

# ANNUAL GENERAL MEETING

Wednesday, 24 November 2021

**SCA** Property Group



Marketown West, NSW

# AGENDA

CHAIR'S ADDRESS

CEO'S ADDRESS

FORMAL BUSINESS

GENERAL QUESTIONS

**SCA** Property  
Group



Cooloola Cove, QLD

# CHAIR'S ADDRESS

Philip Marcus Clark AO

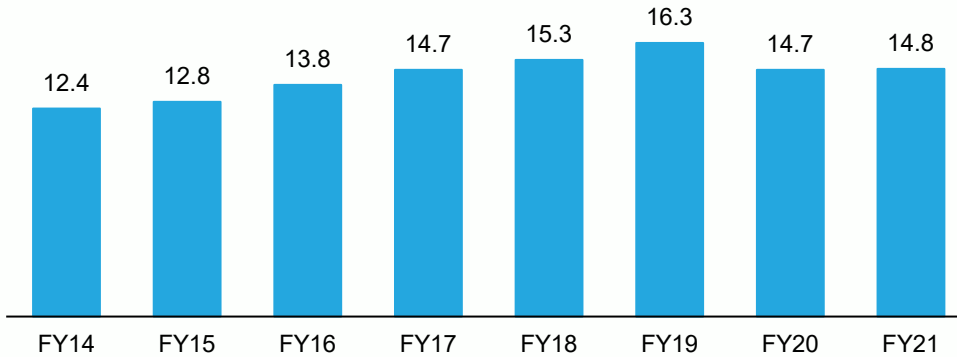


1. FINANCIAL PERFORMANCE AND RETURNS TO UNITHOLDERS
2. IMPACT OF COVID-19 PANDEMIC
3. STRATEGY
4. GOVERNANCE MATTERS

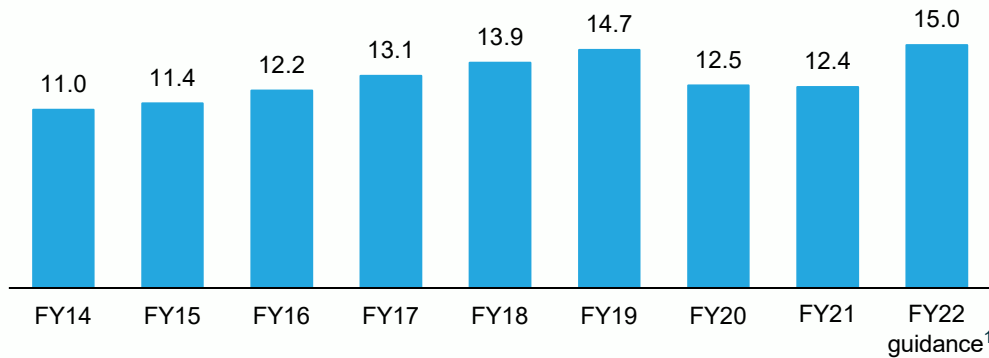


# FUNDS FROM OPERATIONS CENTS PER UNIT AND DISTRIBUTION PER UNIT

Consistent FFOPU growth (cents per unit)



Consistent DPU growth (cents per unit)

