease Expiry
- 1,839 Specialty Tenants
- ‹10 yrs Average Age of Portfolio
- 98.2% Portfolio Occupancy
- 674,525m² Gross Lettable Area

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FY20 HIGHLIGHTS

FINANCIAL PERFORMANCE	CAPITAL MANAGEMENT		ACTIVE PORTFOLIO MANAGEMENT	
FFO per unit [1] **14.65 cpu, down by 10.3%**	Gearing [3] **25.6%, down by 7.2%**		Portfolio occupancy [6] **98.2%**	Specialty vacancy [6] **5.1%**
Distribution per unit [1,2] **12.50 cpu, down by 15.0%**	NTA per unit [4] **$2.22, down by 2.2%**		Portfolio weighted average cap rate [7] **6.51%**	
Funds from operations (FFO) [1] **$140.8m, down by 0.7%**	Weighted cost of debt [5] **3.5% pa**	Weighted average debt maturity [5] **5.1 yrs**	Acquisitions [8] **$78.4m**	Divestments [8] **$21.5m**

1. *For the year ended 30 June 2020 vs year ended 30 June 2019*
2. *Final distribution of 5.00 cpu in respect of the year ended 30 June 2020 will be paid on 31 August 2020. First half distribution of 7.50 cpu was paid on 29 January 2020. "cpu" stands for Cents Per Unit*
3. *As at 30 June 2020, compared to 30 June 2019. Gearing is calculated as Finance debt, net of cash (with USD denominated debt recorded as the hedged AUD amount) divided by total tangible assets (net of cash and derivatives)*
4. *As at 30 June 2020, compared to 30 June 2019*
5. *As at 30 June 2020. The corresponding numbers as at 30 June 2019 were weighted cost of debt of 3.6% and weighted average debt maturity of 6.1 years*
6. *As at 30 June 2020. The corresponding numbers as at 30 June 2019 were portfolio occupancy of 98.2% and specialty vacancy of 5.3%*
7. *As at 30 June 2020. Weighted average capitalisation rate as at 30 June 2019 was 6.48%*
8. *During the year we acquired Warner Marketplace QLD for $78.4 million (excluding transaction costs), and sold Cowes VIC for $21.5 million*

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KEY ACHIEVEMENTS

Supermarket anchored convenience centres continue to be resilient

OPTIMISING THE CORE BUSINESS

- Throughout the COVID-19 pandemic, our convenience-based centres have been relatively resilient
  - Anchor tenants have experienced strong sales growth and turnover rent has increased
  - We have continued to complete leasing deals, with 75 renewals and 55 new lease deals completed during the COVID-19 period (March 2020 to June 2020). Specialty vacancy is stable at 5.1% and specialty occupancy costs are also stable at 10.0%. Approximately 92% of tenants are now open and trading including approximately 63% in Victoria
- COVID-19 has impacted many of our specialty tenants
  - Sales performance has been mixed, with many experiencing sales declines
  - We have provided rental assistance to over 600 tenants in accordance with the Mandatory Code of Conduct
  - Rental collection rate of 77% during the COVID-19 period. We will continue to pursue payment from tenants of all of the outstanding amounts not covered by agreed waivers or deferrals
- Our focus continues to be to
  - Improve tenancy mix with a bias toward non-discretionary categories
  - Maintain high retention rates on renewal
  - Maintain low specialty vacancy by working pro-actively with our tenants in these challenging times
- This will ensure that we have sustainable tenants paying sustainable rents, supporting our strategy of generating defensive, resilient cash flows to support secure and growing long term distributions to our unitholders

