

23 June 2020

ASX ANNOUNCEMENT

June 2020 Property Valuations

SCA Property Group (ASX: SCP) (“SCP”) announces the results of its property valuations as at June 2020.

- The total value of our Investment Properties has decreased by \$94.6m (or 2.9%), from \$3,232.8m as at December 2019 to \$3,138.2m as at June 2020.
- The valuation decrease can be attributed to four main drivers being:
 - Capitalisation rate softening of 5bps from 6.46% at December 2019 to 6.51% at June 2020;
 - Valuation NOI decrease of \$2.6m or (-1.2%) from December 2019;
 - COVID-19 once off rent relief adjustments of \$27.4m; and
 - Discounted cash flow valuations adopting more conservative let-up assumptions and lower market rent growth.

There were no acquisitions, developments or disposals during the period.

Investment Property Portfolio Summary	\$m
December 2019 Portfolio Valuation	3,232.8
Less: Valuation Decrease	(94.6)
June 2020 Portfolio Valuation	3,138.2
Valuation Weighted Average Capitalisation Rate	
December 2019: % Rate	6.46%
June 2020: % Rate	6.51%

20 assets from the portfolio were valued externally and make up \$25.5m of the total decrease in valuation (decrease of 3.0%). The remaining 65 centres were internally valued and make up \$69.1m of the total decrease in valuation (decrease of 2.9%). Details of portfolio movements, including a comparison of independent and internal valuations, are set out in the next table.

Independent vs. Internal Valuations	
Independent Values:	
Number of Properties	20
% of portfolio book value	26%
Change in Valuation (\$m)	(25.5)
Change in WACR	0.10%
Internal Values:	
Number of Properties	65
% of portfolio book value	74%
Change in Valuation (\$m)	(69.1)
Change in WACR	0.03%
Total:	
Number of Properties	85
Change in Valuation (\$m)	(94.6)
Change in WACR	0.05%

Neighbourhood centre valuations decreased by 2.1% overall, while sub-regional centre valuations decreased by 5.2%. Cap rates for sub-regional centres softened by 10bps to 6.84% while neighbourhood centre cap rates softened by only 3bps to 6.39%. Valuation NOI declines and COVID-19 one-off rent relief adjustments were also greater for sub-regional centres than for neighbourhood centres.

The spread of Covid-19 has created heightened valuation uncertainty. As a result, the independent valuers have included a statement within their valuation reports highlighting a “material valuation uncertainty”. This statement serves as a precaution and does not invalidate the valuation, and does not mean that the valuation cannot be relied upon. Rather, it is intended to highlight that due to the current extraordinary circumstances, less certainty can be attached to the valuation than would otherwise be the case. We will deal with this increased uncertainty through enhanced disclosures in our financial statements to be released on or about 10 August 2020.

ENDS

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