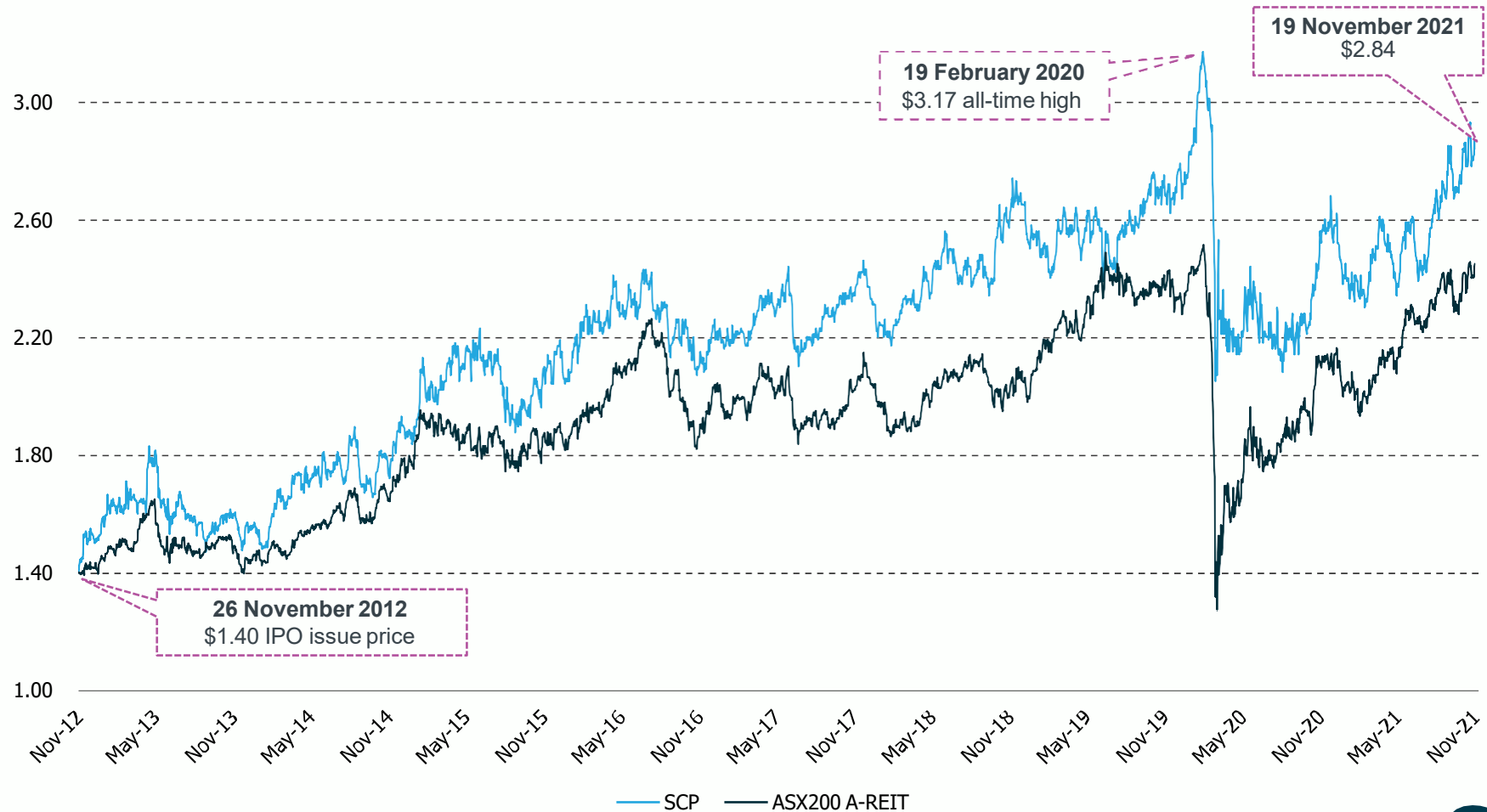


SCP had delivered consistent and growing earnings and distributions, until the COVID-19 pandemic struck.

<sup>1</sup> 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).

## UNIT PRICE PERFORMANCE

SCP's unit price has traded strongly since the release of FY21 results and FY22 quarterly update and guidance

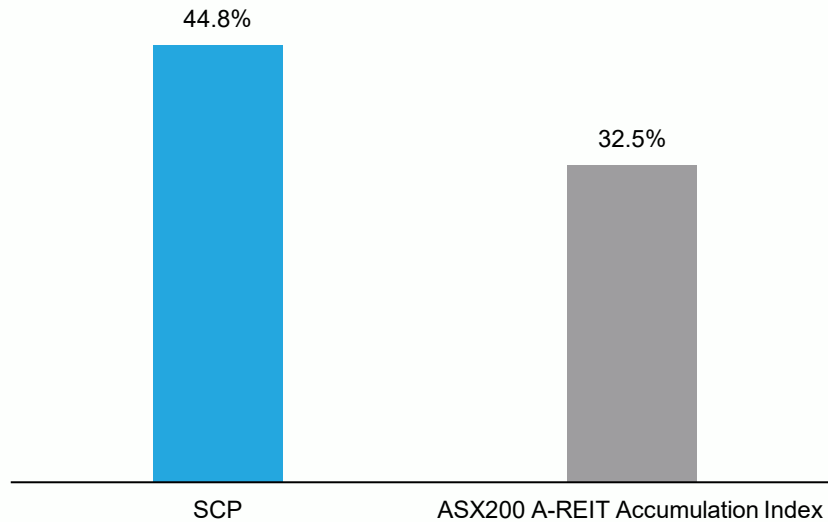


Source: IRESS, as at 19 November 2021

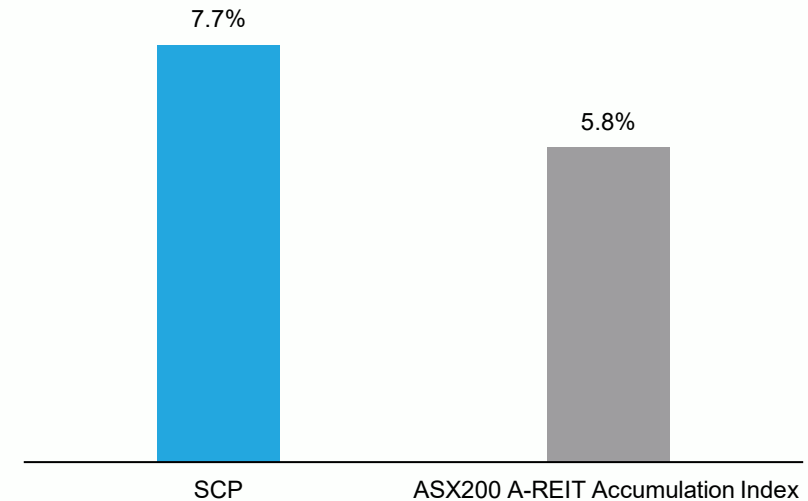
## TOTAL UNITHOLDER RETURN <sup>1</sup>

Over the last five years SCP has delivered total unitholder return which has outperformed the ASX200A-REIT Accumulation Index

