



FORT STREET  
REAL ESTATE CAPITAL

# FSREC Property Fund

H1FY21 Results Presentation and  
Portfolio Update





1.

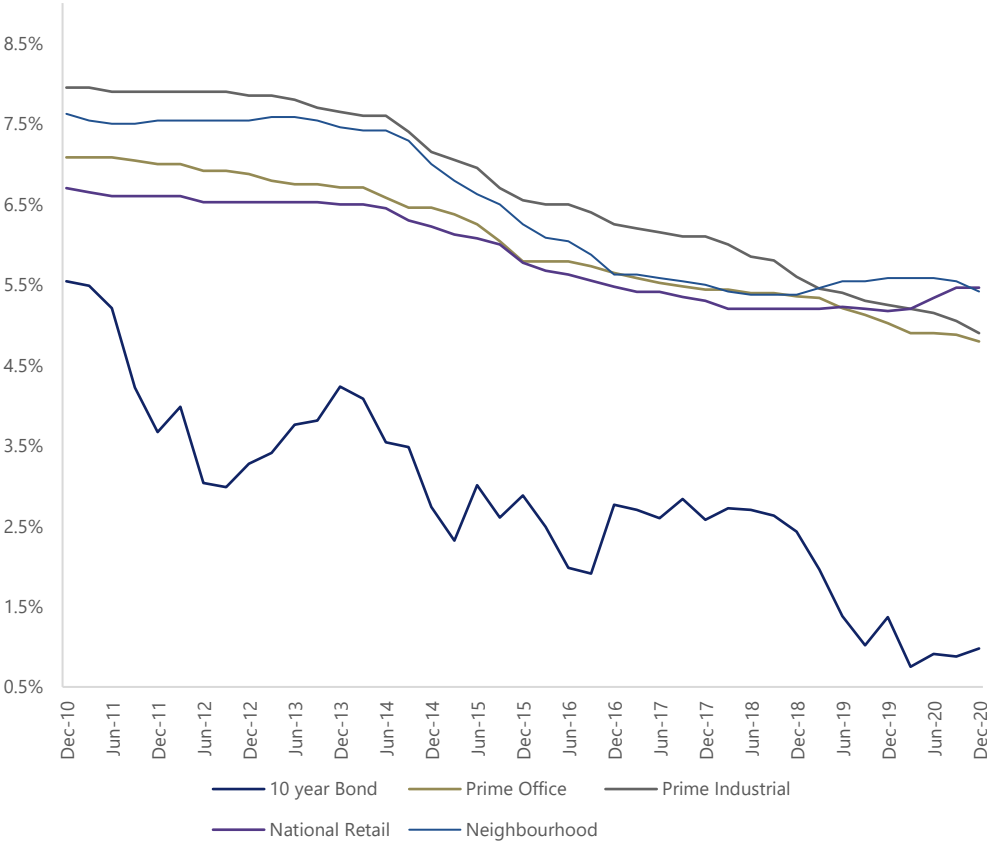
Market Update



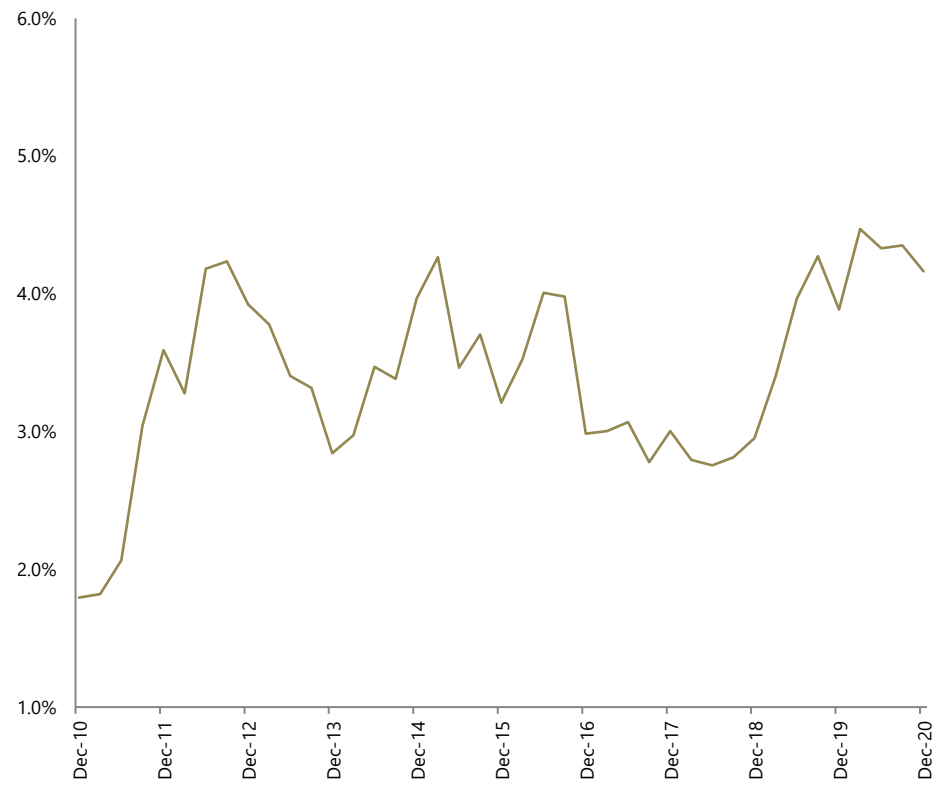
# Commercial Property Market

Macro factors continue to support the performance of the commercial real estate sectors

