



**FORT STREET**  
REAL ESTATE CAPITAL

# **FSREC Property Fund**

## FY22 Annual Results Presentation



# Introduction

## Strategy

- Completion of major strategic initiatives announced at the time of the merger with placement and withdrawal offers totalling over \$510 million to investors since June 2021 including the most recent withdrawal offer, a significant milestone for the FSREC Property Fund (**Fund**)
- Investor approval regarding sale of E&P Financial Group Limited's controlling 75% interest in FSREC Pty Limited to ISPT Retail Australia Property Trust No.2 (**IRAPT**) to provide alignment and potential for significant growth capital
- Completion of major strategic initiatives allows management focus to move to growth opportunities moving forward

## Portfolio

- The portfolio demonstrated its resilience throughout the year despite ongoing economic headwinds from COVID-19 lockdowns, ongoing supply chain disruptions and rising interest rates
- Completion of a number of development projects during year, including a McDonalds pad site at Birkdale Fair and a supermarket expansion and mall refurbishment at Noosa Village
- Remediation works at Toormina Gardens following a significant hailstorm event in October 2021 progressing well with target for completion of January 2023

# FY22 Portfolio Highlights

For the year ending 30 June 2022

## Financial

### Net Asset Value<sup>1</sup>

\$1.84 per security

### FY22 Distribution<sup>2</sup>

8.0 cents per security

### Fund Gearing

36.6%

### Total Return<sup>3</sup>

17.1%

## Valuation

### Number of properties

12

### Portfolio Valuation

\$703.7m

### Valuation Change

+5.7%

### Weighted Ave Cap Rate

5.6%

## Portfolio

### Portfolio Occupancy

97.6%

### WALE

4.3 years

### Portfolio MAT Growth<sup>4</sup>

-0.9%

### Leasing Spread (12m)<sup>5</sup>

-1.3%

# Portfolio Overview

Geographically diversified portfolio of convenience retail assets across the East Coast of Australia

