SCA Property Group

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12 December 2017

Kwinana Marketplace, WA

SCP HISTORY

SCA Property Group

- SCP was created by Woolworths Limited and listed on the ASX in December 2012 to act as a landlord for a number of its shopping centres

- Woolworths Limited has no ownership in SCP

- Since listing, SCP has:
  - Acquired 36 neighbourhood shopping centres (including 19 Coles anchored centres) for over $900m in aggregate
  - Sold 29 freestanding centres for over $450m in aggregate
  - SCP total assets has grown from $1.3bn to $2.4bn
  - Market capitalisation of $0.8bn at listing has more than doubled to $1.75bn

RESTRUCTURED PORTFOLIO
High quality assets, geographically diverse

<u>As at 1 November 2017:</u>

76 Operating Properties

$2,389.3m Investment Properties Total Value

1,317 Specialty Tenants

98.4% Portfolio Occupancy

CORE STRATEGY

Defensive, resilient cashflows to support secure distributions

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Focus on convenience-based retail centres

Weighted to non-discretionary retail segments

Long leases to quality anchor tenants

Appropriate capital structure

Growth opportunities

CORE STRATEGY

Simple and effective

Core Business	Anchor Tenants	Every centre to be anchored by Woolworths, Coles or Aldi
	Specialty Tenants	Weighted to non-discretionary categories
	Property Expenses	Tight cost control
	Capital Management	Conservative
Growth Initiatives	Acquisitions	Convenience Neighbourhood Centres
	Developments	Low-risk only
	Fund Management	Freestanding retail assets for retail investors