Commercial property yields by sector vs 10-year government bond



Spread of average commercial property yield with 10-year government bond



## 2.

### Fund Performance and Strategy

PARADISE FRUITS

Red Paw Paw  
\$3.99/kg

LADY FINGER  
BANANAS  
\$2.99  
KG

QUALITY  
TOMATOES  
\$2.99  
kg bag

New Season  
Avocados  
4 for \$5

\$2.49  
kg

FARM FRESH  
700 GR EGGS  
\$3.99  
DOZ

FARM FRESH

FARM FRESH



# H1FY21 Financial Performance

Summary of the key fund metrics for the half year to 31 December 2020

Key Metrics	31 Dec 20
Net Tangible Assets <sup>1</sup>	\$1.62
Net Tangible Assets ( <i>comparable to prior period</i> ) <sup>1</sup>	\$1.60
Gearing Ratio	36.4%
Distribution Dec-20	1.67 cpu
Annualised Distribution Yield on NTA ( <i>comparable to prior period</i> )	4.2%

Valuation Metrics	31 Dec 20
Value of investment properties	\$795.8m
% change to 30 Jun 20	+1.2%
Average capitalisation rate	6.1%



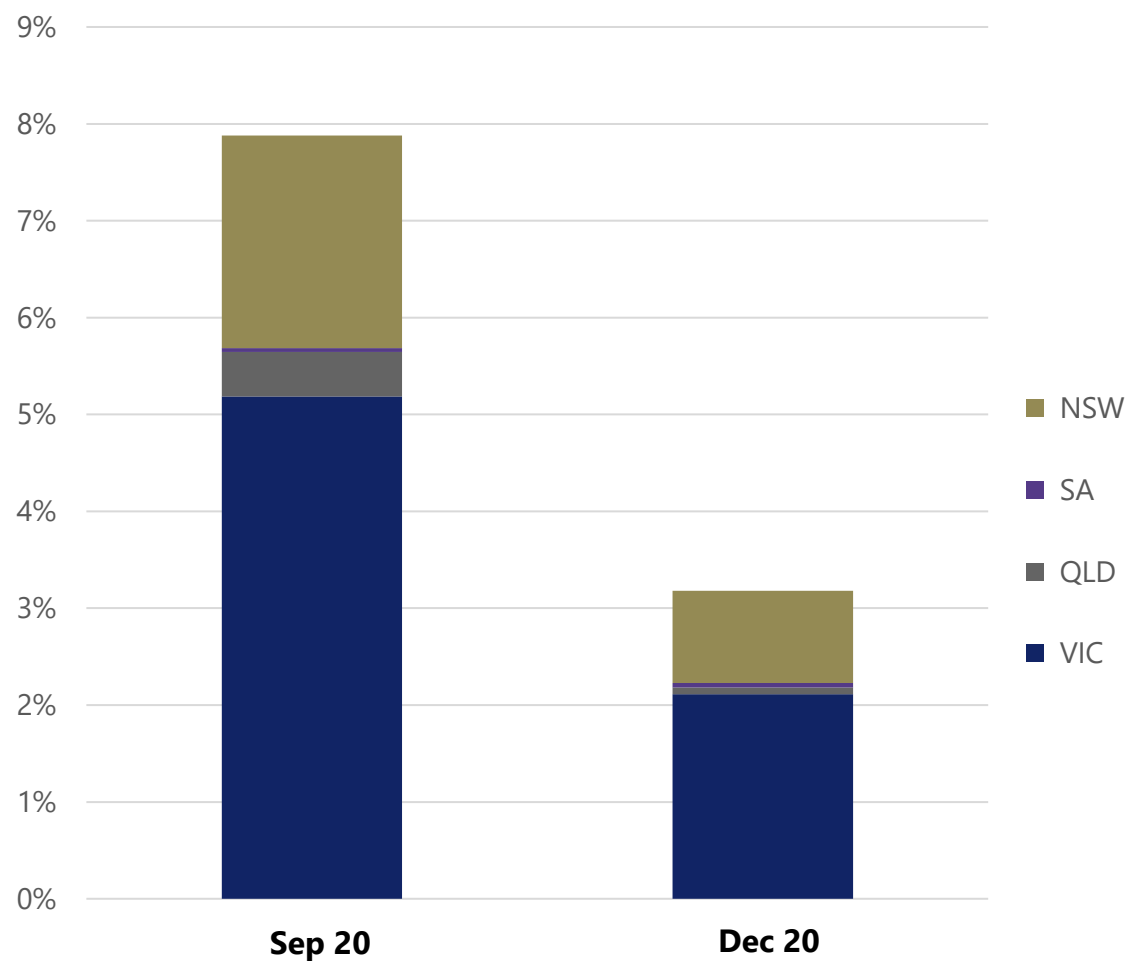
# 1HY21 Rent Relief and Collections

Financial impacts of COVID-19 diminishing as trading conditions normalise

## Summary

- Rent relief requests consistently declined over the period
  - Significant reductions since the end of the Victorian lockdown in October 2020
  - 60% reduction between Q1 and Q2 FY21
- Expect rent relief to continue to reduce moving forward
  - Subject to no new COVID-19 outbreaks and forced lockdowns
- Rent collections are back in line with historic averages at over 99%