## Asset type

- 10 Neighbourhood, 2 Sub-Regional

## Geography

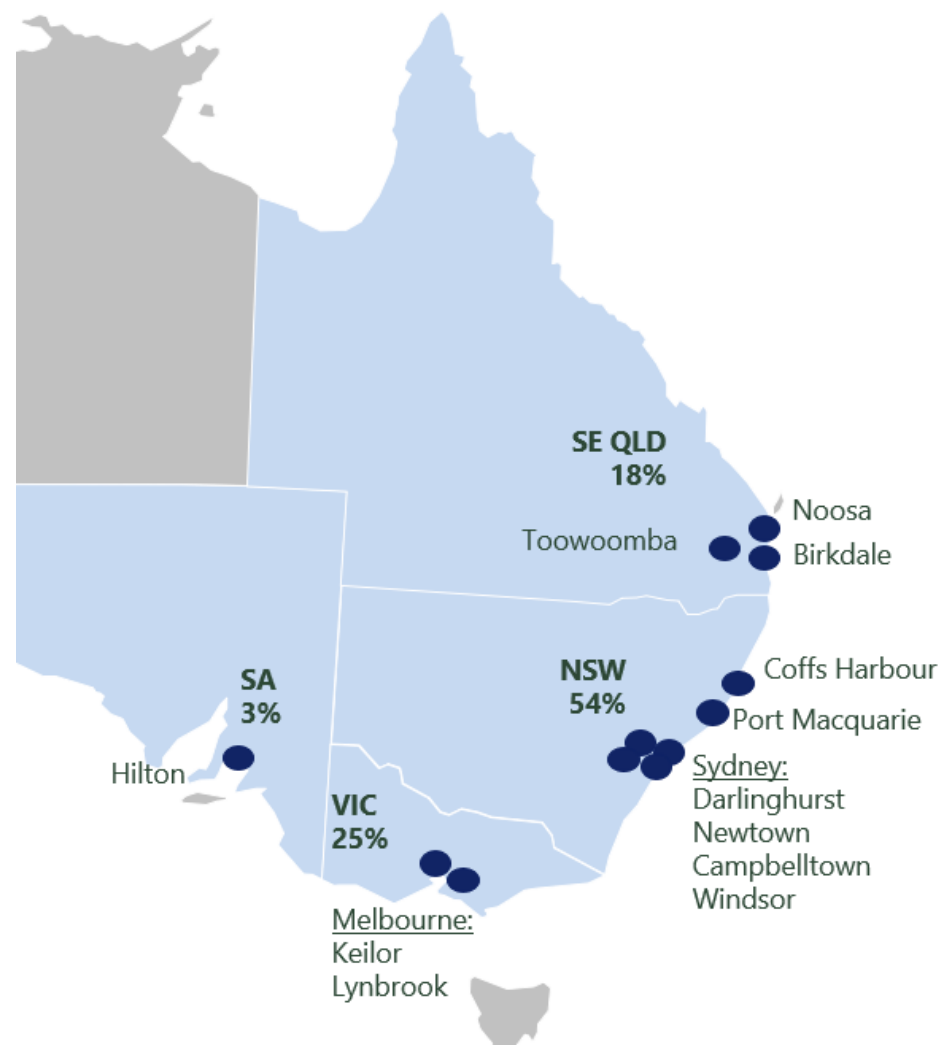
- 9 Metro, 3 Regional

## Anchor tenancies

- 6 Coles, 5 Woolworths, 2 Aldi, 2 Kmart

## Property ownership

- 100% FSREC Property Fund





# FY22 Financial Performance

Summary of the key Fund metrics for the financial year to 30 June 2022

Valuation Metrics	30 Jun 22	30 Jun 21	Change
Retail Portfolio Total	\$703.7m	\$666.1m	+5.7%
Average capitalisation rate	5.6%	6.0%	-0.4%

Key Metrics	30 Jun 22	30 Jun 21 <sup>3</sup>	Change
Distribution (cents per security)	8.0 cps	6.78 cps	1.22 cps
Distribution Yield	4.9%	4.3%	+0.6%
NTA per security <sup>1</sup>	\$1.84	\$1.64	+12.2%
Total Return <sup>2</sup>	17.1%	8.8%	+8.3%



Source: FSREC

All figures based on preliminary unaudited estimates for 30 June 2022. Audited financials are due to be released in mid September 2022.

<sup>1</sup> 30 June 2022 NTA was positively impacted by discounts to withdrawal offers leading to strong growth result.

<sup>2</sup> Total Return (annualised) calculated using proforma 30 June 2022 NAV growth and Fund distribution over the year.

<sup>3</sup> Returns for 30 June 2021 were calculated using 30 June 2021 and proforma distributions for the year as if the funds were merged for the full 12-month period.

Disclaimer: Historical performance is not a reliable indicator of future performance.

# Capital Management

## Summary of key Fund capital management metrics

Balance Sheet <sup>1</sup>	30 Jun 22	30 Jun 21	Debt Position	30 Jun 22	30 Jun 21
Gross Asset Value (GAV)	\$722.4m	\$820.8m <sup>2</sup>	Total debt facilities	\$300,000,000	\$315,000,000
Net Assets	\$453.5m	\$511.9m	Total drawn debt	\$257,616,000	\$291,116,000
Securities on issue	246,911,167	312,632,131	Debt capacity available	\$42,384,000	\$23,884,000
Net Asset Value per security	\$1.84	\$1.64	Debt hedged (% on drawn debt)	52.8%	46.4%
			Market value of hedging instruments	\$5,548,590	\$-4,428,428
			Weighted average term to maturity <sup>3</sup>	1.87 Years	1.44 Years
			Weighted cost of debt	3.0%	4.0%
			Gearing <sup>4</sup>	36.6%	35.9%

Source: FSREC

1. Based on preliminary unaudited estimates for 30 June 2022. Audited financials are due to be released in mid September 2022.

2. Includes 241 O'Riordan Street, Mascot which was held for sale at 30 June 2021.

3. Weighted average term of fixed rate hedges to maturity

4. Calculated as total investment property balance divided by total drawn debt

Disclaimer: Historical performance is not a reliable indicator of future performance.

