



30 November 2021

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

We refer to our Fund Update of 21 October 2021 regarding SURF 3 where we advised that we expected that the sale of SURF 3's properties would be completed by November 2021.

We are pleased to confirm that the sale of the properties for \$53.6 million (before selling costs) was completed on 19 November 2021. The price received for the properties is 6.7% above the independent valuation at June 2021 (\$50.2 million). This represents a gain of 25.8% above the original purchase price of \$42.6 million, paid in 2018. After repayment of debt, selling costs and other liabilities, this is expected to result in distributions to unitholders of at least \$1.15 per unit and delivering an internal rate of return of around 11% per annum.

Following the sale of the properties, the Board of SCA Unlisted Retail Fund RE Limited, as responsible entity of SURF 3, resolved to wind up and terminate SURF 3 in accordance with the terms of its constitution.

WHAT DOES TERMINATION OF THE FUND MEAN FOR YOU?

The wind up and termination of the Fund means the proceeds from the sale of the properties together with any other funds, less all of the Fund's liabilities (**Net Proceeds**), will be distributed to members in proportion to the number of SURF 3 units held. Below is the expected timeframe for the distribution of the Net Proceeds:

1. Payment of liabilities (including the secured debt facility) and expenses associated with the sale of the final properties – November 2021 – complete
2. Payment of Distribution (including return of capital) of 115.0 cents per unit – on or about 30 November 2021
3. Payment of performance fee to Fund Manager – November 2021
4. Final residual distribution to Unitholders – December 2021
5. Completion of the Fund accounts – December 2021

The Constitution of SURF 3 provides that all Units in the Fund will be cancelled and taken to be redeemed from the date the final distribution of the Net Proceeds is made. The final distribution is expected to be less than 1 cent per unit (or less than \$100.00 per 10,000 units held). This distribution is expected to occur by the end of December 2021. The final wind up and de-registration of SURF 3 is expected to be completed by the end of calendar year 2022.

You will receive your Attribution Managed Investment Trust Member Annual Statement for FY22 by August 2022.

Performance of SURF 3

As you will recall, SURF 3 was established in July 2018. As indicated in the PDS, the key reasons for investing were:

- Attractive yield of 7.1%
- Secure lease covenants backed by Woolworths Limited and Target Australia Pty Limited
- High Quality Retail properties, skewed to non-discretionary categories
- 6.5 Year Term
- Experienced Manager

We expect that the distributions following completion of the sale of the properties and finalisation of costs associated with the disposal and winding up of the fund are expected to be at least \$1.15 for each \$1.00 invested. Including the income return, it is anticipated that the total internal rate of return on your investment in SURF 3 will be around 11%.

A comparison of PDS (at establishment of SURF 3) and Actual Results, follows.

	PDS	Actual / Expected
Term of Fund	6.5 years	3.5 years
Net Tangible Assets per unit (NTA)	\$0.91	At least \$1.15
Annual Distribution	7.1%	7.1%
IRR (annual)	7.1% income	Around 11% total IRR

We believe that the SURF 3 returns (subject to finalisation of expenses) have been compelling, taking into account the difficulties faced in the retail industry since SURF 3 was launched.

The achieved prices for the assets of SURF 3 were:

	Purchase Price \$'m	Achieved Sales Price \$'m	% increase / (decrease) of sale price compared to purchase price
Swansea (July 2020)	15.3	15.6	2.0%
Moama, Woodford and Warrnambool Target (November 2021)	42.6	53.6	25.8%
Total	57.9	69.2	19.5% or \$11.3m

In total the properties have sold for \$11.3 million, or 19.5%, more than the purchase price in 2018 when the Fund commenced operations.

Thank you for investing in SURF 3.

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