Since 1 July 2016 to 30 June 2021  
5 years



5 year Compound Annual Growth  
Rate (%pa)



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

## 2. IMPACT OF COVID-19 PANDEMIC

Chair's Address

1. IMPACT ON OUR  
OPERATING RESULTS
2. IMPACT ON OUR PROPERTY  
VALUATIONS
3. IMPACT ON OUR PEOPLE

# 3. STRATEGY

Chair's Address





# 4. GOVERNANCE MATTERS

Chair's Address

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



# CEO'S ADDRESS

Anthony Mellows



**SCA** Property Group



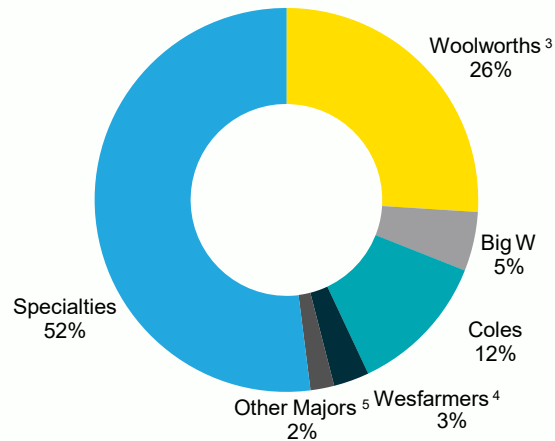
Soda Factory, QLD

# PORTFOLIO OVERVIEW

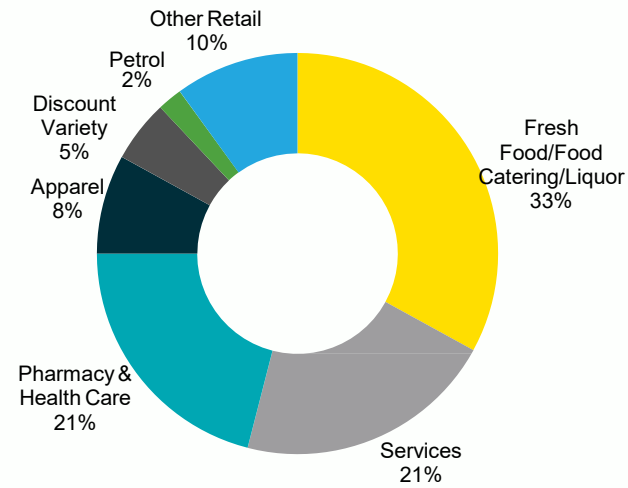
Weighting towards food, health and retail services (non-discretionary)

	Number of centres	Number of specialties	GLA (sqm)	Site Area (sqm)	Occupancy (% GLA)	Value (\$m)	WALE (yrs)	Weighted average cap rate (%)
Neighbourhood	80	1,459	508,464	1,730,858	97.5%	2,989.8	7.1	5.77%
Sub-regional	11	552	226,211	608,366	97.1%	955.1	7.2	6.35%
Freestanding	1	-	9,719	11,990	100.0%	55.1	14.3	5.50%
<b>At 30 June 2021</b>	<b>92</b>	<b>2,011</b>	<b>744,394</b>	<b>2,351,214</b>	<b>97.4%</b>	<b>4,000.0</b>	<b>7.2</b>	<b>5.90%</b>
FY22 Acquisitions	7	143	61,218	164,235	98.4%	347.5	7.4	5.44%
<b>At 24 November 2021</b>	<b>99</b>	<b>2,154</b>	<b>805,612</b>	<b>2,515,449</b>	<b>97.5%</b>	<b>4,347.5</b>	<b>7.2</b>	<b>5.86%</b>