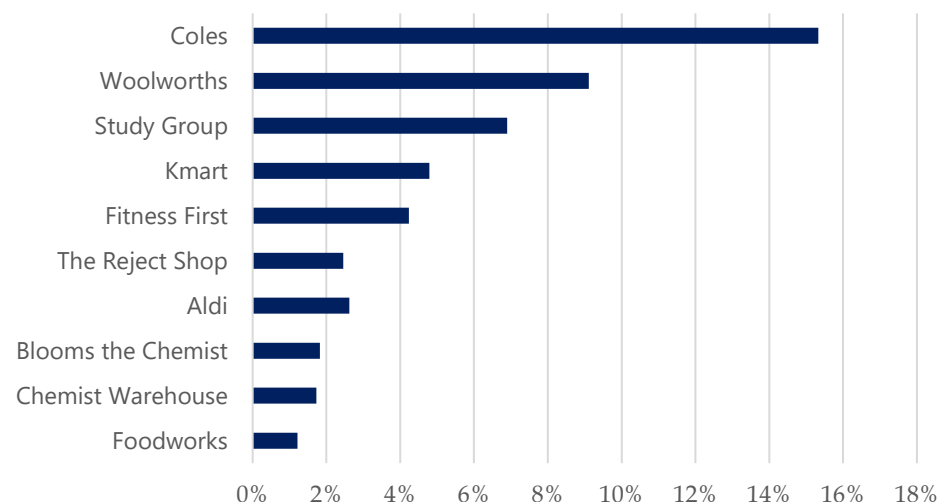
# Portfolio Update

Portfolio well diversified with high proportion of non-discretionary income

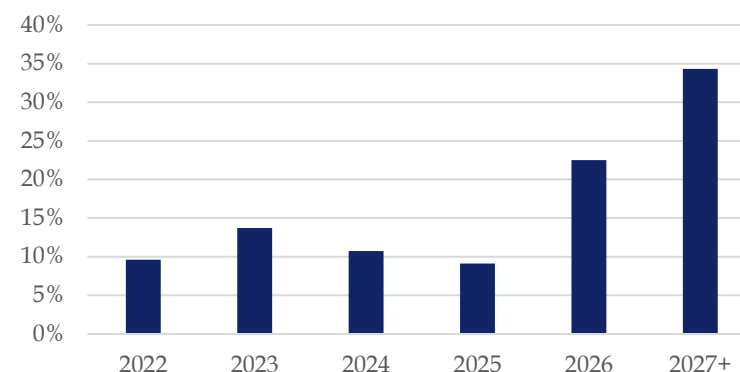
Portfolio Overview	30 Jun 22	30 Jun 21
Number of assets	12	12
Occupancy	97.6%	98.6%
WALE	4.3 years	4.8 years

Leasing Overview	FY22
Number of leasing deals	46
Specialty Leasing Spread (12m)	-1.3%

