



23 August 2021

Dear SCA Unlisted Retail Fund 3 Investor (SURF 3),

Consideration of the value and timing of the sale of the properties

In 2020 SCA Unlisted Retail Fund 3 (SURF 3 or the Fund) sold its property at Swansea. The proceeds of the sale of this property were used to repay debt. As the Fund has deleveraged the Fund's income returns are expected to be lower in the future.

Since the sale of Swansea property, the property market has remained strong with strengthened buyer demand particularly for properties similar to those held by SURF 3. This has been evidenced by recent transactions in the market and is reflected in the improved external independent property valuations commissioned by the Responsible Entity (RE) of the Fund, which saw the value of SURF 3's remaining properties increase from \$40.0m at 30 June 2020 to \$50.2m at 30 June 2021 on a like for like basis. This is an increase of over 25% in one year and we are unlikely to see this magnitude of per annum growth in subsequent years.

As outlined in the Product Disclosure Statement of the Fund, and permitted by the Fund's Constitution and the *Corporations Act 2001* (Cth), the RE of the Fund may sell the Fund's remaining properties prior to the end of the Fund's nominal term (which ends in 2024).

The RE of the Fund has commenced discussions with agents on the possible sale of the properties. It is possible that these discussions may result in the appointment of a sales agent in coming weeks.

A sale of the properties may result in a sales price the same as or more or less than their respective book values and the process may take 6 – 12 months to complete.

Unitholders will be advised should a property or properties be sold. This advice will describe the use of the sale proceeds and the impact on future distributions.

As at the date of this unitholder update, it is expected that if a property or properties is or are sold, the proceeds of sale will be used to repay the Fund's remaining debt and liabilities with the remaining proceeds distributed to unitholders in proportion to the number of units held.

Should all the properties be sold, it is expected that the RE will wind the Fund up in accordance with the terms of the Fund's Constitution. The process of winding up the Fund will include all remaining proceeds (net of all remaining liabilities) being distributed to unitholders in proportion to the number of units held in the Fund.

We will provide unitholders with a further update in due course.

Thank you for investing in SURF 3.

SCA Unlisted Retail Fund RE Limited ACN 604 416 284 AFS Licence 473 459 as responsible entity of SCA Unlisted Retail Fund 3 (ARSN 623 821 689).

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