



Dear SURF 2 Investor

**Important SURF 2 Update dated 21 May 2020**

Important Information for SURF 2 Investors

We are pleased to announce that we have recently exchanged contracts to sell the SURF 2 Mittagong property for \$9.7m. We believe that this is a positive result in these uncertain times as the sale is in line with the December 2019 book value. This sale is expected to complete by the end of June 2020. The majority of the sale proceeds will be used to repay debt and accordingly the gearing on the SURF 2 fund will decrease from 47% at December 2019 to approximately 38% on a like for like basis. This may vary slightly dependent upon the valuation of Katoomba at 30 June 2020.

As you are aware the SURF 2 distribution for the quarter ended March 2020 was suspended, however based on the sale of Mittagong and the reduction of debt, the Board expects that distributions for SURF 2 will be reinstated once the proceeds have been received. The next distribution for the quarter ended June 2020 is scheduled to be paid in late July 2020 and we anticipate also reinstating and including the payment of the suspended distribution for the quarter ended March 2020, with that payment, of course subject to the satisfactory completion of the Mittagong sale.

An update will be made to the SURF 2 website at <https://www.scasurf.com.au/surf2/> in June 2020 on this matter.

Thank you for investing in SURF 2.