Target Comp EPU growth of 1-3%

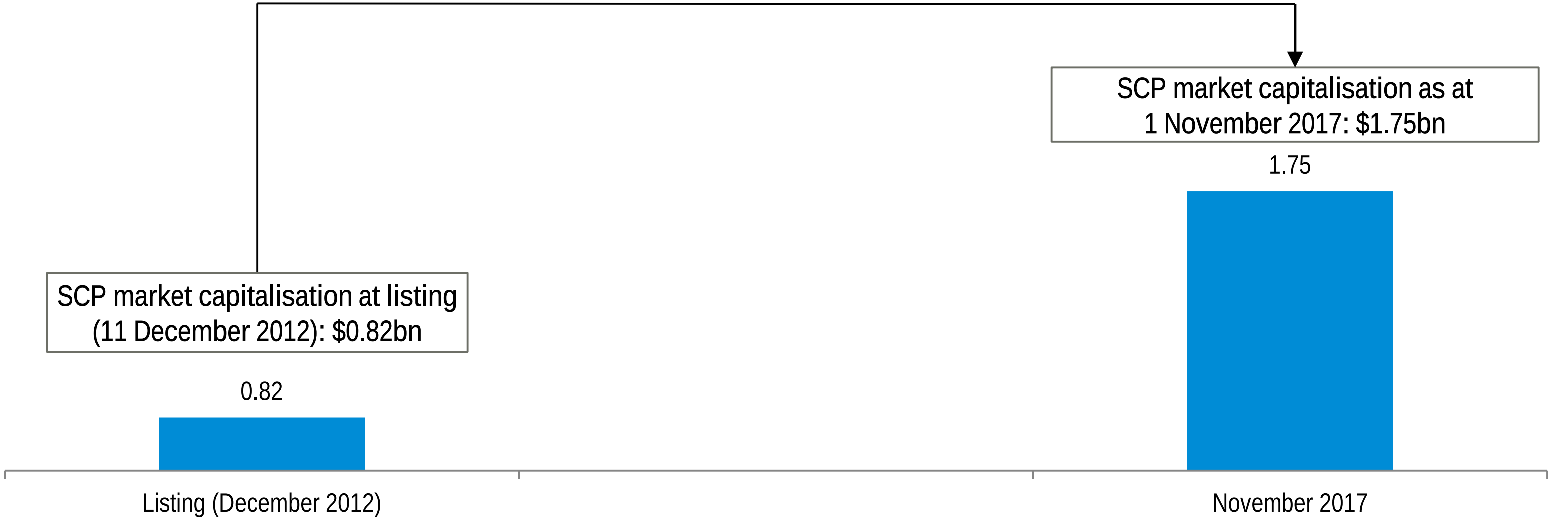
Target Non-Comp EPU growth of 1% +

Overall target FFO growth rate is 2-4% per annum

FIVE-YEAR PERFORMANCE

Market capitalisation has increased by 214% since listing

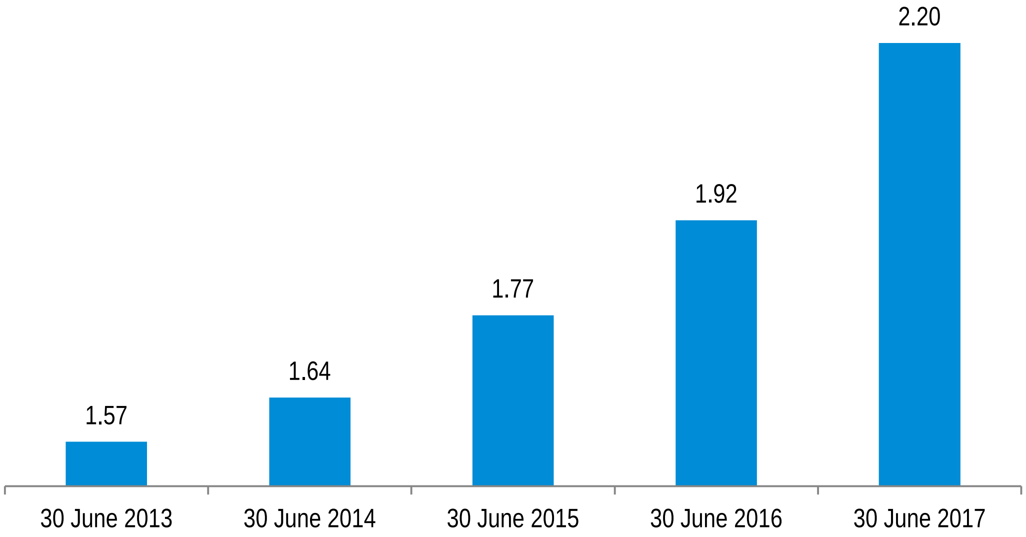
<u>Market capitalisation ($bn)</u>



FIVE-YEAR PERFORMANCE (CONT'D)

Net Tangible Assets per unit has consistently increased

<u>NTA per unit ($/unit)</u>

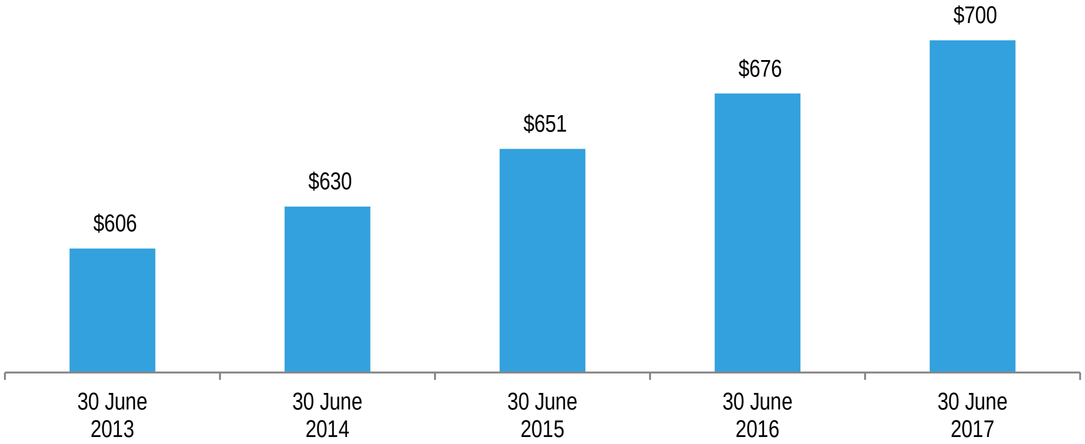


The underlying net tangible asset value per unit has increased by 39% since listing

