

9 December 2021

ASX ANNOUNCEMENT

December 2021 Property Valuations

SCA Property Group (ASX: SCP) ("SCP") announces the results of its property valuations as at December 2021. The total value of SCP's Investment Properties has increased by \$656.4m, from \$4,000.0m as at June 2021 to \$4,656.4m as at December 2021.

In summary, this movement is comprised of the following:

- Valuation increase on like-for-like properties of \$384.0m (an increase of 9.7%);
- Eight acquisitions completed during the period totalling \$293.0m; and
- Disposals of \$20.6m, being Ballarat, VIC which has been contracted for sale at \$23.1m (June 2021 book value at \$20.6m) and expected to settle early next year.

Investment Property Portfolio Summary	\$m
June 2021 Portfolio Valuation	4,000.0
Add: Valuation increase 'like for like'	384.0
Add: Acquisitions completed during the period	293.0
Less: Properties Held for Sale during the period	(20.6)
December 2021 Portfolio Valuation	4,656.4

Valuation Weighted Average Capitalisation Rate	
June 2021: % Rate	5.90%
Cap Rate tightening	(0.49)%
December 2021: % Rate (excluding acquisitions)	5.41%
December 2021: % Rate (including acquisitions)	5.42%

30 properties from the like-for-like portfolio were valued externally over the period and make up \$113.4m of the total increase in valuation (an increase of 9.7%). The remaining 61 properties were internally valued and make up \$270.6m of the total increase in valuation (an increase of 9.6%). Details of portfolio movements, including a comparison of external and internal valuations, are set out in the next table.

Independent vs. Internal Valuations	
Independent Values:	
Number of Properties	30
% of portfolio book value	27.4%
Change in Valuation (\$m)	113.4
Change in WACR	(0.45)%
Internal Values:	
Number of Properties	61
% of portfolio book value	66.3%
Change in Valuation (\$m)	270.6
Change in WACR	(0.51)%
Total Like for Like:	
Number of Properties	91
Change in Valuation (\$m)	384.0
Change in WACR	(0.49)%
Acquisitions:	
Number of Acquired Properties	8
% of portfolio book value	6.3%
Cost of Acquisitions (\$m)	293.0
Valuation	293.0
Disposals:	
Add: gain/(loss) on assets transferred	2.5
Less: Assets transferred to Assets Held for Sale	(23.1)
Value of Disposed Properties	(20.6)
Total Portfolio:	
Number of Properties ¹	97
Change in Valuation (\$m)	656.4
Change in WACR	(0.48)%

1. Acquisitions, Marian vacant lot (\$0.8m) and Marian Child Care (\$4.8m), will be included as part of the existing Marian Neighbourhood asset for reporting purposes going forward. Therefore, they are included as an acquisition during the period (including in the cost of acquisitions during the period) but will be included as part of the Marian Neighbourhood asset at the end of the period.

The valuation increase on like-for-like properties is \$384.0m (an increase of 9.7%) due to:

- Capitalisation rate tightening of 49bps, from 5.90% at June 2021 to 5.41% at December 2021, due to ongoing transaction evidence of tighter yields in the market;
- Valuation Net Operating Income increase of \$1.2m (or 0.5%) from June 2021; and
- Discount rate compression of 50bps, from 6.63% at June 2021 to 6.13% at December 2021.

Acquisitions over the period comprise the following:

Asset	Acquisition Date	\$m	Cap Rate
Raymond Terrace, NSW	Jul 2021	87.5	5.75%
Drayton Central, QLD	Jul 2021	34.3	5.50%
Marian – Vacant Block	Jul 2021	0.8	n/a
Delacombe, VIC	Nov 21	112.0	5.13%
Moama, NSW	Nov 21	23.4	5.00%
Warrnambool Target, VIC	Nov 21	12.8	9.00%
Woodford, QLD	Nov 21	17.4	5.00%
Marian Child Care	Dec 2021	4.8	5.75%
Total		293.0	5.52%

The December 2021 property valuation numbers include the 7 assets that have been contracted to sell to the SCA Metro Convenience Shopping Centre Fund. These assets total \$284.5m at a weighted average capitalisation rate of 4.84%.

The impact of the valuations announced today on Net Tangible Assets (“NTA”) will also be affected by capital expenditure and transaction costs during the period and movements in other balance sheet items including the valuation of derivatives, however we expect that NTA as at 31 December 2021 will increase to approximately \$2.80 per unit (from \$2.52 as at 30 June 2021). Management Expense Ratio (“MER”) is expected to be less than 40 bps. Gearing adjusted for the sale of properties to SCA Metro Convenience Shopping Centre Fund will be below 30%.

In addition to the 97 properties, SCP has also entered into an agreement to acquire Moggill, QLD for \$54.5m at a cap rate of 5.00%. The timing of settlement of this transaction is uncertain, but this asset may settle prior to 31 December 2021.

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

ENDS

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