## Rent Relief as a % of quarter net income



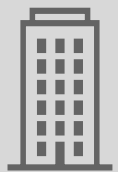
# Fund Strategy

Focus on executing strategy for the FSREC Property Fund



## FSREC Property Fund

### Key Strategies



1.

**Active  
management**



2.

**Advance  
liquidity  
initiatives to  
investors**



3.

**Prudent  
capital  
management**

# Update on liquidity initiatives for investors

1

## Asset sales



- Following a portfolio review, commencing a sale for 241 O’Riordan Street, Mascot
- Initial indications are that there is good demand for Sydney suburban assets

2

## Raising equity



- Commenced discussions with institutional and high net worth investors about potential investment in the FSREC Property Fund

3

## Debt capital



- In discussions to refinance four existing debt facilities maturing in December 2021 into a single debt facility on a longer term
- Expecting savings for investors as a result of better terms from enhanced portfolio scale and diversity



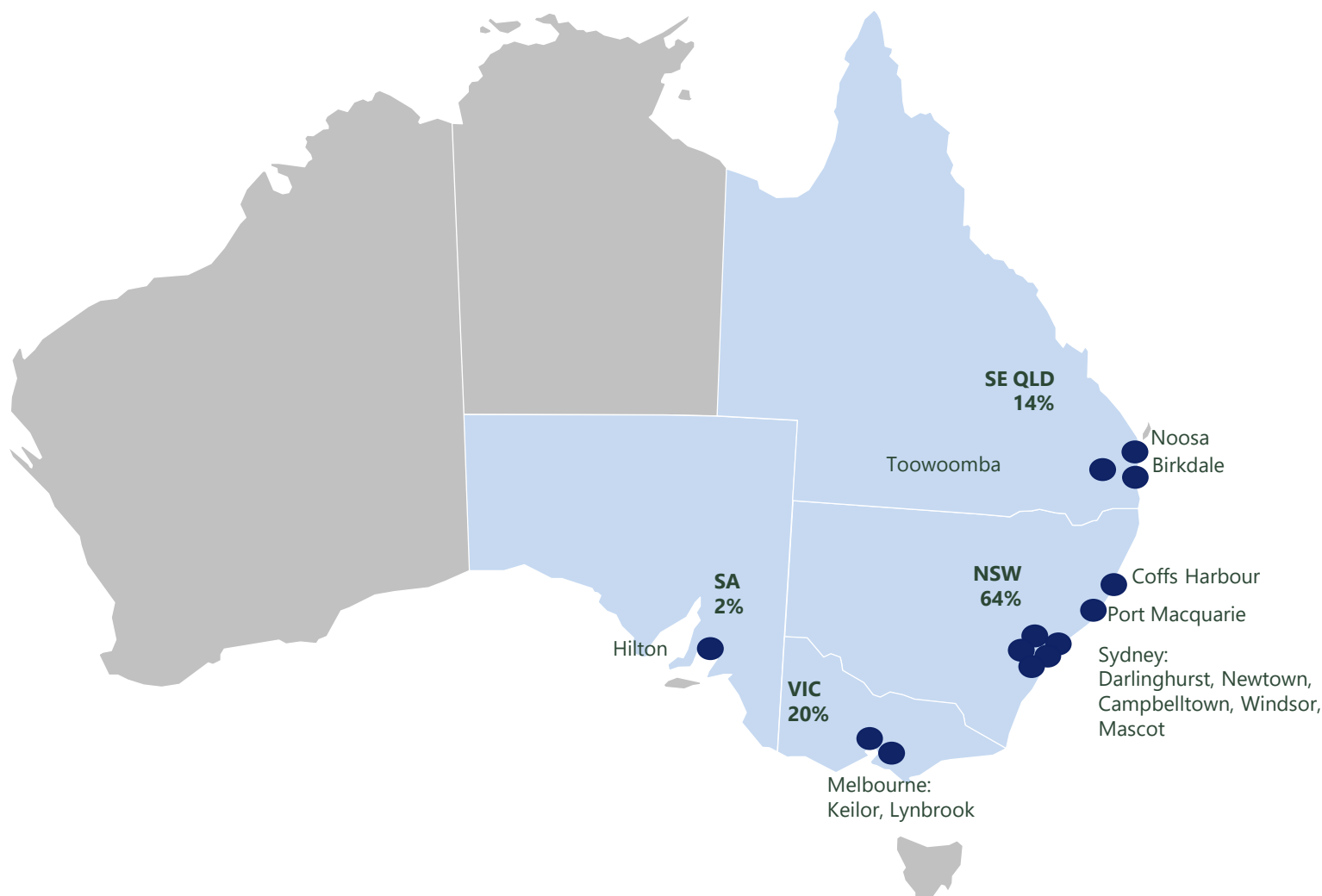


3.

