

# SCA UNLISTED RETAIL FUND 3 (SURF 3)

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

## Quarterly Update as at 31 December 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 2020 or for the period ended 31 December 2020).

### Gearing Ratio<sup>2</sup>

Gearing of SURF 3 was 28.9% as at 31 December 2020. 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)<sup>2</sup>

ICR was 4.84x times as at 31 December 2020. The minimum is greater than 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 were \$11.6m as at 31 December 2020 which is less than the facility limit \$15.0m.

### Portfolio Diversification

SURF 3 properties are listed including key metrics. SURF 3's valuation policy includes all properties to be valued every 6 months for financial reporting. The 31 December 2020 valuations are outlined in this report.

### Related Party Transactions

Related party transactions have been disclosed in the financial statements for the period ended 30 June 2020. These are available online at [www.scaproperty.com.au/unlisted/surf3](http://www.scaproperty.com.au/unlisted/surf3).

### Distribution Practices

During FY2021, as determined by the Investment Manager distributions are currently being maintained at 1.775 cents per unit per quarter and will be substantially funded from cash from operations. During this period of uncertainty any shortfall will be funded by debt.

### 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 is \$0.90 as at 31 December 2020.

## Fund Update

Many of the smaller tenants of the properties owned by the Fund have been impacted by COVID-19 (particularly Warrnambool Target, regional Victoria) and have been provided with or have asked for rental relief. Under the Mandatory Code of Conduct announced by the National Cabinet in April 2020 we are required to provide relief.

Distributions for FY2021 will be maintained at 1.775 cents per unit per quarter. The sustainability of distributions will be reviewed in line with the actual underlying cash earnings of the Fund and with the impact from COVID-19 the distributions could be reduced in the future.

### Highlights include:

	Actual/Forecast	Same Period FY20
FY21 second quarter distribution cents per unit (cpu)	1.775	1.775
FY21 annualised forecast distribution yield (based on Issue Price of \$1.00)	7.10%	7.10%
Property valuations (as at 31 Dec 2020)	\$43.2m	\$58.4m <sup>3</sup>
Net tangible assets per unit (as at 31 Dec 2020)	\$0.90	\$0.92 <sup>3</sup>

### SURF 3 Property Details

	State	Vacant shops	Occupancy <sup>1</sup>	Capitalisation Rate Dec'20	Valuation Dec'20 \$'m
Moama Marketplace	NSW	-	100.0%	6.25%	16.7
Warrnambool Target	VIC	3	97.3%	9.00%	12.3
Woodford Village	QLD	-	100.0%	6.00%	14.2
Total			99.2%	6.95%	43.2

1. Based on vacant gross leaseable area / total leaseable area. Occupancy does not take into account rental assistance requests.

2. 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.

3. Property valuations as at 31 December 2019 included Swansea which was valued then at \$15.6m.

## 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:

1300 780 316 (local call cost)

Email: [SURF@boardroomlimited.com.au](mailto:SURF@boardroomlimited.com.au)

+61 2 8016 2885 (from outside Australia)

Website: [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)

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.