

27 October 2020

ASX ANNOUNCEMENT

Trading Update and FY21 Guidance

SCA Property Group (ASX: SCP) ("SCP") has experienced generally improving trading conditions in the first quarter of the FY21 financial year, compared to the fourth quarter of the FY20 financial year. Excluding Victoria, tenant sales are growing strongly in most categories and rent collection rates are improving. Our balance sheet has been strengthened further, and we are well positioned to take advantage of acquisition opportunities over coming months. While considerable uncertainty remains in relation to the COVID-19 pandemic, we note the announcement by the Victorian government yesterday, and we are now in a position to provide some indicative guidance for FY21 earnings and distributions.

Tenant Sales

The sales performance of SCP's tenants has continued to improve over recent months. The comparable store sales growth by tenant category is set out in the table below.

Sales growth by tenant category (%)

	% of Gross Rental Income	MAT growth as at 30 June 2020	Q1 FY21 vs Q1 FY20			MAT growth as at 30 Sept 2020
			Victoria	Rest of Australia	Total Portfolio	
Supermarkets	40%	5.1%	16.7%	9.4%	10.5%	7.0%
DDS	8%	7.6%	(10.0)%	22.1%	14.1%	10.8%
Mini-Majors	7%	2.9%	(3.9)%	8.4%	6.6%	4.6%
Specialties	45%	(1.1)%	(28.0)%	6.9%	(0.1)%	(1.2)%
Total		4.2%	5.7%	9.7%	9.0%	5.9%

For the three months ended 30 September 2020 (Q1 FY21), the total portfolio generated strong sales growth of 9.0% compared to the corresponding period last year.

Victorian tenant sales growth has been impacted by government restrictions in that State. Many tenants have been forced to close, resulting in sales declines in the Discount Department Store, Mini-Major and Specialty categories. Victoria represents approximately 18% of our gross rental income.

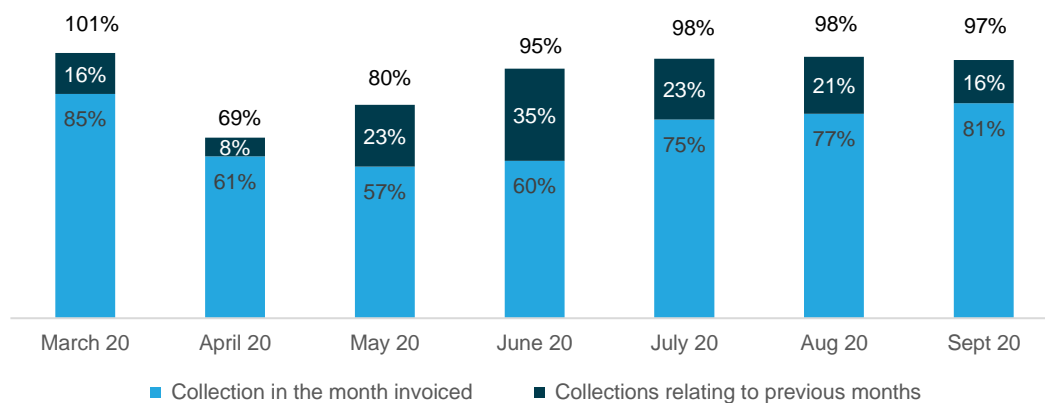
Outside of Victoria, sales growth continued to strengthen as government restrictions eased and the trend toward customers shopping locally continued. There are now only three specialty tenant categories experiencing sales declines compared to the same period last year, which are Apparel, Cafes/Restaurants and Hairdressing/Beauty.

Nationally, 92% of our tenants (by number) are open and trading, with 60% open and trading in Victoria and 99% open and trading in the rest of Australia.

Cash Collection Rates

SCP's cash collection rates are gradually improving, but are still below the pre-COVID level.

Cash collection as % of contracted gross rent



The cash collection rates are lower in Victoria than in the rest of the country due to the ongoing government restrictions in that State. In September 2020 the cash collection rate in the month invoiced in Victoria was 67% compared to 85% in the rest of Australia (81% for the total portfolio).