Operational Performance

# FSREC Property Fund – Portfolio Overview

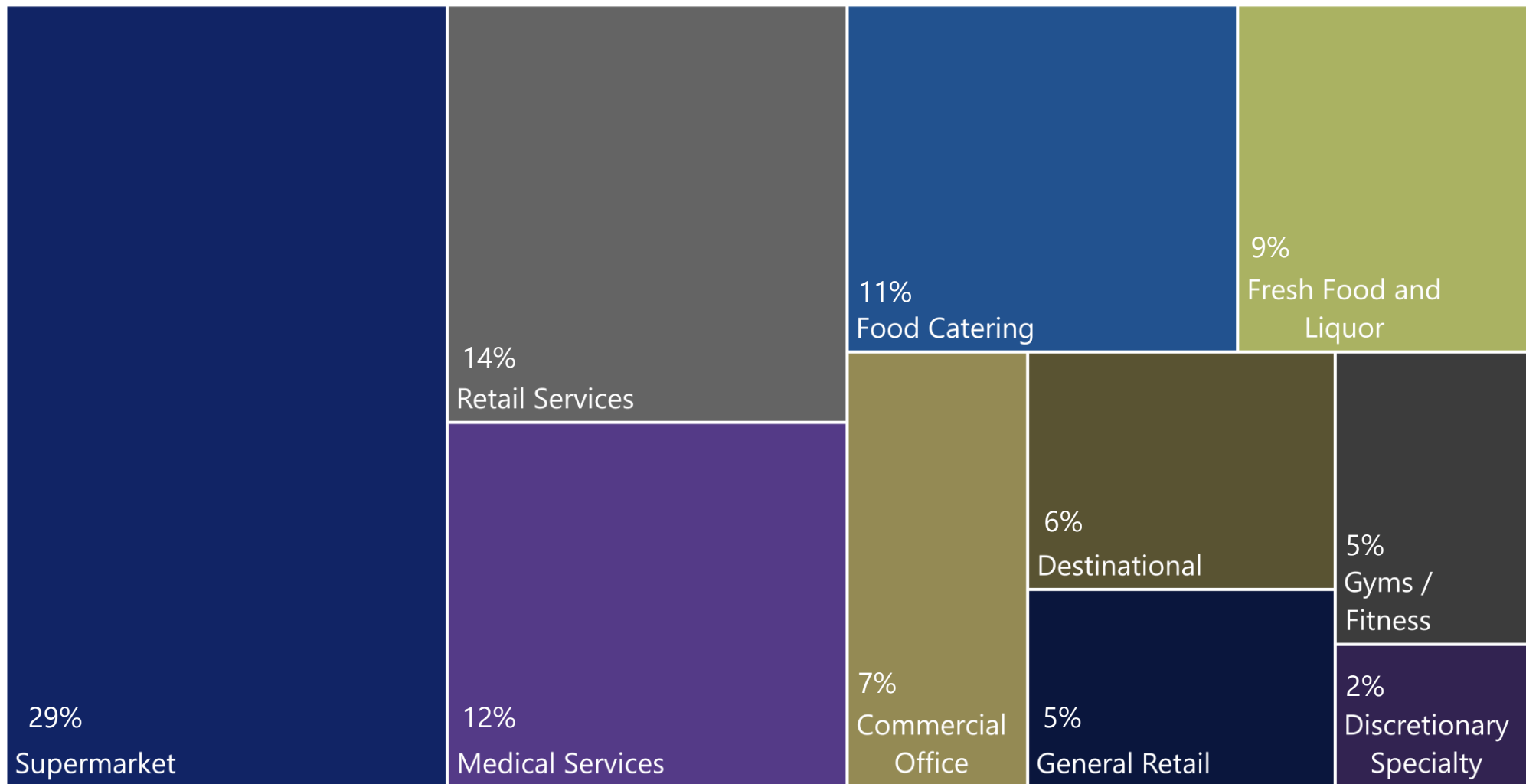
Well diversified East Coast portfolio, with assets located predominantly in major metropolitan and coastal markets





