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SCAPROPERTY.COM.AU

19 October 2021

ASX ANNOUNCEMENT

Trading Update and FY22 Guidance

SCA Property Group's (ASX: SCP) ("SCP") portfolio has remained resilient despite lockdowns in New South Wales and Victoria during Q1 FY22.

Tenant Sales

The sales performance of SCP's tenants has been remarkably robust throughout the COVID-19 pandemic to date.

Comparable moving annual turnover growth by tenant category (%)

	June 2019	June 2020	June 2021	Sept 2021
Supermarkets	2.0%	5.1%	3.2%	1.1%
DDS	2.2%	7.6%	9.2%	1.7%
Mini-Majors	(3.1)%	2.9%	6.4%	2.2%
Specialties	1.8%	(1.1)%	9.7%	8.1%
Total	**1.9%**	**4.2%**	**4.6%**	**2.1%**

However, within lockdown periods tenants have experienced sales volatility. This has played out again in NSW and Victoria during Q1 FY22 which have been impacted by lockdown restrictions. Other States continue to trade well.

Comparable Q1 turnover growth by tenant category (%)

	% of Gross Rental Income June 2021	Q1 FY22 vs Q1 FY21			
		NSW	VIC	Rest of Australia	Total Portfolio
Supermarkets	38%	3.8%	(3.1%)	0.9%	1.1%
DDS	8%	(32.0%)	(11.0%)	(5.5%)	(14.9%)
Mini-Majors	8%	(16.8%)	6.3%	4.7%	1.3%
Specialties	46%	(16.3%)	9.2%	2.1%	(2.0%)
Total		**(2.1%)**	**(1.9%)**	**0.8%**	**(0.5%)**

NSW lockdowns commenced in late June 2021 and ended on 11 October 2021. All tenants in NSW are now able to re-open. We expect a strong rebound in sales for NSW specialty tenants in Q2 FY22. NSW represents approximately 31% of our gross rental income.

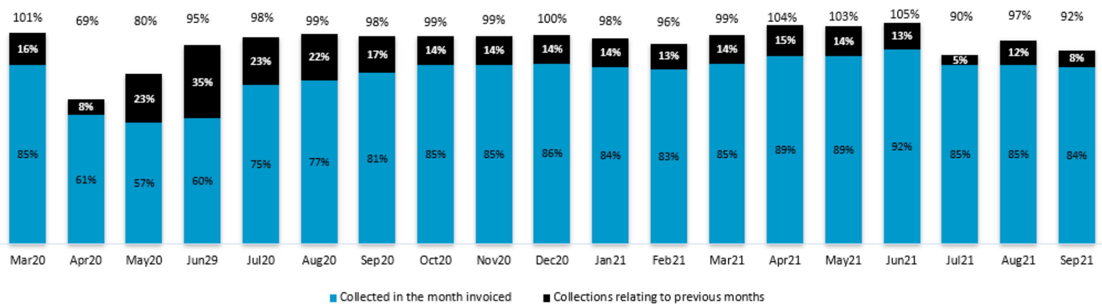
Victoria lockdowns commenced in July 2021 and are ongoing. It is expected that all tenants will be able to re-open by the end of October 2021. Based on the experience from previous lockdowns, we expect that specialty tenant sales will rebound strongly when the lockdown ends. Victoria represents approximately 17% of our gross rental income.

In the rest of Australia, centres are trading as normal with positive sales growth recorded in Q1 FY22. Supermarket sales growth was positive despite cycling elevated sales levels in Q1 FY21, but Discount Department Store sales growth was negative due to cycling abnormally high levels of sales in Q1 FY21.

Cash Collection Rates

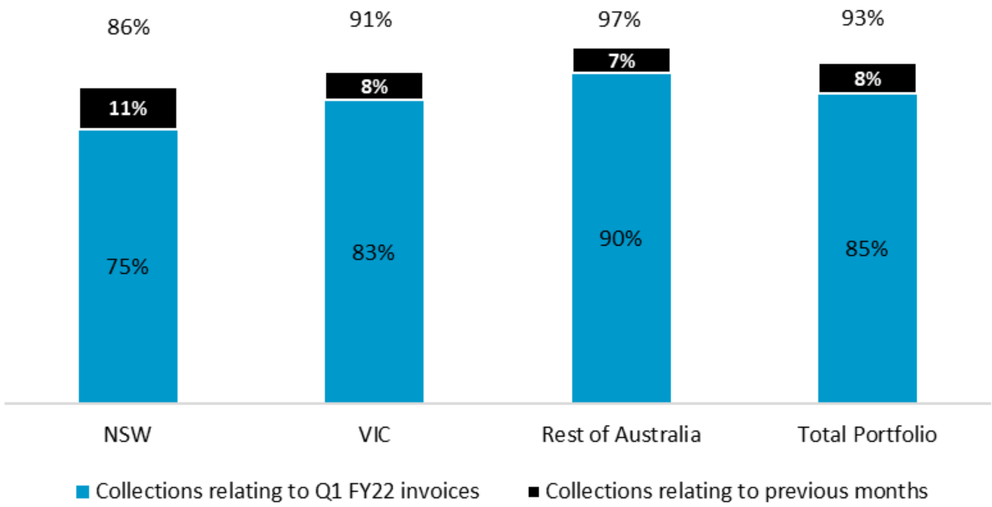
SCP's cash collection rates have been impacted in NSW and Victoria due to the lockdowns and the reintroduction of the "Code of Conduct" in those States. The Code of Conduct rules are similar to last year in that SCA is required to give rental assistance to small and medium-sized entity tenants (defined as annual turnover of less than $50m) who have experienced sales declines of at least 30% during the lockdown period. The rental assistance must be at least 50% rent waiver and up to 50% rent deferral. To date we have only granted $0.4m of SME waivers and $0.5m of deferrals for Q1 FY21. We expect this number to grow once more tenant applications are received and processed.

