

## Quarterly Update as at 30 September 2020

The following information has been prepared for SURF 2 for the purposes of ASIC Regulatory Guide 46.

### Disclosure Principle

Outcome/Comment (as at 30 June 2020 or for the 12-month period ended 30 June 2020).

### Gearing Ratio<sup>1</sup>

Gearing of SURF 2 was 35.1%. This is less than the required maximum of 55%. Gearing also indicates the extent to which SURF 2's assets are funded by interest bearing liabilities.

### Interest Cover Ratio (ICR)

ICR was 3.54 times. This is greater than the required minimum of 1.75 times. ICR measures the ability of SURF 2 to service interest expense.

### Interest Capitalisation Policy

SURF 2 does not capitalise interest.

### SURF 2 Borrowing

SURF 2's borrowings are \$16.5m which is less than the facility limit of \$18.1m.

### Portfolio Diversification

The SURF 2 property including key metrics is included within. This includes that SURF 2's remaining property, Katoomba Marketplace, has a single tenant (Woolworths Limited). SURF 2's valuation policy includes each property to be valued every 6 months. The June 2020 valuation is outlined in this report.

### Related Party Transactions

Related party transactions have been disclosed in the PDS dated 19 April 2017 and in the financial statements for the year ended 30 June 2020. These are available on line at [www.scaproperty.com.au/unlisted/surf2](http://www.scaproperty.com.au/unlisted/surf2).

### 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 \$0.99

## Resumption of Distributions

Following the sale of the SURF 2 shopping centre, Mittagong Village, in June 2020, 100% of the Fund's income from Katoomba Marketplace, the Fund's remaining property, is generated from the anchor tenant of that property, Woolworths Limited.

As per the PDS the expiry of the Fund is mid 2022. An update will be provided closer to this time on the wind up and termination of the Fund or if an extension or other action is recommended.

### Highlights include:

	Actual/forecast	Same Period FY20
FY21 first quarter distribution cents per unit (cpu)	1.75	1.75
FY21 annualised forecast distribution yield (based on Issue Price of \$1.00 and FY21 declared distributions)	7.00%	7.00%
Property valuation (as at 30 June 2020)	\$47.0m <sup>2</sup>	\$46.6m <sup>2</sup>
Net tangible assets per unit (as at 30 June 2020)	\$0.99	\$1.01 <sup>3</sup>

### SURF 2 Katoomba Marketplace Valuation

	State	Tenants	Occupancy	Capitalisation Rate June'20	Valuation June'20 \$'m
Katoomba Marketplace	NSW	1	100.0%	6.50%	47.0

1. Gearing and ICR are measured in accordance with the definitions within the Finance Agreement between SURF 2 and the debt provider. Required maximum gearing and minimum ICR are also in accordance with the Finance Agreement.
2. At 30 June 2020 the remaining property is Katoomba Marketplace valued at \$47.0m (30 June 2019: \$46.6m). The Fund's other property, Mittagong Village, was sold in June 2020 for \$9.7m and as such has been excluded from the comparison. Mittagong Village was valued at \$10.3m at 30 June 2019.
3. As at 30 June 2019.

## 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.

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SURF 2 ARSN 61 418 0237, 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).

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