# Portfolio Update – Tenancy mix by income

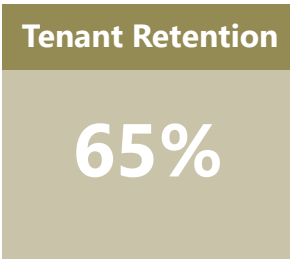
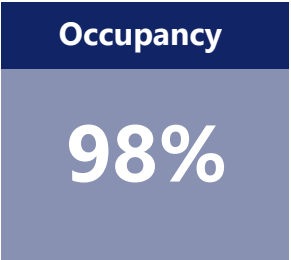
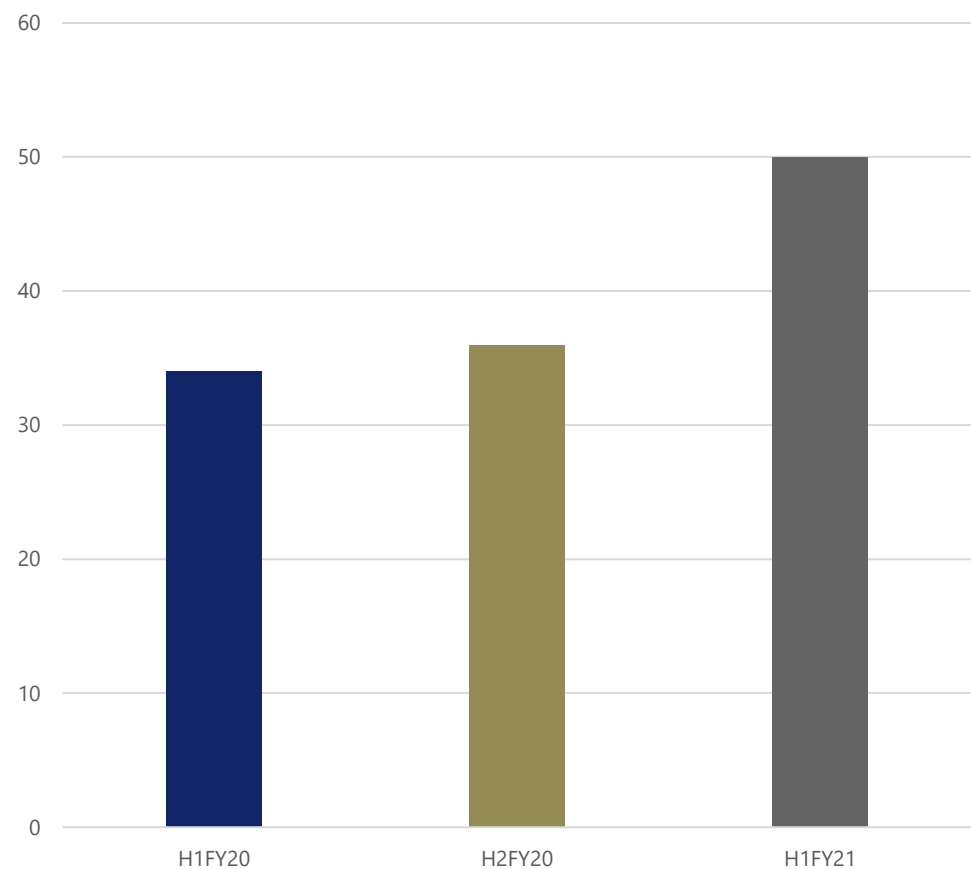
Retail portfolio has a high weighting to essential services; Only 2% weighting to discretionary specialty retail



# Portfolio Update - Leasing

Record leasing momentum seen across the portfolio during the first half for FY21

Leases negotiated in 1HY21 comparable to previous halves





# Portfolio Update - Fitout Upgrades

Strong leasing activity resulting in significant number of new tenant fitouts across portfolio



High Tide Fish and Chips - Northpoint



Noosa Village Meats - Noosa Village



Anytime Fitness - Toormina Gardens



Cedar Coffee - Keilor Central

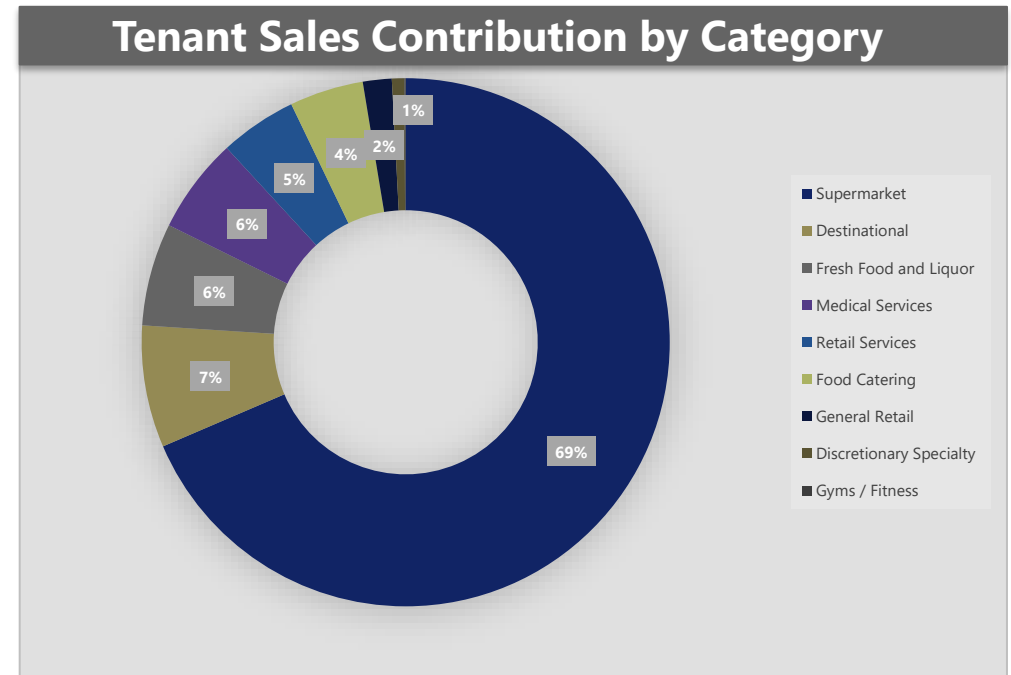


Lash n Brow by Jenny - Keilor Central

# Portfolio Update – Retail Performance

Despite COVID-19 closures, performance of the convenience-based retail portfolio continues to be strong