FIVE-YEAR PERFORMANCE *(CONT'D)*

Average specialty rents have been increased

Average specialty rent/sqm ($/sqm)



The portfolio specialty rent per square metre has increased consistently over the last five years

FIVE-YEAR PERFORMANCE (CONT'D)

Portfolio occupancy has now normalised

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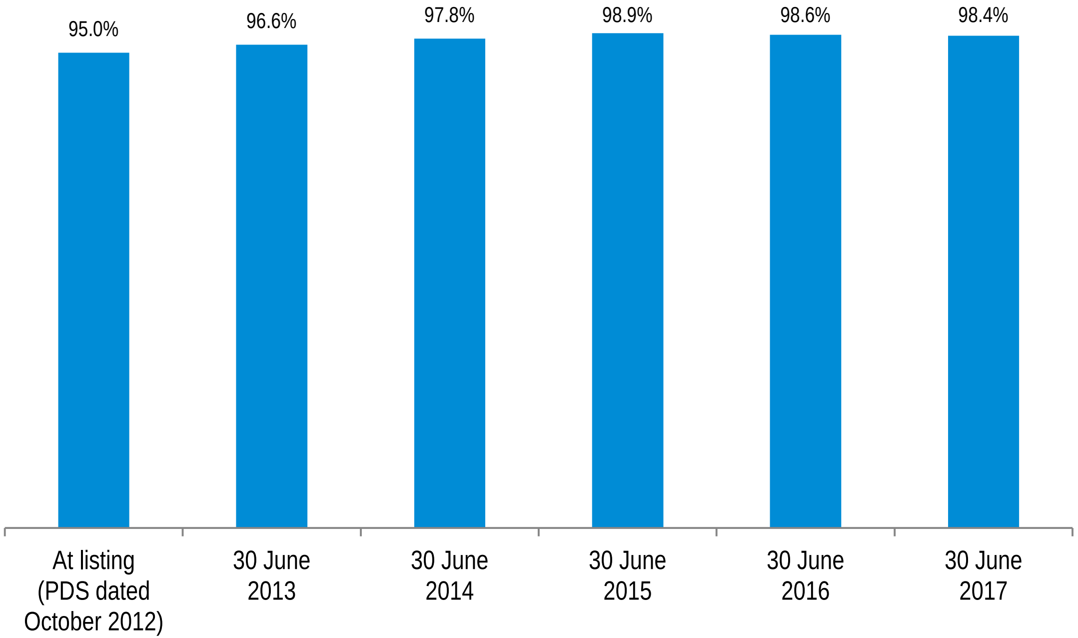
Portfolio occupancy (%)



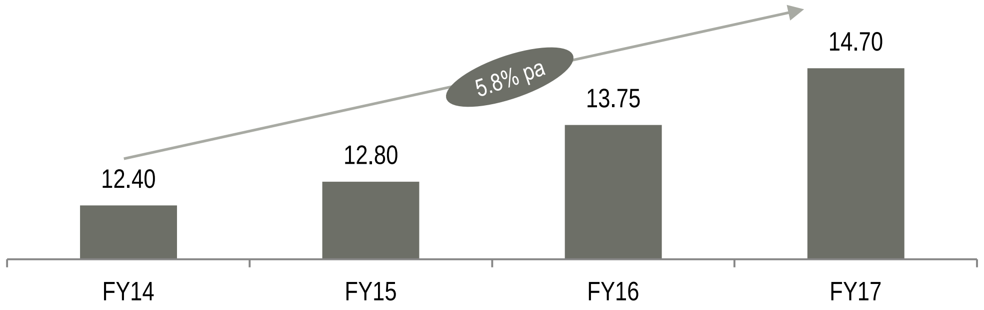
SCP successfully leased considerable specialty vacancies in our portfolio before the expiry of the Woolworths rent guarantee

FIVE-YEAR PERFORMANCE (CONT'D)