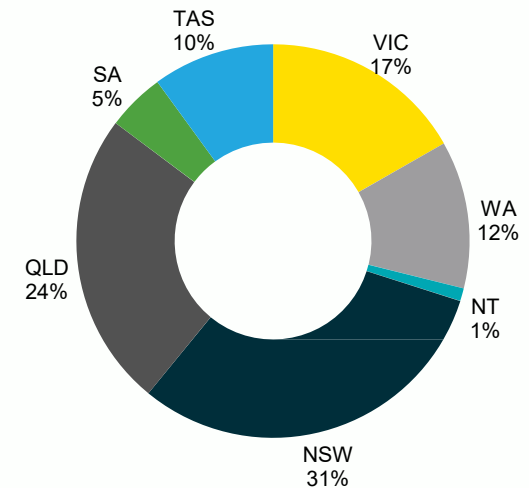
Tenants by Category (by gross rent)<sup>1,3,6</sup>



Specialty / Mini-Major Tenants (by gross rent)<sup>1,2,6</sup>

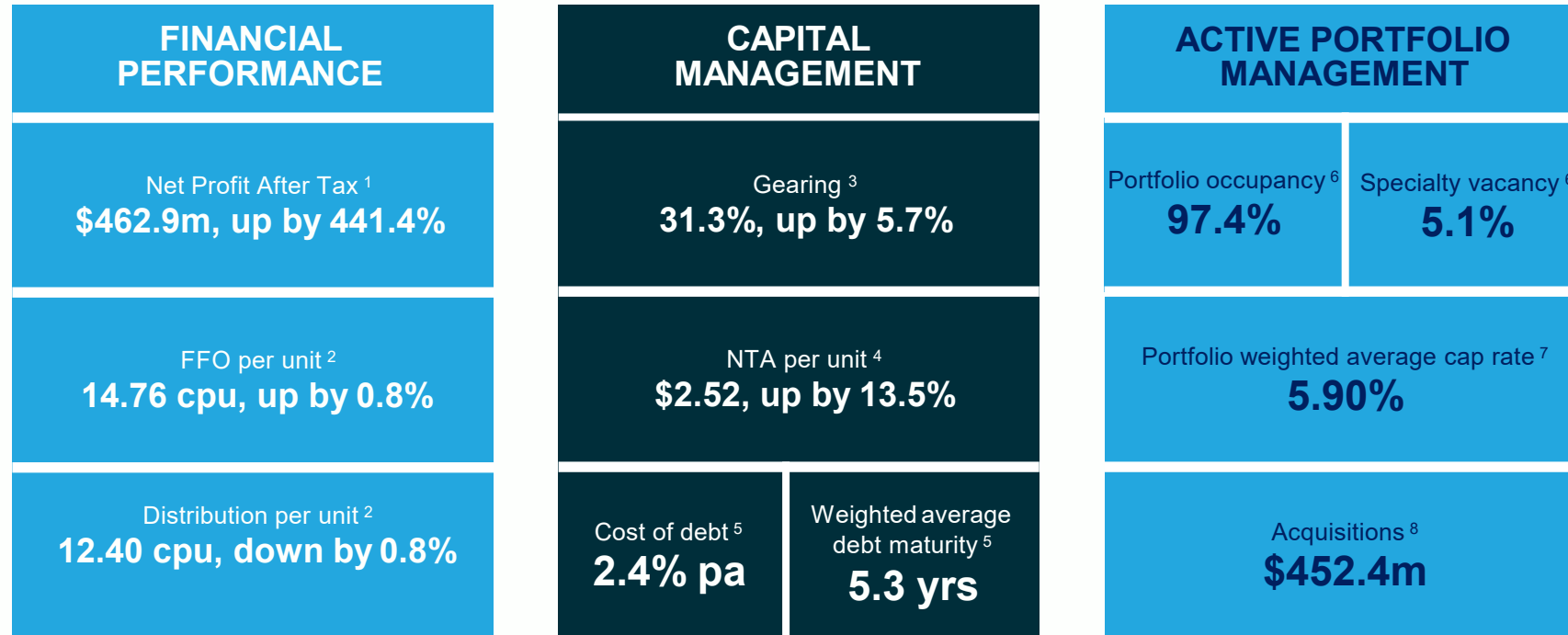


Geographic Diversification (by value)<sup>6</sup>



1. Annualised gross rent excluding vacancy and percentage rent
2. Mini Majors represent 12% of annualised specialty gross rent. Mini major tenants have been split across the relevant categories
3. Woolworths now excludes Endeavour Drinks (1.5% of gross rent)
4. Wesfarmers includes Kmart 2.3%, Bunnings 0.5% and Officeworks 0.2%
5. Other majors includes Aldi, Dan Murphys, Farmer Jacks and Grand Cinemas
6. At 30 June 2021