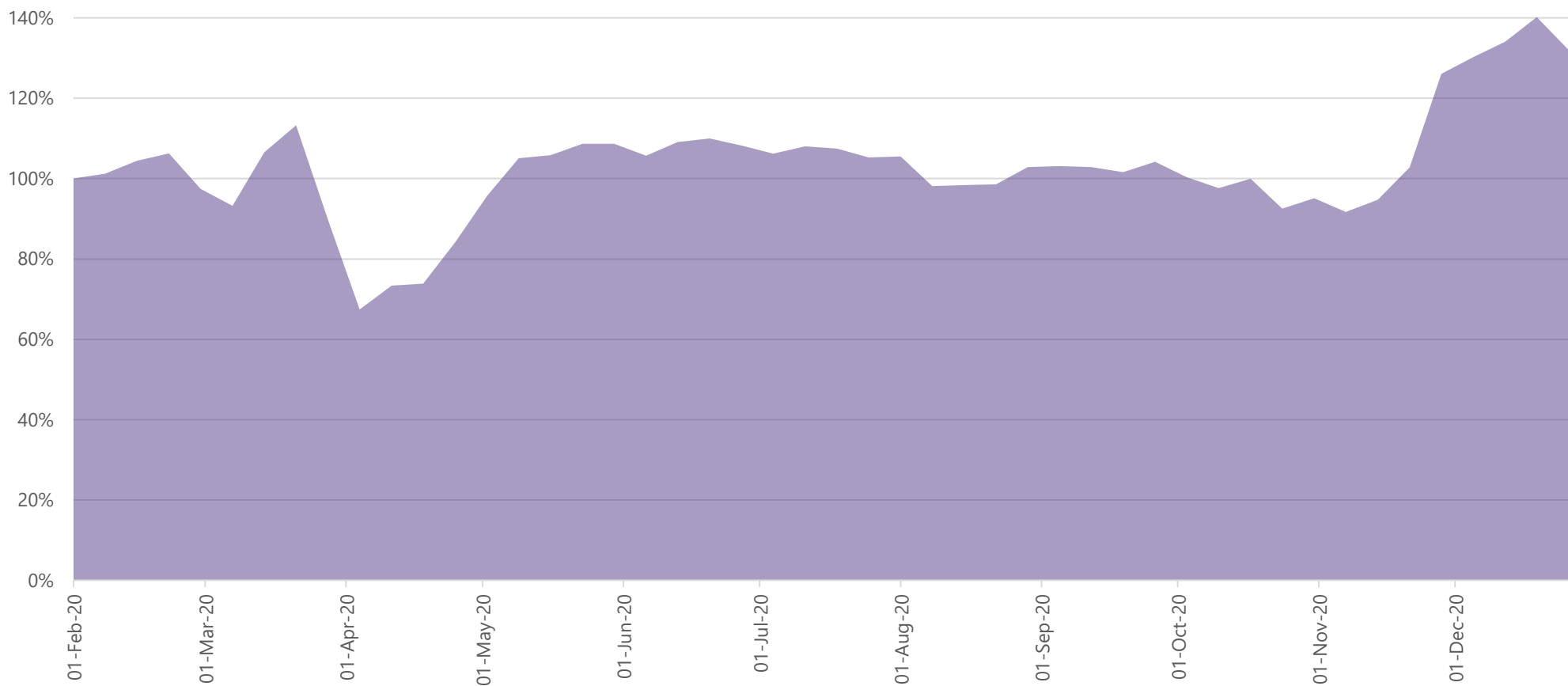
Retail Portfolio Performance	Dec-20
Total Portfolio Sales <sup>1</sup>	\$780m
Weighting to Supermarkets	29%
Supermarket MAT growth	6.5%
Supermarkets in turnover	58%
Specialty tenant productivity	\$10,577/sqm
Specialty tenant occupancy cost	11.9%
Avg. specialty tenant gross rent	\$907/sqm
Weighting to convenience and destination retail <sup>2</sup>	98%





# Portfolio Update – Foot Traffic

Foot traffic levels normalising; Strong increase seen over the Christmas period



# For further information

## Investor relations

Telephone 1300 454 801

Email [info@fsrec.com.au](mailto:info@fsrec.com.au)





# 5.

## Appendix

# FSREC Portfolio NSW

## Oxford Village, Sydney



<b>ASSET TYPE</b>	Convenience retail and commercial centre	<b>VALUATION</b>	\$103.0 million	<b>TOTAL MAT</b>	\$13.6 million <sup>1</sup>
<b>LOCATION</b>	High Street	<b>GLA</b>	12,049 sqm	<b>AV. SPEC GROSS RENT</b>	\$1,165/sqm
<b>TENANTS</b>	(Retail) Aldi, JB Hifi, Chemist Warehouse, 30 specs (Commercial) Fitness First, Study Group	<b>OCCUPANCY</b>	99%	<b>SPEC OCC COST</b>	9.9%
		<b>WALE</b>	5.0 years	<b>SPEC PRODUCTIVITY</b>	\$8,779/sqm
<b>STRATEGY</b>	Expansion of fresh food offer and health services. Unlock value through repositioning of upper levels in longer-term.				

