

SCA goes on maiden shopping spree

By Liz Jordan 14/06/2013 03:36:00



WOOLWORTHS spin-off trust SCA Property Group (ASX: SCP) has purchased seven neighbourhood shopping centres, mostly in Victoria, for \$135.8 million, its first major portfolio acquisition since listing late last year.

The assets – six in Victoria and one in Queensland – were acquired off-market from a private investment consortium, with transaction value reflecting an initial yield of 7.7%.

The acquisition will be partly funded by a fully underwritten \$90 million institutional placement at \$1.58 per unit – a 3.1% discount to Wednesday's closing price – and drawing on existing debt facilities. The equity raising reflects a forecast 8.0% earnings per security yield and 7.1% distributions per unit yield for FY14.

As a result, SCP has increased its earnings and distribution guidance for FY14, by 3.4% to 12.2 cents for Distributable Earnings per unit and by 3.8% to 10.8 cents for its distribution per unit.

SCP is the latest property company to raise capital following Cromwell Property Group's \$250 million and Stockland's \$400 million from institutional investors and \$100 million from retail securityholders.

The acquisition and offer are expected to be around 1.0% accretive to SCP's FY14 distributable earnings, and to have to have a "minimal" impact on SCP's gearing and NTA per unit.

SCP's CEO Anthony Mellowes said the acquisition was in line with its objective of investing in non-discretionary based shopping centres with long-term leases to quality anchor tenants.

"(The) acquisition introduces a number of more mature assets into SCP's portfolio and diversifies SCP's portfolio by tenant composition, including the introduction of Wesfarmers Group as a tenant.

"The assets complimented the group's existing portfolio, introducing a number of more mature assets, which should grow the combined portfolio's income. All centres in the portfolio are located in strong catchment area and benefit from long-term leases to either Woolworths Limited or Wesfarmers Group," he added.

The portfolio comprises the Victorian assets Langwarrin Plaza, Langwarrin; Alfred Square Shopping Centre, Ballarat; Drouin Shopping Centre, Drouin; Ocean Grove Marketplace, Ocean Grove; Target Centre, Warrnambool; and Wundham Vale Square Shopping Centre, Wyndham Vale, as well as Burdekin Plaza Shopping Centre in Ayr, Queensland.

Of those, four are anchored by Woolworths, with the remainder by Big W and Dan Murphy's, Coles and Target respectively.

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