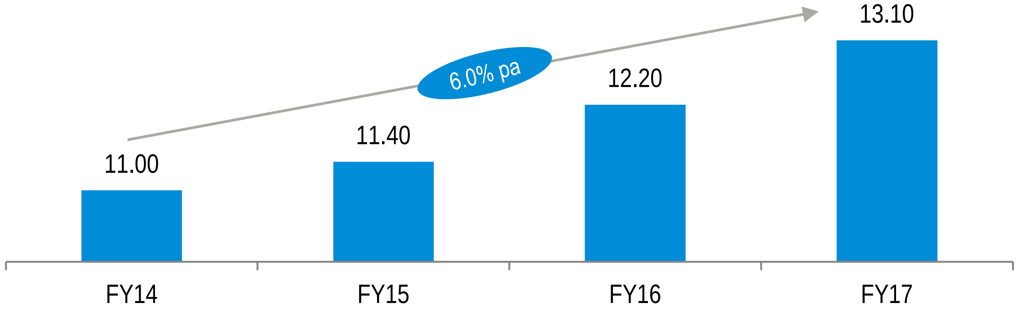
Earnings and Distributions to unitholders have consistently increased

Property Group

Consistent EPU growth (cents per unit)



Consistent DPU growth (cents per unit)

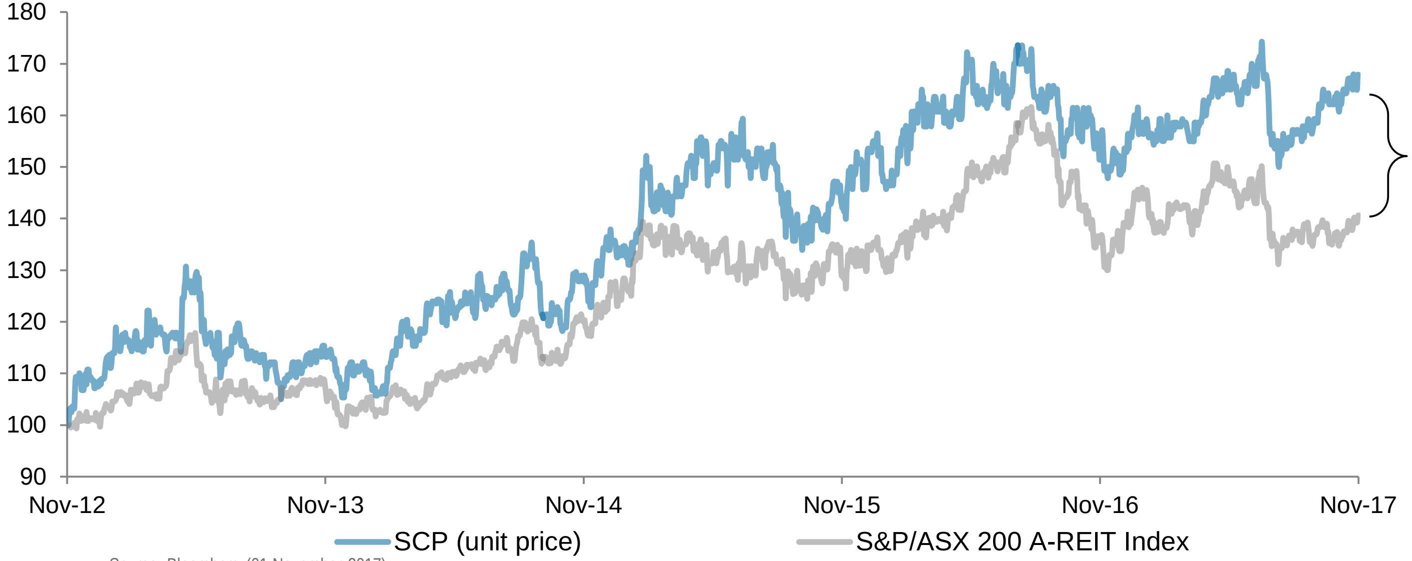


SCP has delivered consistent and growing earnings and distributions, with a compound annual growth rate of around 6% pa

FIVE-YEAR PERFORMANCE (CONT'D)

SCP has delivered an average Total Unitholder Return ("TSR") of 17.2% p.a.