## Marketfair Campbelltown, Sydney



<b>ASSET TYPE</b>	Neighbourhood retail centre	<b>VALUATION</b>	\$49.0 million	<b>TOTAL MAT</b>	\$58.6 million
<b>LOCATION</b>	Prime metropolitan	<b>GLA</b>	9,156 sqm	<b>AV. SPEC GROSS RENT</b>	\$1,144/sqm
<b>TENANTS</b>	Woolworths, 27 specs	<b>OCCUPANCY</b>	99%	<b>SPEC OCC COST</b>	9.5%
		<b>WALE</b>	4.1 years	<b>SPEC PRODUCTIVITY</b>	\$13,784/sqm
<b>STRATEGY</b>	Progress land rezoning and precinct masterplanning approval.				

## Newtown Central, Sydney



<b>ASSET TYPE</b>	Convenience retail	<b>VALUATION</b>	\$30.0 million	<b>TOTAL MAT</b>	\$14.4 million
<b>LOCATION</b>	High Street	<b>GLA</b>	3,375sqm	<b>AV. SPEC GROSS RENT</b>	\$1,625/sqm
<b>TENANTS</b>	Foodworks, Fitness First, 15 specs	<b>OCCUPANCY</b>	97%	<b>SPEC OCC COST<sup>2</sup></b>	7.1%
		<b>WALE</b>	4.5 years	<b>SPEC PRODUCTIVITY<sup>2</sup></b>	\$22,635/sqm
<b>STRATEGY</b>	Lease to inner city F&B and service tenants.				



# FSREC Portfolio NSW (continued)

## Windsor Riverview, Sydney



<b>ASSET TYPE</b>	Neighbourhood retail centre	<b>VALUATION</b>	\$54.9 million	<b>TOTAL MAT</b>	\$60.5 million
<b>LOCATION</b>	Prime metropolitan	<b>GLA</b>	7,915 sqm	<b>AV. SPEC GROSS RENT</b>	\$821/sqm
<b>TENANTS</b>	Coles, 33 specs	<b>OCCUPANCY</b>	99%	<b>SPEC OCC COST</b>	17.7%
		<b>WALE</b>	3.9 years	<b>SPEC PRODUCTIVITY</b>	\$4,461/sqm
<b>STRATEGY</b>	Increase specialty retailer performance by de-weighting exposure to apparel. Longer-term planning for development of adjoining houses with another major anchor.				

## Toormina Gardens, Coffs Harbour



<b>ASSET TYPE</b>	Dual supermarket convenience-based subregional centre	<b>VALUATION</b>	\$86.0 million	<b>TOTAL MAT</b>	\$154.4 million
<b>LOCATION</b>	Coastal	<b>GLA</b>	21,143 sqm	<b>AV. SPEC GROSS RENT</b>	\$787/sqm
<b>TENANTS</b>	Woolworths, Coles, Kmart, 51 specs	<b>OCCUPANCY</b>	96%	<b>SPEC OCC COST</b>	7.6%
		<b>WALE</b>	4.0 years	<b>SPEC PRODUCTIVITY</b>	\$11,995/sqm
<b>STRATEGY</b>	Complete asset repositioning and tenant remixing with expansion of fresh food and service offerings. Development of McDonalds padsite.				

## Lake Innes, Port Macquarie



<b>ASSET TYPE</b>	Neighbourhood retail centre	<b>VALUATION</b>	\$34.0 million	<b>TOTAL MAT</b>	\$66.2 million
<b>LOCATION</b>	Coastal	<b>GLA</b>	4,696sqm	<b>AV. SPEC GROSS RENT</b>	\$818/sqm
<b>TENANTS</b>	Coles, 12 specs	<b>OCCUPANCY</b>	94%	<b>SPEC OCC COST</b>	15.3%
		<b>WALE</b>	9.6 years	<b>SPEC PRODUCTIVITY</b>	\$6,322/sqm
<b>STRATEGY</b>	Lease-up "eat street" with food retailers to capitalize on future growth in the neighbouring university campus and residential suburbs. Progress planning for additional padsite development.				



