



Moving forward after COVID-19 with a considered and responsible focus

Company/ASX Code	SCA Property Group (SCP)
AGM date	Wednesday 23 November, 2022
Time and location	2.00 pm - The Grand Ballroom, Shangri-La Hotel, 176 Cumberland Street, The Rocks Sydney
Registry	Link Market Services
Type of meeting	Hybrid
Poll or show of hands	Poll on all items
Monitor	Keith Ready and Lewis Gomes
Pre AGM-Meeting	Steven Crane - Chair Elect and Angus James - Chair of Remuneration Committee

One of the individuals (or their associates) involved in the preparation of this voting intention has a security holding in this company.

Key Points on Performance Metrics for FY22

- Statutory profit after tax of \$487.1M (5.2% increase on the prior year)
- Increase in Funds from Operations (FFO) of \$33.7M to \$192.7M (21.2% increase on the prior year) with FFO per unit being 17.40 cents
- FY22 distribution of 15.2 cents per unit (22.6% increase on the prior year)
- Net Tangible Assets (NTA) of \$2.81 per unit (11.5% increase on the prior year)
- Management Expense Ratio (MER%) - 0.38% (7.3% decrease on the prior year)

Comments

Overall, the portfolio of convenience-based shopping centres' performance is strengthening after the COVID challenges over the last couple years, noting the tenant sales overall were 10% above pre-COVID levels.

The board and senior management are now focused on revenue and profit growth across of the centres. Looking to the year ahead it was acknowledged that interest rates and inflation will challenge the business, however, the supermarkets and non-discretionary categories are expected to trade well.

Online sales will cause a gradual shift from in-store purchasing, however, 100% of the online sales from this area are part of the turnover for Woolworths and Coles in 86 of the 92 centres with 4 including 50% of online sales.

There is an ongoing focus to acquire additional centres as part of the SCA Metro Fund partnership with an affiliate of Singapore based GIC partnership with the initial six centres seeded from SCP and a seventh recently purchased in Beecroft, Sydney. It was noted that trading in neighbourhood shopping centres has reduced due to recent increases in interest rates and some uncertainties in

the economic outlook. It was noted that great care will be taken in acquiring additional centres that will provide appropriate returns and warrant the investment.

The board is undergoing a refresh with the retirement of the chair Philip Marcus Clark, who has guided the board and company over the last 10 years. Steven Crane is the Chair elect and two new directors joined the board in 2021/22 and are up for election at the forthcoming AGM. Currently the board is well advanced in recruiting an additional director which we understand has a depth of experience in the retail sector.

The ASA is pleased to see that the greater majority of directors hold shares in excess of the value of their individual remuneration. It is expected that for one director it will be their last year having reached 10 years of service and as at 1 December 2022, gender diversity of the board will be 40% female and 60% male.

Sustainability Highlights for 2022

- Investment of \$11.0 million in solar capacity primarily in WA Centres
- Investment of \$1.1 million in LED lighting upgrades
- Investment of \$5.4 million toward eliminating ozone-depleting R22 Gases
- A detailed FY 22 Progress Update can be reviewed on Pages 36 and 37 of the Annual Report

Proposed Voting Summary

No.	Resolution description	
1	Adoption of Remuneration Report	For
2	Re-election of Independent Director - Steven Crane	For
3	Re-election of Independent Director - Belinda Robson	For
4	Re-election of Independent Director - Beth Laughton	For
5	Election of Independent Director – Angus Gordon Charnock James	For
6	Election of Independent Director – Michael Graeme Herring	For
7	Approval of issues under Executive Incentive Plan	For
8	Issue of Short-Term Incentive Rights under the Executive Incentive Plan to the Chief Executive Officer - Anthony Mellowes	For
9	Issue of Long-Term Incentive Rights under the Executive Incentive Plan to the Chief Executive Officer - Anthony Mellowes	For
10	Issue of Short-Term Incentive Rights under the Executive Incentive Plan to the Chief Operating Officer – Mark Fleming	For
11	Issue of Long-Term Incentive Rights under the Executive Incentive Plan to the Chief Operating Officer – Mark Fleming	For
12	Increase in Aggregate Non-Executive Director Fee Pool from \$1,300,000 to \$1,600,000	For

Financial Summary

Item (as at FYE)	2022	2021	2020	2019	2018
NPAT (\$m) ¹	487.1	462.9	85.5	109.6	175.2
FFO (\$m)	192.7	159.0	140.8	141.8	114.3
Security price (\$)	2.75	2.52	2.18	2.39	2.45
Distribution (cents)	15.2	12.4	12.5	14.7	13.9
TSR (%)	15.2	5.84	(4.1)	3.6	18.4
FFO per unit (cents)	17.40	14.76	14.65	16.33	15.30
CEO total remuneration, actual (\$m)	2.025	2.37	2.34	2.94	2.00

1.includes significant items

Resolutions

1. Adoption of the Remuneration Report

Details of the remuneration framework for FY23 are presented in Appendix 1 and are largely unchanged from previous years other than adjustments to the STI and LTI percentage multipliers of the Fixed Remuneration (FR) for the two executive directors.

