

SCA Unlisted Retail Fund 2

(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 SCA Property Group¹



Quarterly Update | 31 December 2017

This update covers the second quarter of FY18.

Highlights include:

	Actual	PDS ²
FY 18 second quarter distribution cents per unit (cpu)	1.75	1.75
FY 18 annualised (forecast) distribution yield	7.00%	7.00%
Property valuations (as at 31 December 2017)	\$55.1 million	\$55.1 million
Net tangible assets per unit (as at 31 Dec 2017)	\$0.96	\$0.96

SURF 2 Distribution – FY 2018 - 1.75 cents per unit for quarter

During the quarter, the fund has performed as expected. The distribution of 1.75 cents per unit is equivalent to an annualised yield of 7.00% (based on the cost of a unit of \$1.00). This is in accordance with the forecasts set out in the PDS dated 19 April 2017.

The next distribution will be for the period 1 January 2018 to 31 March 2018. We expect that the distribution for this period will also be 1.75 cents per unit and will be paid by the end of April 2018.

SURF 2 Property Valuation and Net Tangible Assets (NTA)

As at 31 December 2017 the valuation of the properties was \$55.1 million. The SURF 2 properties were valued externally by Savills in March 2017 at \$55.1 million², which was the acquisition price. The valuations were reviewed by BDO and the overall cap rate of 6.45% was considered appropriate. The next time the properties are scheduled to be valued is June 2018.

Property	State	Tenants	Occupancy	Capitalisation Rate Dec-17	Valuation Dec-17 \$'m
Katoomba Marketplace	NSW	1	100.0%	6.50%	44.7
Mittagong Village	NSW	6	100.0% ³	6.25%	10.4
				6.45%⁴	55.1

1. Shopping Centres Australasia Property Group RE Limited (ABN 47 158 809 851) as responsible entity of Shopping Centres Australasia Property Management Trust (ARSN 160 612 626) and Shopping Centres Australasia Property Retail Trust (ARSN 160 612 788)
2. As at date of the Product Disclosure Statement (PDS) dated 19 April 2017
3. Includes the rental guarantee for Shop 6 in Mittagong
4. Weighted average property capitalisation rate

KATOOMBA MARKETPLACE



SURF 3 TO LAUNCH

SURF 3 will be launching in the first half of 2018. The Property Portfolio is proposed to include four retail assets and the fund will aim to provide investors with a stable, quarterly income of 7% per annum.

To register your interest and receive a copy of the Product Disclosure Statement when issued, please email melissa.kingham@scaproperty.com.au

ASIC Regulatory Guide 46 – Improving Disclosure

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

Disclosure Principle	Outcome / Comment (as at 31 December 2017 or for the 12 month period ended 31 December 2017)
Gearing ratio ⁴	Gearing of SURF 2 was 47.5%. 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 3.45 times. This is greater than the required minimum of 1.75. 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 \$26.2 million which is less than the facility limit of \$27.1 million.
Portfolio diversification	SURF 2 properties are listed above including key metrics. SURF 2's valuation policy includes all properties to be independently valued at least every three years. Both properties were internally valued in December 2017 as they were last independently valued by Savills in March 2017. The internal valuations were reviewed by BDO and are considered appropriate.
Related party transactions	Related party transactions have been disclosed in the PDS dated 19 April 2017 and in the financial statements for the period ended 30 June 2017. These are available on line at www.scaproperty.com.au/unlisted/surf2
Distribution practices	Distributions are paid from 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 (details below) for further information.
Net tangible assets (NTA)	NTA is \$0.96.

5. 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

ABOUT SCA PROPERTY GROUP

SCA Property Group comprises two internally managed real estate investment trusts, the units of which are stapled together to form a stapled listed vehicle. SCA Property Group owns and manages quality sub-regional, neighborhood and freestanding retail properties focused on convenience based retail. As at December 2017 the SCA Property Group owned and managed 83 retail properties and shopping centres anchored by Woolworths Limited and Wesfarmers Limited. SCA Property Group is listed on the Australian Securities Exchange (ASX: SCP) with a market capitalisation of over \$1.7 billion as at 31 December 2017.

CONTACT OUR REGISTRY

Contact our registry, Boardroom Limited, for enquiries regarding your account details, banking instructions, distribution payment notices or changing your address or contact details. They can be contacted on:

Investor Services:

1300780316 (local call cost)
+61 2 8016 2885 (outside Australia)

Email:

SURF@boardroomlimited.com.au

Website: www.boardroomlimited.com.au



SURF.2



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. SURF RE or other 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 2. These fees are detailed in the Product Disclosure Statement (PDS) dated 19 April 2017. 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 2 to differ materially from this expressed or implied.