# FY21 HIGHLIGHTS



1. Net Profit After Tax is as per the Financial Report, for the year ended 30 June 2021 compared to the year ended 30 June 2020
2. FFO per unit is a non-IFRS measure, for the year ended 30 June 2021 compared to the year ended 30 June 2020. Final distribution of 6.70 cpu in respect of the six months ended 30 June 2021 will be paid on 31 August 2021. First half distribution of 5.70 cpu was paid on 29 January 2021. "cpu" stands for Cents Per Unit
3. At 30 June 2021, compared to 30 June 2020. 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. At 30 June 2021, compared to 30 June 2020
5. At 30 June 2021. The corresponding numbers at 30 June 2020 were weighted cost of debt of 3.5% and weighted average debt maturity of 5.1 years
6. At 30 June 2021. The corresponding numbers at 30 June 2020 were portfolio occupancy of 98.2% and specialty vacancy of 5.1%
7. At 30 June 2021. Weighted average capitalisation rate at 30 June 2020 was 6.51%
8. During the period we acquired Auburn Central (New South Wales) for \$129.5m, Bakewell Shopping Centre (Northern Territory) for \$33.0m, Bakewell petrol station (Northern Territory) for \$6.4m, vacant land adjacent to the Greenbank (Queensland) neighbourhood centre for \$10.0m, Cooloola Cove (Queensland) for \$18.6m, Katoomba Marketplace (New South Wales) for \$55.1m, Mt Isa (Queensland) for \$44.2m, Warnbro Fuel (Western Australia) for \$5.1m, Marketown East (New South Wales) for \$82.0m and Marketown West (New South Wales) for \$68.5m, excluding transaction costs.

# KEY ACHIEVEMENTS

## Strong rebound in second half of FY21

### OPTIMISING THE CORE BUSINESS

- Our convenience-based centres have benefited from the shift to shopping locally
  - Anchor tenants have experienced strong sales growth and turnover rent has increased
  - Specialty sales recovered quickly following the easing of restrictions
  - Strong rebound in leasing spreads in the second half
  - Cash collection rates returned to pre-pandemic levels by the end of the period
- We have continued to progress our sustainability program, including setting a Net Zero target for scope 1 and 2 carbon emissions by 2030
- COVID-19 negatively impacted some of our specialty tenants during FY21
  - We provided \$10.5m rental assistance to over 800 tenants
  - The impact of current restrictions in a number of States on the FY22 financial year is uncertain, however we expect specialty tenants to again rebound quickly once restrictions are eased

### GROWTH OPPORTUNITIES

- We contracted to acquire 9 convenience-based centres for \$574.2m in FY21
  - The acquisitions of seven centres for \$452.4m were completed during the period
  - In June 2021 we agreed terms to acquire two further centres being Drayton for \$34.3m and Raymond Terrace for \$87.5m. Settlement of both transactions occurred in July 2021
- Wind-up of SURF1 and SURF 2 completed during FY21 achieving an IRR of 11% and 12% respectively for unitholders since the funds commenced in 2015 and 2017 respectively

### CAPITAL MANAGEMENT

- Valuation uplift of \$409.4m (or 13.0%) for like-for-like properties during FY21
- Balance sheet remains in a strong position
  - Gearing of 31.3% is within our target range of 30-40%
  - Weighted average cost of debt is 2.4% with a weighted average term to maturity of 5.3 years
  - Cash and undrawn facilities of \$290.6m

### EARNINGS & DISTRIBUTIONS

- FY21 FFO per unit of 14.76 cpu represents an increase of 0.8% vs FY20
- FY21 Distributions of 12.40 cpu represents a decrease of (0.8)% vs FY20

# ACQUISITIONS IN FY21 AND FY22

	Centre Type	Acquisition Date	Anchor GLA (sqm)	Specialty GLA (sqm)	Total GLA (sqm)	Occupancy (% GLA)	Total Purchase Price (\$m)	Implied Fully Let Yield
<b>Acquired Properties</b>								
Bakewell Shopping Centre	Neighbourhood	Sep 2020	4,854	1,553	6,407	96%	33.0	7.2%
Bakewell Petrol Station		Dec 2020	n/a	n/a	n/a	100%	6.4	6.1%
Auburn Central	Neighbourhood	Dec 2020	5,437	8,090	13,527	95%	129.5	6.0%
Greenbank	Development	Dec 2020					10.0	
Katoomba Marketplace	Freestanding	Feb 2021	9,719	-	9,719	100%	55.1	5.6%
Cooloola Cove	Neighbourhood	Feb 2021	3,140	1,160	4,300	98%	18.6	5.7%
Warnbro Fuel		Apr 2021	n/a	n/a	n/a	100%	5.1	5.7%
Mt Isa	Neighbourhood	Apr 2021	7,879	1,806	9,685	97%	44.2	7.5%
Marketown East	Sub Regional	Jun 2021	11,677	5,127	16,804	95%	82.0	6.1%
Marketown West	Neighbourhood	Jun 2021	3,048	6,524	9,572	96%	68.5	5.8%
<b>FY21</b>			<b>45,754</b>	<b>24,260</b>	<b>70,014</b>	<b>97%</b>	<b>452.4</b>	<b>6.2%</b>
Raymond Terrace	Sub Regional	Jul 2021	10,892	3,944	14,836	98%	87.5	5.9%
Drayton Central	Neighbourhood	Jul 2021	3,521	1,496	5,017	100%	34.3	5.5%
Marian Vacant Lot		Jul 2021					0.8	
Moama Marketplace	Neighbourhood	Nov 2021	3,623	882	4,505	100%	23.4	4.9%
Woodford	Neighbourhood	Nov 2021	2,864	808	3,672	100%	17.4	5.1%
Warrnambool Target	Neighbourhood	Nov 2021	5,364	1,648	7,012	98%	12.8	11.3%
Delacombe Town Centre	Sub Regional	Nov 2021	11,350	7,679	19,029	97%	112.0	5.3%
Moggill Village *	Neighbourhood	Dec 2021	3,530	2,864	6,394	98%	54.5	5.0%
Marian Childcare Centre *		Dec 2021	753	-	753	100%	4.8	5.7%
<b>FY22</b>			<b>41,897</b>	<b>19,321</b>	<b>61,218</b>	<b>98%</b>	<b>347.5</b>	<b>5.6%</b>