In July 2022, SCP announced that the CFO, Mark Fleming, had been appointed as Chief Operating Officer (COO) and Head of Funds Management and Strategy effective 1 September 2022. This promotion is reflected in the increase in his FR of 4.76% along with increases in his STI and LTI percentage multipliers of FR. The CEO had an increase of 3.00% in his FR with no changes to his STI and LTI percentages of FR.

2. Re-election of Steven Crane

Steven Crane has served as a Non-Executive Director since December 2018 and as Deputy Chair, Chair of the Remuneration Committee and currently the Chair Elect. He has held a number of other positions unrelated to the Group including Chair of the Taronga Conservation Society (2010-2021), Non-Executive Director of Bank of Queensland (2008-2015) and Non-Executive Director of Transfield Services (2008 2015). He has no other NED roles with ASX listed companies.

3. Re-election of Belinda Robson

Belinda Robson has served as a Non-Executive Director since September 2012 and is Chair of the Investment Committee, a member of the Remuneration Committee, Nomination Committee and Audit, Risk Management and Compliance Committee. She has a background in real estate funds management and worked for over 30 years with the Lendlease Group.

4. Re-election of Beth Laughton

Beth Laughton has served as a Non-Executive Director since December 2018 and is Chair of the Audit, Risk Management and Compliance Committee and a member of the Remuneration Committee and Nomination Committee. She has a background in audit work for (what is now) KPMG, mergers and acquisitions, valuations and capital markets. Ms Laughton is also currently a director of JB-HiFi Limited.

5. Election of Angus Gordon Charnock James

Angus James was appointed to the board in December 2021 and is a member of Investment Committee, Risk Management and Compliance Committee and Chair of the Remuneration Committee. He has over 30 years of finance experience and is currently CEO of Aquasia Pty Limited, an independent corporate advisory and funds management business based in Sydney. Prior to establishing Aquasia in 2009, Mr James was the Chief Executive of ABN AMRO Australia and New Zealand and a member of its Asian management team which oversaw all of ABN AMRO's retail, wholesale, investment banking and asset management businesses in 17 countries throughout Asia Pacific. Mr James was also previously a Director of the Business Council of Australia, the Australian Curriculum, Assessment and Reporting Authority and Deputy Chair of the Australian Chamber Orchestra.

6. Election of Michael Graeme Herring

Michael Herring was appointed to the board in August 2022. He has as over 30 years in the legal and financial services industries, most recently as the General Counsel of Macquarie Group and formerly the Head of Financial Institutions Group at Macquarie Capital. Prior to joining Macquarie Group, Mr Herring was a managing partner of Mallesons Stephen Jaques.

7. Approval of issues of Executive Incentive Plan

The resolution is primarily a procedural matter which seeks unitholder approval for the grant of rights and the issue of securities under the Executive Incentive Plan. Unitholder approval was previously obtained on 20 November 2019 for the establishment of the Executive Incentive Plan. Since that time, the following securities have been issued under the Executive Incentive Plan:

262,529 STI Rights

2,372,192 LTI Rights

1,538,012 Stapled Units, issued on vesting of various rights under the Executive Incentive Plan.

With the approval of the resolution is the board proposes to make further grants under the Executive Incentive Plan over the next three years. The maximum number of rights proposed to be issued under the Executive Incentive Plan within the three-year period is 10,200,000, however, this is an estimate only so as to illustrate a maximum. It is not envisaged that 10,200,000 rights will be issued immediately and, as at the date of this Notice, SCPRE does not intend to issue that quantum of Rights under the Executive Incentive Plan.

8. Issue of Short-Term Incentive Rights under the Executive Incentive Plan to the Chief Executive Officer - Anthony Mellowes

The resolution seeks unitholder approval for the grant to the CEO, Anthony Mellowes, of a maximum of 198,680 STI Rights as part of a short-term incentive award for FY22 together with a number of stapled units calculated by reference to the distributions announced by SCP during the vesting period. The number of STI Rights is calculated from 50% of the Actual STI being 96.5% of the STI Max (being 110% of the FR for FY22) divided by the 5 day VWAP of \$2.8183 on the date of the release of the FY22 financial results (16 August 2022).