# FSREC Portfolio NSW (continued)

## 241 O'Riordan Street, Mascot, Sydney



<b>ASSET TYPE</b>	Office	<b>VALUATION</b>	\$149.0 million	<b>AV. NET RENT</b>	\$460/sqm
<b>LOCATION</b>	7km South of Sydney CBD	<b>GLA</b>	19,078 sqm		
<b>TENANTS</b>	Property NSW, AbbVie, Coates, Newlink, Landis & Gyr	<b>OCCUPANCY</b>	99%		
		<b>WALE</b>	3.0 years		
<b>STRATEGY</b>	Considering asset for divestment				

# FSREC Portfolio VIC and SA

## Keilor Central, Melbourne



<b>ASSET TYPE</b>	Dual supermarket convenience-based subregional centre	<b>VALUATION</b>	\$117.3 million	<b>TOTAL MAT</b>	\$125.1 <sup>1</sup> million
<b>LOCATION</b>	Prime metropolitan	<b>GLA</b>	19,815 sqm	<b>AV. SPEC GROSS RENT</b>	\$922/sqm
<b>TENANTS</b>	Coles, Aldi, Kmart, 65 specs	<b>OCCUPANCY</b>	97%	<b>SPEC OCC COST</b>	18.9%
		<b>WALE</b>	4.2 years	<b>SPEC PRODUCTIVITY</b>	\$5,460/sqm
<b>STRATEGY</b>	Asset repositioning through expansion of fresh food, take away and health precincts and improve link to new \$60 million "Health and wellbeing hub" next door. Commence planning for longer-term masterplan and additional retail and mixed use development.				

## Lynbrook Village, Melbourne



<b>ASSET TYPE</b>	Neighbourhood retail centre	<b>VALUATION</b>	\$39.5 million	<b>TOTAL MAT</b>	\$48 million
<b>LOCATION</b>	Prime metropolitan	<b>GLA</b>	7,662 sqm	<b>AV. SPEC GROSS RENT</b>	\$603/sqm
<b>TENANTS</b>	Coles, 31 specs	<b>OCCUPANCY</b>	96%	<b>SPEC OCC COST</b>	15.5%
		<b>WALE</b>	6.6 years	<b>SPEC PRODUCTIVITY</b>	\$4,906/sqm
<b>STRATEGY</b>	Lease vacancies. Improve productivity of specialty tenants through active management.				

## Hilton Plaza, Adelaide



<b>ASSET TYPE</b>	Neighbourhood retail centre	<b>VALUATION</b>	\$21.6 million	<b>TOTAL MAT</b>	\$44.0 million
<b>LOCATION</b>	Prime metropolitan	<b>GLA</b>	4,454sqm	<b>AV. SPEC GROSS RENT</b>	\$874/sqm
<b>TENANTS</b>	Woolworths, 13 specs	<b>OCCUPANCY</b>	95%	<b>SPEC OCC COST</b>	15.0%
		<b>WALE</b>	5.8 years	<b>SPEC PRODUCTIVITY</b>	\$6,232/sqm
<b>STRATEGY</b>	Lease remaining vacancy to medical or office. Improve productivity of specialty tenants through active management.				



# FSREC Portfolio QLD

## Noosa Village, Noosa



<b>ASSET TYPE</b>	Neighbourhood retail centre	<b>VALUATION</b>	\$34.0 million	<b>TOTAL MAT</b>	\$62.0 million
<b>LOCATION</b>	Prime metropolitan	<b>GLA</b>	4,691 sqm	<b>AV. SPEC GROSS RENT</b>	\$845/sqm
<b>TENANTS</b>	Woolworths, 21 specs	<b>OCCUPANCY</b>	91%	<b>SPEC OCC COST</b>	6.4%
		<b>WALE</b>	3.4 years	<b>SPEC PRODUCTIVITY</b>	\$18,417/sqm
<b>STRATEGY</b>	Planning for major asset repositioning including supermarket expansion and mall refurbishment. Complete tenant remixing and releasing strategy to expand fresh food and services offer. Position asset as leading convenience retail offer in Noosa.				

## Birkdale Fair, Brisbane



<b>ASSET TYPE</b>	Neighbourhood retail	<b>VALUATION</b>	\$31.5 million	<b>TOTAL MAT</b>	\$71.0 million
<b>LOCATION</b>	Prime metropolitan	<b>GLA</b>	5,426 sqm	<b>AV. SPEC GROSS RENT</b>	\$891/sqm
<b>TENANTS</b>	Woolworths, 17 specs	<b>OCCUPANCY</b>	99%	<b>SPEC OCC COST</b>	7.9%
		<b>WALE</b>	5.5 years	<b>SPEC PRODUCTIVITY</b>	\$11,453/sqm
<b>STRATEGY</b>	Continue with retail offer enhancement through expansion of medical and fresh food offer. Development of additional padsite for medical or gym.				

## Northpoint Shopping Centre, Toowoomba



<b>ASSET TYPE</b>	Neighbourhood retail	<b>VALUATION</b>	\$46.0 million	<b>TOTAL MAT</b>	\$61.8 million
<b>LOCATION</b>	Prime regional	<b>GLA</b>	6,899 sqm	<b>AV. SPEC GROSS RENT</b>	\$770/sqm
<b>TENANTS</b>	Coles, 26 specs	<b>OCCUPANCY</b>	99%	<b>SPEC OCC COST</b>	8.8%
		<b>WALE</b>	7.0 years	<b>SPEC PRODUCTIVITY</b>	\$9,576/sqm
<b>STRATEGY</b>	Lease last vacancy. Maintain high occupancy through active management.				

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