As at 30 June 2020 we had a receivable of \$22.3 million and an expected credit loss provision of \$15.3 million which implies that we expected to collect at least \$7.0 million of that receivable during FY21. As at 30 September 2020 we had collected \$10.4 million of that receivable.

It is unlikely that our cash collection rates will return to pre-COVID levels until the mandatory leasing Code of Conduct has ended. The current end dates for the Code of Conduct vary by State. In NSW, Victoria and Queensland the current end date is 31 December 2020, in South Australia the end date is 3 January 2021, in West Australia the end date is 28 March 2021 and in Tasmania the end date is 1 December 2020. The various State governments may choose to reduce or extend these dates.

Acquisitions

On 30 September 2020 we completed the acquisition of Bakewell NT for \$33 million (excluding transaction costs) representing an implied fully let yield of 7.2%. While cap rates for neighbourhood centres have compressed, we continue to assess a number of acquisition opportunities and remain confident of completing more acquisitions during FY21.

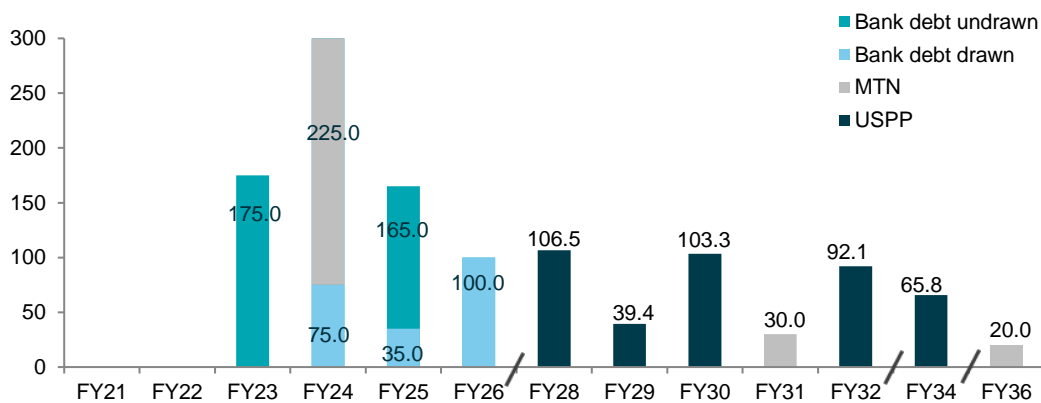
Capital Management

Since our full year results announcement on 10 August 2020 we have:

- Cancelled the \$50 million bilateral facility expiring in April 2022;
- Raised \$50 million in new A\$ Medium Term Notes, being \$30 million 10-year notes at a coupon of 3.25% and \$20 million 15-year notes at a coupon of 3.50%; and
- Repaid and cancelled the \$225 million A\$ MTN expiring in April 2021 at par (coupon was 3.75%).

As a result of the above, we currently have approximately \$340 million in undrawn debt facilities and no debt expiries until December 2022. Our current weighted average cost of debt is approximately 3.3%.

Debt Facilities Expiry Profile (\$m)



FY21 Guidance

On 10 August 2020, SCP released its full year FY20 results but did not give FY21 earnings or distributions guidance due to uncertainty created by the COVID-19 pandemic. Since that time the rates of COVID-19 infections have continued to reduce across the country, but considerable uncertainty remains both in relation to the virus and government restrictions and regulations in response to the virus, such as the Code of Conduct end date in each State and the roadmap and timing for the easing of restrictions in Victoria following yesterday's announcement.

Assuming that there are no further outbreaks of COVID-19 in Australia and 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 FY21 (six months ending 31 December 2020) will be in a range of 5.5 cpu to 5.7 cpu, and that the AFFO and DPU for the second half of FY21 (six months ending 30 June 2021) will be greater than the first half.

A further update will be provided at our annual general meeting on Wednesday 25 November 2020.

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.