Top 10 Tenants

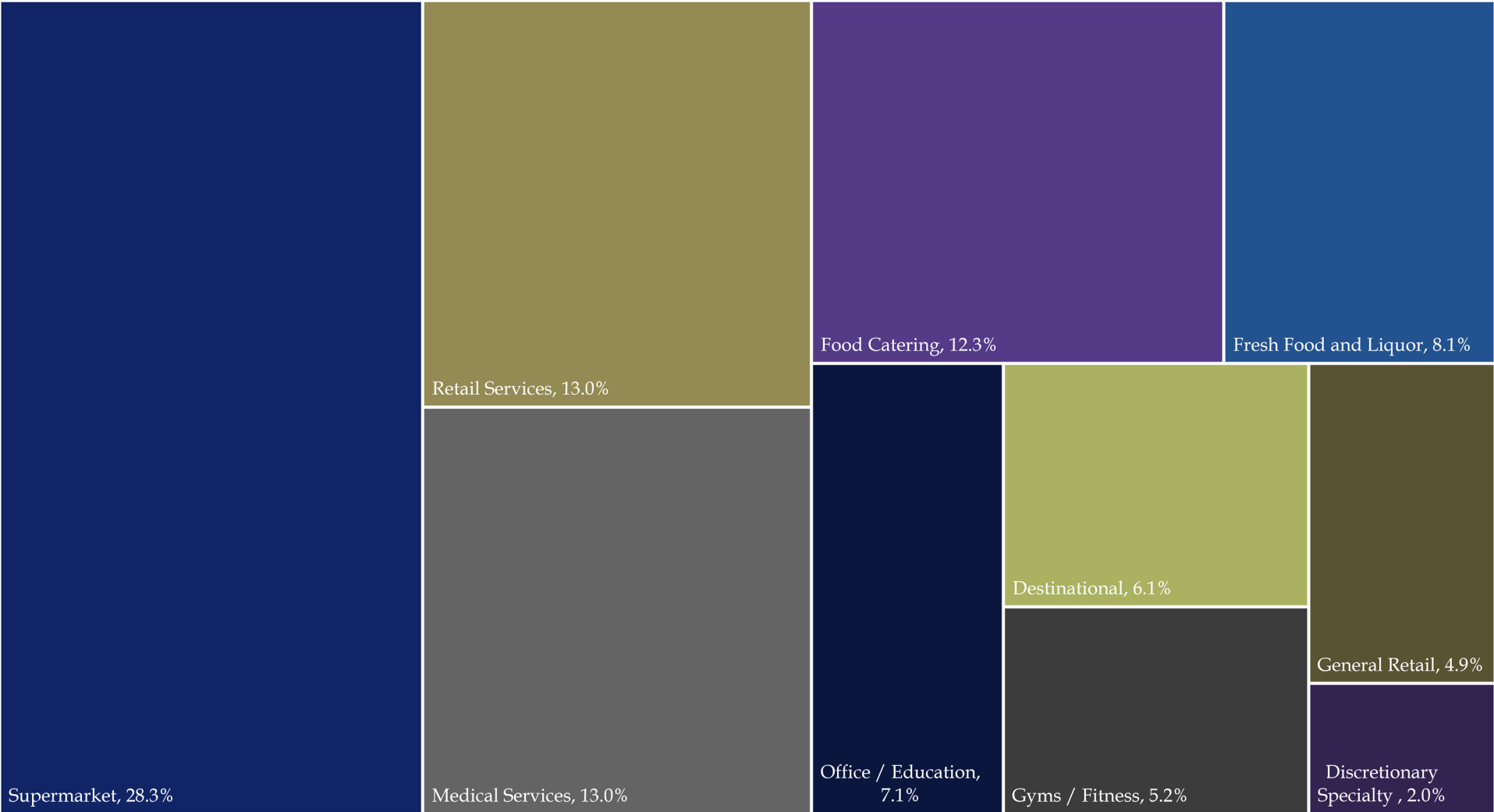


Lease Expiry Profile



# Portfolio Update – Tenancy Mix

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





# Projects

Completion of major projects at Noosa Village and Birkdale Fair during the year

## Noosa Village

Supermarket expansion and mall refurbishment



## Birkdale Fair

McDonald's padsite development





# Recent Tenant Fitout's



Keilor Central, Keilor



Keilor Central, Keilor



Lynbrook Village, Lynbrook



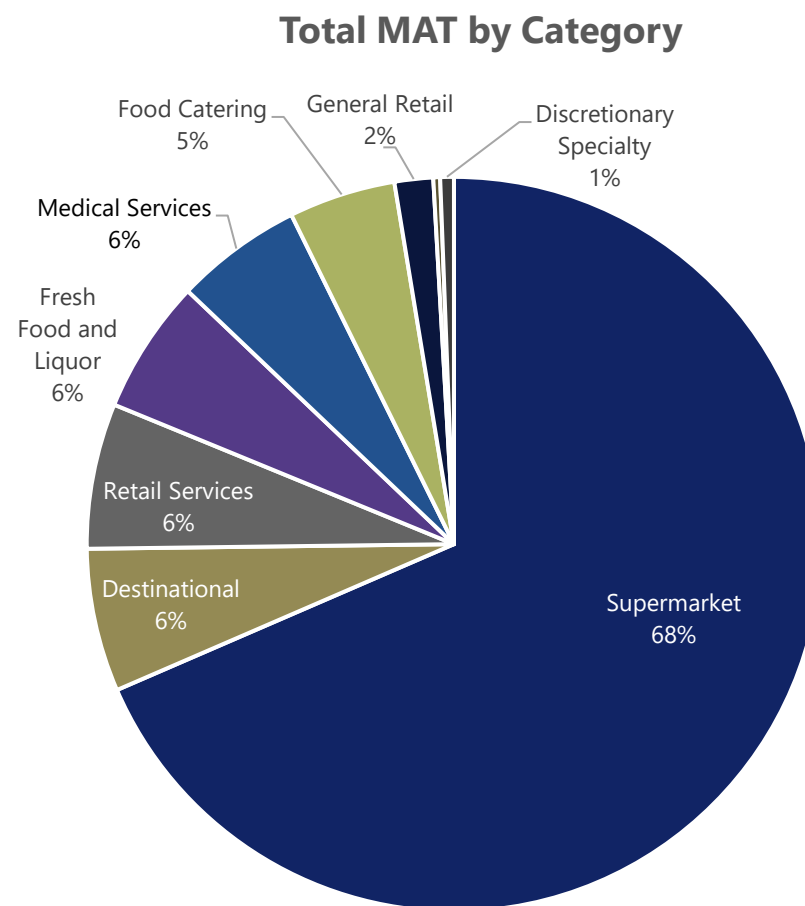
Keilor Central, Keilor



# Portfolio Update - Sales Performance

Despite challenging trading conditions during first six months of the year, portfolio continues to demonstrate its resilience

