

SCA UNLISTED RETAIL FUND 3 (SURF 3)

SURF 3 provides investors with an investment in an unlisted property fund with a portfolio of three properties anchored by long term leases to Woolworths and one anchored by Target Australia.

Quarterly Update as at 31 March 2020

The following information has been prepared for SURF 3 for the purposes of ASIC Regulatory Guide 46.

Disclosure Principle

Outcome/Comment (as at 31 December 2019 or for the period ended 31 December 2019).

Gearing Ratio³

Gearing of SURF 3 was 43.5%. This is less than the required maximum of 55% and the maximum of 50% to make a distribution or additional drawdowns. Gearing also indicates the extent to which SURF 3's assets are funded by interest bearing liabilities.

Interest Cover Ratio (ICR)³

ICR was 3.88 times. This is greater than the required minimum of 1.75 times. ICR measures the ability of SURF 3 to service interest expense.

Interest Capitalisation Policy

SURF 3 does not capitalise interest.

SURF 3 Borrowing

SURF 3's borrowings are \$25.4m which is less than the facility limit \$28.95m.

Portfolio Diversification

SURF 3 properties are listed including key metrics. SURF 3's valuation policy includes all properties to be valued every 6 months. The December 2019 valuations are outlined in this report.

Related Party Transactions

Related party transactions have been disclosed in the PDS dated April 2018 and the financial statements for the period ended 30 June 2019. These are available on line at www.scaproperty.com.au/unlisted/surf3.

Distribution Practices

Distributions are paid with cash from operations. It is anticipated that distributions will continue to be funded by cash from operations.

Withdrawal Practices

Investors are unable to redeem their units. Subject to conditions, investors may privately arrange to transfer their units to third parties at any time using an off market transfer form. Please contact the registry for further information.

Net Tangible Assets (NTA)

NTA is \$0.92

COVID-19 Pandemic and Capital Management

The market disruption caused by COVID-19 has been extreme and it is impossible to predict when market disruption will end.

The Fund's shopping centres remain resilient with 72.7% of income continuing to be generated from the Fund's anchor tenants, Woolworths Group Limited and Target Australia Pty Ltd. The Fund's specialty tenants have been impacted by State and Federal Government mandated closures which will impact the Fund's revenue. Additionally, there is a material risk that deterioration in the broader property market may cause a "flow on effect" and place pressure on the Fund's debt covenants. For this reason, the Fund Manager has recommended that the Board suspend distributions until the market becomes more certain.

Management fees have also been deferred.

Whilst we regret having to make this decision, the Fund Manager and the Board are firmly of the view that the current crisis requires immediate action to strengthen the Fund's balance sheet.

The Board is continuing to monitor market conditions.

Highlights include:

| | Actual/Forecast | Same Period FY19 |
|--|------------------------|----------------------|
| FY20 third quarter distribution cents per unit (cpu) | Suspended ⁵ | 1.775 |
| FY20 annualised forecast distribution yield (based on Issue Price of \$1.00) | Suspended ⁵ | 7.10% |
| Property valuation (as at 31 December 2019) | \$58.4m | \$59.4m ⁴ |
| Net tangible assets per unit (as at 31 December 2019) | \$0.92 | \$0.95 ⁴ |

SURF 3 Property Valuation

| | State | Tenants | Occupancy ¹ | Capitalisation Rate Dec'19 | Valuation Dec'19 \$'m |
|--------------------|-------|---------|------------------------|----------------------------|-----------------------|
| Moama Marketplace | NSW | 7 | 99.3% | 7.00% | 14.4 |
| Swansea Woolworths | NSW | 3 | 96.5% | 6.00% | 15.6 |
| Warrnambool Target | VIC | 9 | 96.4% | 9.00% | 15.0 |
| Woodford Village | QLD | 5 | 99.8% | 6.25% | 13.4 |
| Total | | | 97.9% | 7.07% ² | 58.4 |

1. Excludes rental guarantee of \$173,000 which expires 30 June 2020. This is expected to be fully utilised.

2. Weighted average property capitalisation rate.

3. Gearing and ICR are measured in accordance with the definitions within the Finance Agreement between SURF 3 and the debt provider. Required maximum gearing and minimum ICR are also in accordance with the Finance Agreement.

4. As at 31 December 2018.

5. Distribution paid for FY20 year to date totals 3.55cents per unit.

CONTACT OUR REGISTRY

Contact our registry, Boardroom Limited, for enquiries regarding your accounts details, banking instructions, distribution payment notices or changing your address or contact details.

Contact Details - Investor Services:

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SURF 3 ARSN 623 821 689, Responsible entity and issuer: SCA Unlisted Retail Fund RE Limited, ACN 604 416 284, AFSL 473 459. SCA Unlisted Retail Fund RE Limited is a wholly owned subsidiary of the Shopping Centres Australasia Property Group. Shopping Centres Australasia Property Group comprises the Shopping Centres Australasia Property Management Trust (ARSN 160 612 626) and Shopping Centres Australasia Property Retail Trust (ARSN 160 612 788).

Important Information: This document has been prepared by and issued by SCA Unlisted Retail Fund RE Limited (ACN 604 416 284, AFSL 473 459) (SURF RE) for general information purposes only. It does not take into account your investment objectives, financial situation, or your particular needs. We recommend that before an investment decision is made you should consult your financial or other professional advisor. Entities which are part of the SCA Property Group do not receive fees in respect of general financial advice they may provide, however they will receive fees from SURF 3. These fees are detailed in the Product Disclosure Statement (PDS) for SURF 3 dated April 2018. The PDS and this document contain information which may include statements that include or consider forward looking statements. Forward statements are subject to known and unknown risk which may cause the actual results or performance of SURF 3 to differ materially from this expressed or implied.