Love Shop

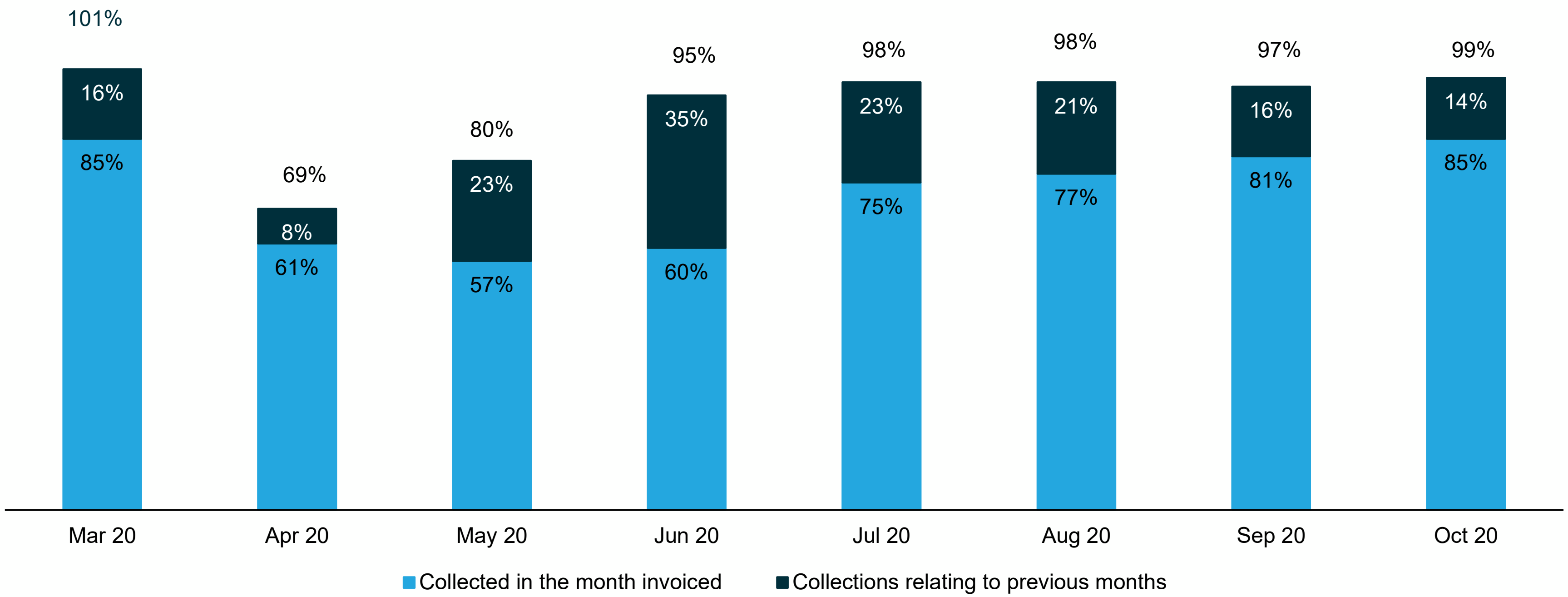
LOCAL

Act local

CASH COLLECTION RATES

SCP's cash collection rates are gradually improving, but are still below the pre-Covid level

Cash collection as % of contracted gross rent



KEY ACHIEVEMENTS

Supermarket anchored convenience centres continue to be resilient

GROWTH OPPORTUNITIES

- Acquisition of Warner Marketplace, a Woolworths and Aldi-anchored convenience centre in Brisbane QLD, for $78.4m (excluding transaction costs) in December 2019
- Completion of Shell Cove Stage 3 development (5 additional specialty shops of 396sqm in total) for $4.8m in December 2019
- Sale of Cowes VIC for $21.5m in February 2020 (9.7% above June 2019 book value)
- Completed the sale process for the SURF 1 investment properties for $69.3m, achieved an 11.0% IRR for unitholders since fund commencement in 2015
- Bakewell NT acquired for $33m on September 2020
- Bakewell NT adjoining Petrol station contracted in October 2020
- Auburn Central NSW contracted in November 2020

SUSTAINABILITY

CEO's Address

SCA Property Group

3 PILLARS

The three pillars of our Sustainability Strategy guide the investments and initiatives we implement each year, and continue to deliver positive outcomes

OUR SUSTAINABILITY OBJECTIVES

1	**STRONGER COMMUNITIES**	Strengthen the relationships between our shopping centres and their local communities. Help to improve the wellbeing and prosperity of those communities
2	**ENVIRONMENTALLY EFFICIENT CENTRES**	Reduce the environmental footprint of our shopping centres, particularly greenhouse gas emissions through reducing energy consumption
3	**RESPONSIBLE INVESTMENT**	Manage Environmental, Social and Governance (ESG) risks that are material to investment value and communicate our performance on this

STRONGER COMMUNITIES

Our stronger communities' initiatives are designed to deliver measurable social and environmental benefits to the local communities of our shopping centres

Community Initiatives

Corporate Community Partner

SCA Property Group

ENVIRONMENTALLY EFFICIENT CENTRES

Utilising technology to enhanced centre sustainability performance

CAPITAL INVESTMENT

Deployment of a capital investment program targeting initiatives that achieve ESG outcomes and returns. Specific focus areas include:

Solar Generation
Operational across 6 centres. Market review of technologies and opportunities completed Dec 20

LED Lights
Reducing energy consumption through energy efficient lighting programs

Building Automation
Energy Management and Demand controlled through installation of AI enabled building automation controls for HVAC, Lighting and energy demand

Waste Management
Encouraging active participation by our retail partners in recycling programs. Encouraging Sustainable design and materials during new shop openings

2284.5MWh Renewable
Energy Generated

7% Total Energy
Sourced from renewables

1,264 Tonnes
GHG Emissions savings

SCA Property Group

RESPONSIBLE INVESTMENT

Our priority with Responsible Investment continues to be on data integrity and transparency for investors and stakeholders

OVER THE PAST YEAR WE HAVE:

Enhanced disclosure of ESG performance through the revised annual Sustainability Report, available under the Sustainability page of the SCA Property Group website

Participated in the Global Real Estate Sustainability Benchmark (GRESB), an international sustainability management review and standard for real estate investment managers run by leading investors. Australian REIT's ranked as world leading performance in ESG management practices

Recertified the portfolio under the Green Building Council's rating tool Green Star Performance

Maintained our 5.5 star NABERS Energy rating (out of six) for SCP's Head Office

Enhanced our corporate governance in areas such as Diversity, Modern Slavery and Supplier Codes of Conduct

GRESB 2019

greenstar

NABERS

SCA Property Group

CORE STRATEGY UNCHANGED

Defensive, resilient cashflows to support secure and growing long term distributions to our unitholders

FOCUS ON CONVENIENCE-BASED RETAIL CENTRES

WEIGHTED TO NON-DISCRETIONARY RETAIL SEGMENTS

LONG LEASES TO QUALITY ANCHOR TENANTS

APPROPRIATE CAPITAL STRUCTURE

GROWTH OPPORTUNITIES

SCA Property Group

KEY PRIORITIES AND OUTLOOK

Continue to deliver on strategy in FY21

OPTIMISING THE CORE BUSINESS

- Leasing focused on sustainable tenants at sustainable rents
- Sustainability project

GROWTH OPPORTUNITIES

- Continue to explore value–accretive acquisition opportunities
- Progress our identified development pipeline

CAPITAL MANAGEMENT

- Continue to actively manage our balance sheet
- Gearing to remain below 35% at this point in the cycle

EARNINGS GUIDANCE

- DPU for first half to Dec 20 between 5.5 cpu and 5.7 cpu
- DPU for second half to be greater than the first half

SCA Property Group