Sales Performance	30 Jun 22
Total Portfolio Sales	\$843.6m
Supermarket MAT Growth <sup>1, 3</sup>	-0.5%
Supermarkets in Turnover <sup>2</sup>	58%
Specialty productivity <sup>3</sup>	\$9,569/sqm
Specialty occupancy cost <sup>3</sup>	12.1%
Average specialty gross rent	\$833/sqm
Weighting to non-discretionary & destinational retail	99.4%



Source: FSREC.

All figures calculated by income as at 30 June 2022. Calculated using Shopping Centres Council of Australia Sales Reporting Guidelines.

Sales are unadjusted for the months of closure (approx. 2 months on average) due to COVID-19 and rent has not been adjusted to factor the abatements provided to tenants.

<sup>1</sup> Moving Annual Turnover (MAT) is sales for a 12-month period calculated on a rolling basis.

<sup>2</sup> Excludes Aldi supermarkets which have fixed annual rental reviews

<sup>3</sup> Excludes Toormina Gardens given it is undergoing remediation works following the hailstorm damage in October

# Sustainability

Solar rollout and energy efficiency initiatives providing strong results



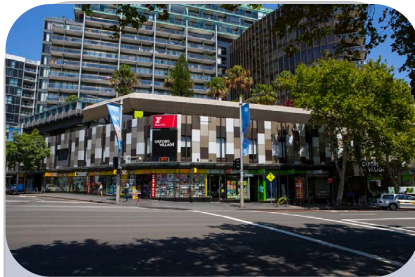
## 75% solar coverage

9 of the portfolio's 12 assets now have rooftop solar



## Toormina Gardens

5-star NABERS energy and water ratings achieved



## Oxford Village

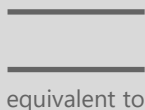
5.5-star NABERS energy rating achieved

### Total annual savings from solar installation:

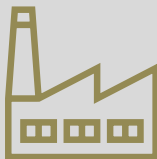


**1.7MW**

Avoided in common area electricity usage



equivalent to



**2,050 tonnes CO2e p.a**



**483 cars taken off the road**



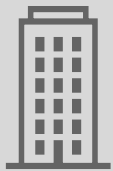
**650 Homes**

# FY23 Fund Strategy

Fund strategy and areas of focus for the new financial year

## FSREC Property Fund

### Key Strategies



1.

**Active  
management**



2.

**Portfolio  
optimisation**



3.

**Growth  
opportunities**



# For further information

## Investor relations

Telephone 1300 454 801

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



## Appendices

# Valuations as at 30 June 2022

Retail Property	State	Location	Type <sup>1</sup>	GLA (Sqm)	31 Dec 21	30 Jun 22 <sup>2</sup>	6 month change	Cap rate 31 Dec 21	Cap rate 30 Jun 22 <sup>2</sup>
Oxford Village	NSW	Metropolitan	NH	12,048	\$113,500,000	\$112,000,000	(1.3%)	5.75%	5.75%
Toormina Gardens	NSW	Regional	SR	20,952	\$87,500,000	\$88,500,000	1.1%	6.50%	6.25%
Windsor Riverview	NSW	Metropolitan	NH	7,930	\$56,500,000	\$58,500,000	3.5%	5.75%	5.50%
Marketfair	NSW	Metropolitan	NH	9,232	\$49,500,000	\$50,000,000	1.0%	5.50%	5.25%
Lake Innes Village	NSW	Regional	NH	4,693	\$37,000,000	\$39,000,000	5.4%	5.75%	5.50%
Newtown Central	NSW	Metropolitan	NH	3,375	\$31,500,000	\$32,000,000	1.6%	5.50%	5.25%
Keilor Central	VIC	Metropolitan	SR	19,912	\$123,500,000	\$125,500,000	1.6%	5.75%	5.50%
Lynbrook Village	VIC	Metropolitan	NH	7,666	\$46,000,000	\$47,700,000	3.7%	5.75%	5.50%
Northpoint	QLD	Regional	NH	6,899	\$47,500,000	\$49,750,000	4.7%	6.00%	5.75%
Noosa Village	QLD	Regional	NH	4,673	\$36,000,000	\$38,500,000	6.9%	5.75%	5.50%
Birkdale Fair	QLD	Metropolitan	NH	5,925	\$34,500,000	\$37,750,000	9.4%	5.50%	5.25%
Hilton Plaza	SA	Metropolitan	NH	4,453	\$23,500,000	\$24,500,000	4.3%	5.50%	5.25%
				107,757	\$686,500,000	\$703,700,000	2.5%	5.81%	5.60%