	SCA Property Group (TSR)	S&P/ASX 200 A-REIT Accumulation Index
Return since listing (annualised)	**17.2% p.a.**	**12.8% p.a.**
Return since listing (total)	**119%**	**81%**



SCP's unit price has outperformed the ASX 200 AREIT Index by 27% since listing

Source: Bloomberg (01 November 2017)

CORE BUSINESS

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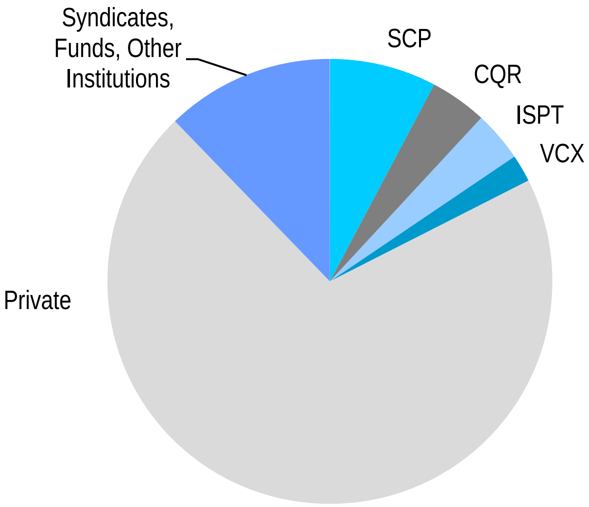
- Occupancy stabilised at 98.4%
- Strong sales growth being achieved by tenants:
  - Woolworths sales growth recovering
  - Specialty sales grew by 3.8% in the year to 30 June 2017
- Sustainable specialty rents averaging $700 per square metre, average occupancy cost of 9.7%, enabling average renewal uplifts of 7.0% in FY17
- Costs being managed, with electricity the biggest increase in FY18
- Comparable NOI growth of 3.0% in FY17, forecast to moderate to 2.6% in FY18

ACQUISITIONS

Active portfolio management

Ownership of Neighbourhood Centres in Australia (~850 centres)

Indicative



Acquisitions

- In core asset class of Australian neighbourhood shopping centres
- Acquired 36 Australian neighbourhood shopping centres for over $900m since listing in December 2012
- Investment return hurdle – must exceed 8.5% IRR

Divestments

- Non-core assets defined as freestanding or very small neighbourhood centres
- Divested 29 non-core centres in Australia for $450m
- Divested NZ portfolio for $255m

Source: Management estimates

DEVELOPMENTS PIPELINE

We have identified over $130m of development opportunities at 22 of our centres over the next 5 years[1]

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Development Strategy

- Low risk developments
- Brownfield (not greenfield) developments
- Mostly involves expansions of supermarkets
- Some developments involve new anchor tenants
- Some involve partnering with developers of new centres
- Indicative yield on cost to average c.7.0%, and IRR to exceed 8.5%

FUNDS MANAGEMENT BUSINESS

Potential to deliver additional earnings growth in the future

- SURF 1
  - First fund SURF 1 launched in October 2015 ($61m)
  - Distribution yield on initial investment > 8.0%
  - NTA per unit increased by 19% from $0.95 to $1.13 per unit
- SURF 2
  - SURF 2 launched in June 2017 ($55m)
  - Distribution yield on initial equity investment of 7%
  - Initial NTA per unit at $0.95
- SURF 3
  - SURF 3 expected to launch in Q4 FY18
  - Similar size and containing non-core assets acquired from SCP
  - Distribution yield expected to be ~7%

KEY PRIORITIES AND OUTLOOK

Continue to deliver on strategy in FY18

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Optimising the Core Business	• Increase specialty rent per sqm by optimising tenancy mix and achieving rental uplifts on renewals • Focus on managing expenses both at centres and corporate while maintaining appropriate standards
Growth Opportunities	• Continue to explore value-accretive acquisition opportunities consistent with our strategy and investment criteria • Progress our identified development pipeline – Kwinana (expected completion October 2017) and Bushland Beach (April 2018) • Launch our third retail fund ("SURF 3") in FY18
Earnings Guidance	• FY18 FFO per unit ("EPU") guidance of 15.1 cpu which is 2.7% increase on FY17 and DPU guidance of 13.7 cpu which is 4.6% increase on FY17