\* Due to settle by December 2021

# FUNDS MANAGEMENT

## Successful conclusion of all SURF funds

- First fund “SURF 1” was launched in October 2015, and successfully sold the five properties, with the final return made in October 2020 (consistent with 5-year term set out in the PDS)
  - **Achieved an IRR of 11%**, with a performance fee to SCP of \$0.5m
- Second fund “SURF 2” launched in June 2017 with two properties, successfully sold its final property in February 2021, with the final return made in May 2021;
  - **Achieved an IRR of 12%**, with a performance fee to SCP of \$0.7m
- Third fund “SURF 3” launched in July 2018 four properties, successfully sold its final properties in November 2021, with final return to be made in the coming weeks;
  - **Achieved an approximate IRR of 11%**, with an approximate performance fee to SCP of \$0.3m



Moama Marketplace, NSW (SURF 3)



Warrnambool Target, VIC (SURF 3)



Woodford Woolworths, QLD (SURF 3)

# SUSTAINABILITY

We are targeting our efforts in six key areas where we can have maximum impact<sup>1</sup>



1. See our FY21 Sustainability Report for more information.

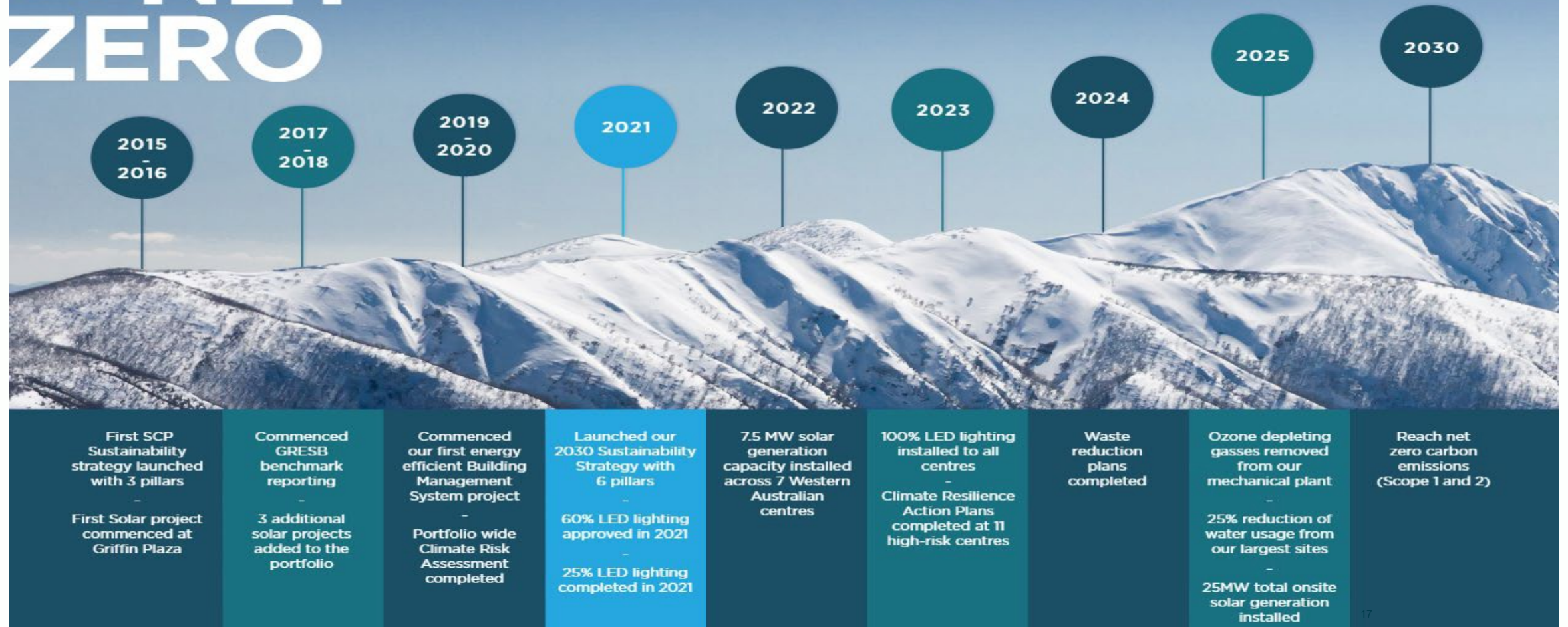


# OUR PATHWAY TO NET ZERO BY 2030<sup>1</sup>

## PATHWAY TO NET ZERO

Reaching net zero carbon emissions by 2030 is our major target that requires planning and commitment that includes being more energy efficient and increasing onsite renewable energy generation.

These goals are the next steps on our carbon reduction journey, which started back in 2015. The following timeline details our biggest positive actions so far, and the major steps developed as part of our new sustainability strategy.



1. Scope 1 and 2 carbon emissions only. See our FY21 Sustainability Report for more information.

## CORE STRATEGY UNCHANGED

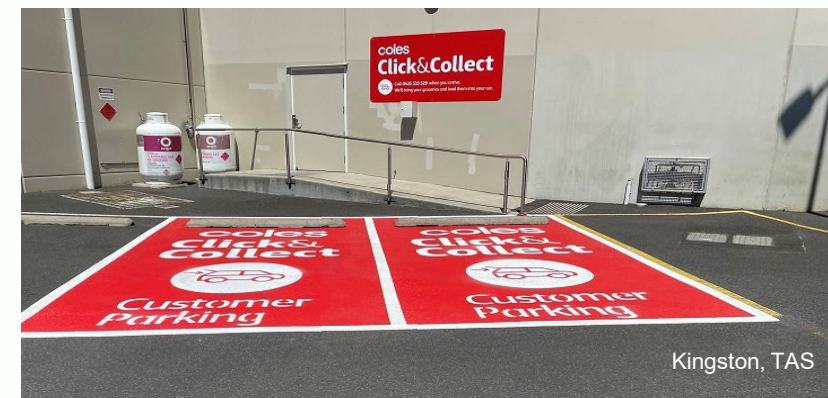
Defensive, resilient cashflows to support secure and growing long term distributions to our unitholders



# ONLINE RETAIL IMPLICATIONS

## Convenience based centres are becoming last mile logistics hubs

- Our centres are located within local communities, well suited for last mile logistics