# FSREC Portfolio NSW

## Oxford Village, Sydney



<b>ASSET TYPE</b>	Convenience retail and commercial centre	<b>VALUATION</b>	\$112 million	<b>TOTAL MAT</b>	N/A
<b>LOCATION</b>	High Street	<b>GLA</b>	12,048 sqm	<b>AV. SPEC GROSS RENT</b>	\$1,124/sqm
<b>TENANTS</b>	(Retail) Aldi, JB Hifi, Chemist Warehouse, 30 specialties (Commercial) Fitness First, Study Group	<b>OCCUPANCY</b>	98.1%	<b>SPEC OCC COST</b>	16.7%
		<b>WALE</b>	3.9 years	<b>SPEC PRODUCTIVITY</b>	\$8,375/sqm
<b>STRATEGY</b>	Expansion of 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>	\$50 million	<b>TOTAL MAT</b>	\$63.6 million
<b>LOCATION</b>	Prime metropolitan	<b>GLA</b>	9,232 sqm	<b>AV. SPEC GROSS RENT</b>	\$961/sqm
<b>TENANTS</b>	Woolworths, Chemist Warehouse 27 specialties	<b>OCCUPANCY</b>	94.3%	<b>SPEC OCC COST</b>	10.4%
		<b>WALE</b>	5.1 years	<b>SPEC PRODUCTIVITY</b>	\$10,648/sqm
<b>STRATEGY</b>	Progress land rezoning and precinct masterplanning approval.				

## Newtown Central, Sydney



<b>ASSET TYPE</b>	Convenience retail	<b>VALUATION</b>	\$32 million	<b>TOTAL MAT</b>	N/A
<b>LOCATION</b>	High Street	<b>GLA</b>	3,375sqm	<b>AV. SPEC GROSS RENT</b>	\$990/sqm
<b>TENANTS</b>	Foodworks, Fitness First 15 specialties	<b>OCCUPANCY</b>	94.6%	<b>SPEC OCC COST<sup>2</sup></b>	13.1%
		<b>WALE</b>	3.9 years	<b>SPEC PRODUCTIVITY</b>	\$11,816/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>	\$58.5 million	<b>TOTAL MAT</b>	\$63.9 million
<b>LOCATION</b>	Prime metropolitan	<b>GLA</b>	7,930 sqm	<b>AV. SPEC GROSS RENT</b>	\$802/sqm
<b>TENANTS</b>	Coles, 33 specialties	<b>OCCUPANCY</b>	99.1%	<b>SPEC OCC COST</b>	14.1%
		<b>WALE</b>	3.1 years	<b>SPEC PRODUCTIVITY</b>	\$4,836/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>	\$88.5 million	<b>TOTAL MAT</b>	N/A
<b>LOCATION</b>	Coastal	<b>GLA</b>	20,952 sqm	<b>AV. SPEC GROSS RENT</b>	\$725/sqm
<b>TENANTS</b>	Woolworths, Coles, Kmart 51 specialties	<b>OCCUPANCY</b>	97.9%	<b>SPEC OCC COST</b>	N/A
		<b>WALE</b>	3.1 years	<b>SPEC PRODUCTIVITY</b>	N/A
<b>STRATEGY</b>	Complete insurance remediation works and re-leasing program following hailstorm damage. Development of McDonalds' padsite.				

