

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 Group



Quarterly Update | 30 June 2017

Thank you for investing in SURF 2. As a valued investor in SURF 2, we welcome you to SURF 2's first quarterly update.

Effective as at 2 June 2017, SURF 2 successfully completed the allotment of units and the purchase of properties from SCA Property Group making the first operational part quarter for SURF 2, the period from 2 June 2017 to 30 June 2017.

By now you should have received your Welcome Pack from our registry Boardroom, together with details including the confirmation of your allotment and investor number.

Highlights include:

- Successfully launching SURF 2 on 2 June 2017
- First distribution for the quarter ending 30 June 2017 of 0.556 cents per unit, equating to an annualised distribution yield of 7.00%

SURF 2 Distribution – 0.556 cents per unit

During the part quarter (29 days), the fund has performed as expected. The distribution of 0.556 cents per unit is equivalent to an annualised yield of 7% (based on the cost of a unit of \$1.00). The next distribution will be for the period 1 July 2017 to 30 September 2017. The distribution for this period will be paid in late October 2017.

SURF 2 Property Valuation and Net Tangible Assets (NTA)

The SURF 2 properties were valued in March 2017 at \$55.1 million¹, which was the acquisition price. The next time the properties are scheduled to be valued is December 2017.

The current NTA per unit is \$0.96.

Property	State	Tenants	Occupancy	Capitalisation Rate Jun-17	Valuation Jun-17 \$'m
Katoomba Marketplace	NSW	1	100.0%	6.50%	44.7
Mittagong Village	NSW	6	100.0%	6.25%	10.4
				6.45%²	55.1

1. As at date of the Product Disclosure Statement (PDS) dated 19 April 2017

2. Weighted average property capitalisation rate

Regards

Melissa Kingham
Fund Manager
SCA Unlisted Retail Fund RE Limited

KATOOMBA MARKETPLACE



KATOOMBA MARKETPLACE



MITTAGONG VILLAGE



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 30 June 2017 or for the financial period ended 30 June 2017)
Gearing ratio ³	Gearing of SURF 2 was 48.5%. 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 3.94 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 \$26.7 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 last independently valued in March 2017.
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.

3. 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 June 2017 the SCA Property Group owned and managed 82 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 \$1.6 billion as at 30 June 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 (from outside Australia)

Email:
SURF@boardroomlimited.com.au

Website: www.boardroomlimited.com.au



SURF.2



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