- We believe the store-based fulfilment model will remain the predominant model for online grocery fulfilment in Australia due to relatively low population densities, large distances, established existing supply chains and high temperatures
- Woolworths and Coles are using our centres for last mile fulfilment, both pick up and home delivery
  - 70 supermarkets in our portfolio (or 75% of stores) now have dedicated click 'n collect bays
  - 2 supermarkets have drive-through for online pick up, with a further 14 planned for FY22
  - Many of our stores are also being used as logistics hubs for home deliveries to the local area
- Online sales are included in supermarket turnover rent calculations
  - Of our 93 Coles & Woolworths stores, three include only 50% of online sales
- Specialty tenants are increasingly using their stores in our centres to fulfil online orders in the local area



# KEY PRIORITIES AND OUTLOOK

“Love local, Shop local, Act local”

## OPTIMISING THE CORE BUSINESS

- Our focus continues to be:
  - Serving our local communities for their everyday needs
  - Partnering with our supermarket anchors to improve their online offer
  - Actively managing our centres to ensure that we have successful specialty tenants paying appropriate rents
  - Executing on our sustainability initiatives
- This will support our strategy of generating defensive, resilient cash flows to support secure and growing long term distributions to our unitholders

## GROWTH OPPORTUNITIES

- Continue to explore value-accretive acquisition opportunities consistent with our strategy and investment criteria
- Progress our identified development pipeline, including sustainability investments
- Consider further funds management opportunities

## CAPITAL MANAGEMENT

- 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
- Gearing to remain below 35% at this point in the cycle

## EARNINGS GUIDANCE

- FY22 AFFO per unit guidance and therefore distribution guidance of at least 15.0 cpu. For the first half of FY22 AFFO per unit will be at least 7.1 cents per unit and for the second half of FY22 will be at least 7.9 cpu. We will continue to target a Distribution payout ratio of approximately 100% of AFFO.