Monthly cash collection rates as % of contracted gross rent



While NSW and Victoria cash collection rates are lower than usual, in other States cash collection rates are consistent with business-as-usual levels.

Q1 FY22 cash collection rates as % of contracted gross rent



In NSW, we expect that collection rates will return to normal from November 2021 once applications for relief have been processed and lockdown restrictions have been lifted.

In Victoria collection rates will remain below normal levels until February 2022 due to ongoing restrictions and the terms of the Victorian Code of Conduct which requires rental assistance to be given until 15 January 2022 regardless of the sales performance of tenants after lockdowns have ended.

In other States we are not expecting any protracted lockdowns and we are not expecting the Code of Conduct to be re-introduced.

Acquisitions

In July 2021 we completed the acquisitions of:
- Raymond Terrace (NSW) for $87.5 million (an implied fully let yield of 5.9%); and
- Drayton Central (QLD) for $34.3 million (an implied fully let yield of 5.5%).

In October 2021 we agreed terms to acquire:
- A neighbourhood centre in Brisbane for $54.5 million (at an implied fully let yield of 5.0%); and
- Three assets from the SURF 3 fund for $53.6 million (Moama Woolworths-anchored neighbourhood (NSW), Woodford Woolworths-anchored neighbourhood (QLD) and Warrnambool Target-anchored centre (VIC) at a weighted average implied fully let yield of 6.5%).

These transactions are expected to complete by the end of November 2021.

While cap rates for neighbourhood and convenience-based sub-regional centres have continued to compress since June 2021, we continue to assess a number of acquisition opportunities and remain confident of completing more acquisitions during FY22.

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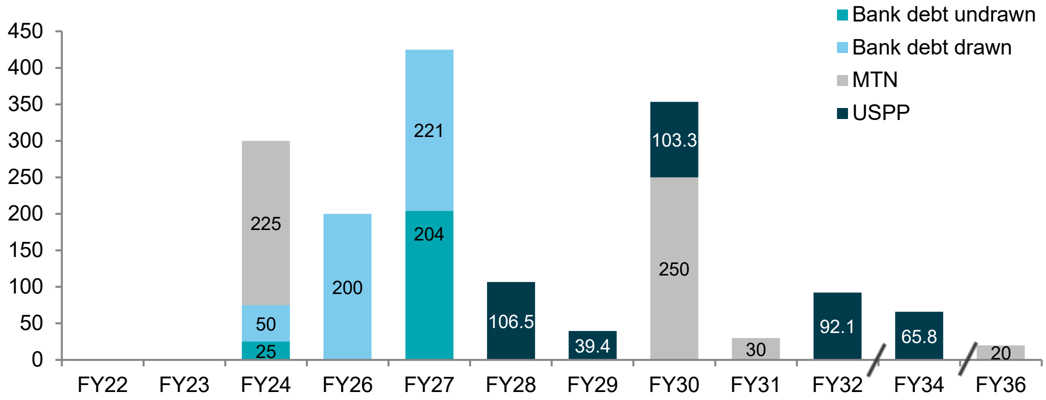
Capital Management

Since our full year results announcement on 17 August 2021 we have:

- Cancelled the $200.0 million bilateral facility expiring in November 2022; and
- Raised $250.0 million in new 8-year A$ Medium Term Notes with a fixed coupon of 2.45%.

Debt facilities expiry profile ($m) at 30 September 2021



Following the acquisitions of the Brisbane neighbourhood and the SURF 3 assets we expect pro-forma gearing to be approximately 34% (assuming no further cap rate compression since June 2021) and our cash and undrawn debt to be in excess of $140 million. We have no debt expiries until December 2023, our weighted average cost of debt is approximately 2.5%, our weighted average debt expiry is 5.9 years and our fixed/hedged percentage is 65%.

On 29 September 2021 Moody's issued an updated credit opinion affirming our rating of Baa1 (outlook stable). Our credit rating (and outlook stable) has remained unchanged since we were first rated by Moody's in 2015.

FY22 Guidance

On 17 August 2021, SCP released its full year FY21 results but did not give FY22 earnings or distributions guidance due to uncertainty created by the NSW and Victoria lockdowns. Since that time, the rates of vaccination have increased across the country. In NSW all retail is now open. In Victoria, all retail is expected to open by the end of October.

Assuming that there are no further government interventions in response to the COVID-19 pandemic, we forecast that Adjusted Funds From Operations ("AFFO") per unit, and therefore Distribution per unit ("DPU"), for the first half of FY22 will be at least 7.1 cents per unit and for the second half of FY22 will be at least 7.9 cents per unit (full year FY22 AFFO guidance of at least 15.0 cents per unit).

A further update will be provided at our annual general meeting on 24 November 2021.

This document has been authorised to be released to the ASX by the Board of SCP.

ENDS

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Unitholders should contact SCP Information Line on 1300 318 976 with any queries.