9. Issue of Long-Term Incentive Rights under the Executive Incentive Plan to the Chief Executive Officer - Anthony Mellowes

The resolution seeks unitholder approval for the grant to the CEO, Anthony Mellowes, of a maximum of 462,683 LTI Rights as part of a long term incentive award for FY23 together with an additional number of stapled units calculated by reference to the distributions announced by SCP during the vesting period. The number of LTI Rights is calculated from the LTI Maximum

Opportunity (being 120% of his FY23 FR) divided by the 5 day VWAP of \$2.8183 on 16 August 2022.

10. Issue of Short-Term Incentive Rights under the Executive Incentive Plan to the Chief Operating Officer – Mark Fleming

The resolution seeks unitholder approval for the grant to the COO, Mark Fleming, of a maximum of 99,365 STI Rights as part of a short-term incentive award for FY22 together with an additional number of stapled units calculated by reference to the distributions announced by SCP during the vesting period. The number of STI Rights is calculated from 50% of the Actual STI being 96.5% of the STI Max (being 80% of the FR for FY22) divided by the 5 day VWAP of \$2.8183 on the date of the release of the FY22 financial results (16 August 2022).

11. Issue of Long-Term Incentive Rights under the Executive Incentive Plan to the Chief Operating Officer – Mark Fleming

The resolution seeks unitholder approval for the grant to the Chief Operating Officer, Mark Fleming, of a maximum of 269,666 LTI Rights as part of a long term incentive award for FY23 together with an additional number of stapled units calculated by reference to the distributions announced by SCP during the vesting period. The number of LTI Rights is calculated from the LTI Maximum Opportunity (being 100% of his FY23 FR) divided by the 5 day VWAP of \$2.8183 on 16 August 2022.

12. Increase in Aggregate Non-Executive Director Fee Pool from \$1,300,000 to \$1,600,000

This resolution seeks to increase the Non-Executive Director Fee Pool from \$1,300,000 to \$1,600,000 noting that there has been no increase in this pool since 2012 and the directors fees will only increase 2.5% for the year ahead. It is also expected that FY23 the board will increase to 6 Non-Executive Directors.

The ASA will vote all undirected proxies in favour of all 12 resolutions as per the proposed voting summary.

Appendix 1

Remuneration framework detail

CEO Remuneration Framework FY23

Rem component	Target \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	1.086	33.0	1.086	30.2
STI - Cash	0.448	13.6	0.598	16.7
STI - Equity	0.448	13.6	0.598	16.7
LTI	1.304	39.8	1.304	36.4
Total	3.286	100.0	3.586	100.0

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan. Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting.

Details of the remuneration framework for the CEO and COO are presented in the Notice of Meeting – Annexure B for STI Rights and Annexure C for LTI Rights and in the Remuneration Report contained within the Annual Report. STI awards are assessed 80% against financial metrics and 20% against personal performance, with 50% being granted in cash and the other 50% being in the form of rights deferred for one year. LTI rights are tested against two performance hurdles being relative TSR (60%) and AFFOPU (40%) over a 3 year period followed by a one year deferral period.

ASA Disclaimer

This document has been prepared by the Australian Shareholders Association Limited ABN 40 000 625 669 ("ASA"). It is not a disclosure document, it does not constitute investment or legal advice and it does not take into account any person's particular investment objectives. The statements and information contained in this document are not intended to represent recommendations of a particular course of action to any particular person. Readers should obtain their own independent investment and legal advice in relation to the matters contemplated by this document. To the fullest extent permitted by law, neither ASA nor any of its officers, directors, employees, contractors, agents or related bodies corporate:

- makes any representations, warranties or guarantees (express or implied) as to the accuracy, reliability, completeness or fitness for purpose of any statements or information contained in this document; or*
- shall have any liability (whether in contract, by reason of negligence or negligent misstatement or otherwise) for any statements or information contained in, or omissions from this document; nor for any person's acts or omissions undertaken or made in reliance of any such statements, information or omissions.*

This document may contain forward looking statements. Such statements are predictions only and are subject to uncertainties. Given these uncertainties, readers are cautioned not to place reliance on any such statements. Any such statements speak only to the date of issue of this document and ASA disclaims any obligation to disseminate any updates or revisions to any such statements to reflect changed expectations or circumstances.