

2 December 2021

ASX ANNOUNCEMENT

SCA Property Group announces establishment of \$750m metro convenience retail JV with GIC

SCA Property Group (ASX: SCP) (“SCP” or “the Group”) is pleased to announce the establishment of a new Joint Venture (“JV”) with an affiliate of Singapore-based GIC (“GIC”) that will invest in established metropolitan convenience retail centres across Australia.

The new unlisted vehicle, to be known as the SCA Metro Convenience Shopping Centre Fund, will be seeded with seven assets from SCP’s existing portfolio totaling \$284.5m at a weighted average capitalisation rate of 4.84% (refer Annexure 1).

Subject to FIRB approval, GIC will hold an 80% equity interest in the JV. SCP will hold the remaining 20% equity interest and will be the investment manager of the JV.

The strategic rationale for SCP for the creation of the JV is compelling:

- Establishment of a long-term strategic partnership with a high quality and globally recognised capital partner in GIC;
- Ability to expand and accelerate participation in the convenience-retail sector, with the JV focused on neighbourhood assets in lower yielding metropolitan locations. The investment criteria of the JV ensures that there is limited conflict with SCP’s balance sheet activities, with the JV to have a first right over neighbourhood assets in the Sydney and Melbourne metropolitan areas until the target \$750m of asset level has been achieved;
- Increasing third party assets under management and diversification of income streams, aligning with SCP’s core strategy which is to generate defensive, resilient cash flows to support secure and growing long term distributions to unitholders.

The establishment of a long-term strategic partnership with GIC represents an exciting opportunity for SCP to pursue opportunities on an expanded basis in the convenience retail sector. This initiative further confirms SCP’s leading position in the ownership and management of convenience-based retail shopping centres.

Financial impacts

The pricing of the initial seed portfolio represents a ~9.3% premium to SCP’s 30 June 2021 valuations. SCP will receive market-based fees for funds, asset and property management services provided to the JV.

Proceeds from the sale of the seed portfolio assets will initially be used to reduce debt and provide capacity for future acquisition and development opportunities. SCP aims to redeploy the proceeds from the sale of the

seed portfolio into higher yield and higher return assets within the next 12 months. There is no change to our full year FY22 AFFO guidance of 15.0cpu as previously advised.

Conditionality

The establishment of the JV is conditional on GIC obtaining necessary FIRB approvals and on securing appropriate financing for the JV. Expected close date for the establishment of the JV is 31 January 2022.

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

ENDS

Media, Institutional investor and analysts, contact:

Mark Fleming
CFO
SCA Property Group
(02) 8243 4900

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

Annexure 1: Seed Portfolio Assets

	Asset	City	Book Value June 2021 (\$m)	Sale Price Nov 2021 (\$m)	Premium to Book Value (%)	Cap Rate (%)
1	Berala	Sydney	33.3	37.0	11.1%	4.25%
2	Clemton Park	Sydney	63.1	69.0	9.4%	5.00%
3	Coorparoo	Brisbane	42.7	45.8	7.3%	5.00%
4	Epping North	Melbourne	34.5	35.0	1.4%	5.00%
5	Highett	Melbourne	32.9	36.5	10.9%	4.75%
6	Walkerville	Adelaide	29.3	33.7	15.0%	4.75%
7	Wyndham Vale	Melbourne	24.5	27.5	12.2%	5.00%
	TOTAL		260.3	284.5	9.3%	4.84%