# FORMAL BUSINESS

**SCA** Property Group



Mt Isa QLD

# NOTICE OF MEETING



**OPEN POLL**

**SCA** Property  
Group

# FINANCIAL STATEMENTS AND REPORTS





# REMUNERATION REPORT



## RESOLUTION 1

Adoption of the Remuneration Report

To consider and, if thought fit, to pass the following resolution as a non-binding ordinary resolution:

*'That the Remuneration Report for the year ended 30 June 2021 be adopted.'*

*Voting exclusions apply*

# RESOLUTION 1

Voting proxy statistics

	For	Open	Against
Adoption of the Remuneration Report	712,865,547 93.21%	4,426,961 0.57%	47,540,999 6.22%

# ELECTION OF DIRECTORS



## RESOLUTION 2

Re-election of Executive Director – Mark Fleming

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*'That Mark Fleming, who retires and, being eligible, offers himself for re-election as a director of SCPRE, be re-elected as a director of SCPRE.'*

# RESOLUTION 2

Voting proxy statistics

	For	Open	Against
Re-election of Executive Director – Mark Fleming	764,071,548 98.53%	4,582,953 0.59%	6,842,962 0.88%

# EXECUTIVE INCENTIVE PLAN



## RESOLUTION 3

Issue of Short Term Incentive Rights under the Executive Incentive Plan to the Chief Executive Officer, Anthony Mellowes

To consider and, if thought fit, to pass the following as an ordinary resolution:

*'That for all purposes, including the purposes of ASX Listing Rule 10.14, approval be given for:*

- (a) the grant to the Chief Executive Officer of SCPRE, Anthony Mellowes, of 177,316 Rights as part of a short term incentive award under the Executive Incentive Plan; and*
- (b) the transfer or allocation of Stapled Units to Anthony Mellowes upon vesting of the Rights described in paragraph (a) of this resolution.'*

*Voting exclusions apply*



# RESOLUTION 3

Voting proxy statistics

	For	Open	Against
Issue of Short Term Incentive Rights under the Executive Incentive Plan to the Chief Executive Officer, Anthony Mellowes	751,180,113 98.15%	4,283,466 0.56%	9,888,706 1.29%

## RESOLUTION 4

Issue of Long Term Incentive Rights under the Executive Incentive Plan to the Chief Executive Officer, Anthony Mellowes

To consider and, if thought fit, to pass the following as an ordinary resolution:

*'That for all purposes, including the purposes of ASX Listing Rule 10.14, approval be given for:*

- (a) the grant to the Chief Executive Officer of SCPRE, Anthony Mellowes, of 474,744 Rights as part of a long term incentive award under the Executive Incentive Plan; and*
- (b) the transfer or allocation of Stapled Units to Anthony Mellowes upon vesting of the Rights described in paragraph (a) of this resolution.'*

*Voting exclusions apply*

# RESOLUTION 4

Voting proxy statistics

	For	Open	Against
Issue of Long Term Incentive Rights under the Executive Incentive Plan to the Chief Executive Officer, Anthony Mellowes	756,766,782 97.97%	4,259,399 0.55%	11,403,810 1.48%

## RESOLUTION 5

Issue of Short Term Incentive Rights under the Executive Incentive Plan to the Chief Financial Officer, Mark Fleming

To consider and, if thought fit, to pass the following as an ordinary resolution:

*'That for all purposes, including the purposes of ASX Listing Rule 10.14, approval be given for:*

- (a) the grant to the Chief Financial Officer of SCPRE, Mark Fleming, of 85,213 Rights as part of a short term incentive award under the Executive Incentive Plan; and*
- (b) the transfer or allocation of Stapled Units to Mark Fleming upon vesting of the Rights described in paragraph (a) of this resolution.'*

*Voting exclusions apply*

# RESOLUTION 5

Voting proxy statistics

	For	Open	Against
Issue of Short Term Incentive Rights under the Executive Incentive Plan to the Chief Financial Officer, Mark Fleming	750,927,745 98.11%	4,407,123 0.58%	10,036,979 1.31%

## RESOLUTION 6

Issue of Long Term Incentive Rights under the Executive Incentive Plan to the Chief Financial Officer, Mark Fleming

To consider and, if thought fit, to pass the following as an ordinary resolution:

*'That for all purposes, including the purposes of ASX Listing Rule 10.14, approval be given for:*

- (a) the grant to the Chief Financial Officer of SCPRE, Mark Fleming, of 244,853 Rights as part of a long term incentive award under the Executive Incentive Plan; and*
- (b) the transfer or allocation of Stapled Units to Mark Fleming upon vesting of the Rights described in paragraph (a) of this resolution.'*

*Voting exclusions apply*

# RESOLUTION 6

Voting proxy statistics

	For	Open	Against
Issue of Long Term Incentive Rights under the Executive Incentive Plan to the Chief Financial Officer, Mark Fleming	756,574,254 97.94%	4,420,384 0.58%	11,458,628 1.48%

**CLOSE OF POLL**

**SCA** Property  
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# GENERAL QUESTIONS

**SCA** Property  
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Lilydale, VIC

# MEETING CLOSE

Thank you

