



Company	SCA Property Group (SCA)
Code	SCP
Meeting	AGM
Date	25 November 2020
Venue	Virtual (via Link Market Services)
Monitor	Lewis Gomes and Pamela Murray-Jones

Number attendees at meeting	11 unit holders, 3 proxy holders and 80 guests
Number of holdings represented by ASA	232
Value of proxies	\$5.50 million (based on 25 November unit price)
Number of shares represented by ASA	2,150,369 (13 th in Top 20 list of unit holders)
Market capitalisation	\$2.76 billion (based on 25 November unit price)
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	Yes, with Chairman Philip Marcus Clark and Deputy Chairman Steven Crane

A positive outlook for a post-Covid future

The meeting held virtually due to COVID-19 restriction was not without its problems. And it was no surprise to the Chairman that Resolution 6 seeking to change the constitutions to allow virtual meetings in future regardless of any regulatory relief offered by ASIC, attracted only 58.83% of cast votes and failed to be carried. He seemed to concur with the result while at the same time explaining the change was never meant as an endorsement of virtual AGMs over face to face meetings.

This was Mr Clark's 7th year as Chairman and the most extraordinary. In his opening address, he summarised the financial performance for FY20, the Group's responses to the pandemic, the capital raising and its rationale, and its conservative balance sheet. The message from both he and the CEO was that while the company had undoubtedly suffered both in terms of revenue and unit price, their focus on local shopping centres with supermarkets as the primary anchor tenants and an emphasis on attracting tenants in non-discretionary areas had paid off. As a result, SCA had suffered far less than many others in the industry.

The CEO, Anthony Mellows, provided some good news in terms of the recent recovery in rental collections and turnover during the September quarter. He advised that the interim distribution should be in the range of 5.5 to 5.7 cents per unit with a final distribution "greater than the interim one". He also spoke to SCA's efforts on sustainability initiatives, building stronger

communities and being a responsible investor and shopping centre owner. He noted several acquisitions in the current financial year as an indication of SCA's positive outlook for its strategy.

The Remuneration Report was addressed by Steven Crane as Chair of the Remuneration Committee. In order to align remuneration with unit holder experiences with the falling unit price and reduced final dividend, no STI awards were made for FY20 even though some personal targets had been met by executives.

Mr Crane advised that due to the impacts of COVID-19, the STI for FY21 would be split into two half years with metrics relating to Funds From Operations (FFO) and rent collections. No targets were advised but presumably with recovery underway, the second half targets will be higher than for the first half.

ASA's comment supporting the Report was read and there were several subsequent questions challenging the payment of short and long term "bonuses" when salaries were already "so high". In response, it was pointed out the share price had substantially recovered and units were trading at near pre-Covid levels.

The Remuneration Report was adopted with 98.62% in favour.

The re-election of Philip Marcus Clark, which he confirmed will be his last term as director, was passed with 98.67% in favour. The following two resolutions covering the awarding of Long Term Incentive Rights to Mr Mellows as CEO and Mr Fleming as CFO were carried by 98.57% .

Resolution 5 sought ratification of the prior issue of stapled units arising from the capital raising conducted in April and May. While this was an unremarkable resolution and one that is commonly put forward by most companies after a capital raising, it attracted a 6% vote against it. Interestingly, over 30% of ASA members who allocated their proxies to the ASA chose to abstain. Nevertheless, it was overwhelmingly carried with 94% in favour.

Mr Clark has always been gracious in his role as Chairman. Among his remarks, he noted the departure of Phil Redmond as a Non-Executive Director and thanked him for his service and advised of the appointment of Steven Crane as Deputy Chairman and acknowledged his support during a difficult period. He also recognised the work of ASA in representing retail shareholder interests. He closed his address on a positive note remarking on the resilience of SCA's neighbourhood shopping centres during the pandemic.