## Lake Innes, Port Macquarie



<b>ASSET TYPE</b>	Neighbourhood retail centre	<b>VALUATION</b>	\$39.0 million	<b>TOTAL MAT</b>	\$77.8 million
<b>LOCATION</b>	Coastal	<b>GLA</b>	4,693sqm	<b>AV. SPEC GROSS RENT</b>	\$834sqm
<b>TENANTS</b>	Coles 12 specialties	<b>OCCUPANCY</b>	100%	<b>SPEC OCC COST</b>	12.1%
		<b>WALE</b>	8.1years	<b>SPEC PRODUCTIVITY</b>	\$6,756/sqm
<b>STRATEGY</b>	Assess potential for additional padsite development.				



# FSREC Portfolio VIC and SA

## Keilor Central, Melbourne



<b>ASSET TYPE</b>	Dual supermarket convenience-based subregional centre	<b>VALUATION</b>	\$125.5 million	<b>TOTAL MAT</b>	\$129.9 <sup>1</sup> million
<b>LOCATION</b>	Prime metropolitan	<b>GLA</b>	19,912 sqm	<b>AV. SPEC GROSS RENT</b>	\$830/sqm
<b>TENANTS</b>	Coles, Aldi, Kmart 65 specialties	<b>OCCUPANCY</b>	97.5%	<b>SPEC OCC COST</b>	13.6%
		<b>WALE</b>	3.6 years	<b>SPEC PRODUCTIVITY</b>	\$8,415/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>	\$47.7 million	<b>TOTAL MAT</b>	\$57.7 million
<b>LOCATION</b>	Prime metropolitan	<b>GLA</b>	7,666 sqm	<b>AV. SPEC GROSS RENT</b>	\$638/sqm
<b>TENANTS</b>	Coles 31 specialties	<b>OCCUPANCY</b>	99.6%	<b>SPEC OCC COST</b>	9.9%
		<b>WALE</b>	6.2 years	<b>SPEC PRODUCTIVITY</b>	\$7,670/sqm
<b>STRATEGY</b>	Improve productivity of specialty tenants through active management.				

## Hilton Plaza, Adelaide



<b>ASSET TYPE</b>	Neighbourhood retail centre	<b>VALUATION</b>	\$24.5million	<b>TOTAL MAT</b>	\$49.9 million
<b>LOCATION</b>	Prime metropolitan	<b>GLA</b>	4,453sqm	<b>AV. SPEC GROSS RENT</b>	\$716/sqm
<b>TENANTS</b>	Woolworths 13 specialties	<b>OCCUPANCY</b>	94%	<b>SPEC OCC COST</b>	13.8%
		<b>WALE</b>	4.9 years	<b>SPEC PRODUCTIVITY</b>	\$6,238/sqm
<b>STRATEGY</b>	Lease remaining vacancy to medical tenant.				

# FSREC Portfolio QLD

## Noosa Village, Noosa



<b>ASSET TYPE</b>	Neighbourhood retail centre	<b>VALUATION</b>	\$38.5 million	<b>TOTAL MAT</b>	\$75.1 million
<b>LOCATION</b>	Prime metropolitan	<b>GLA</b>	4,673 sqm	<b>AV. SPEC GROSS RENT</b>	\$911/sqm
<b>TENANTS</b>	Woolworths 21 specialties	<b>OCCUPANCY</b>	98.5%	<b>SPEC OCC COST</b>	5.9%
		<b>WALE</b>	3.0 years	<b>SPEC PRODUCTIVITY</b>	\$15,726/sqm
<b>STRATEGY</b>	Complete tenant remixing and releasing strategy following supermarket expansion and mall refurbishment.				

## Birkdale Fair, Brisbane



<b>ASSET TYPE</b>	Neighbourhood retail	<b>VALUATION</b>	\$37.7 million	<b>TOTAL MAT</b>	\$78.8million
<b>LOCATION</b>	Prime metropolitan	<b>GLA</b>	5,925 sqm	<b>AV. SPEC GROSS RENT</b>	\$738/sqm
<b>TENANTS</b>	Woolworths 17 specialties	<b>OCCUPANCY</b>	99.0%	<b>SPEC OCC COST</b>	10.6%
		<b>WALE</b>	4.6 years	<b>SPEC PRODUCTIVITY</b>	\$7,949/sqm
<b>STRATEGY</b>	Investigate additional pad site opportunity.				

## Northpoint Shopping Centre, Toowoomba



<b>ASSET TYPE</b>	Neighbourhood retail	<b>VALUATION</b>	\$49.7 million	<b>TOTAL MAT</b>	\$69.3 million
<b>LOCATION</b>	Prime regional	<b>GLA</b>	6,899 sqm	<b>AV. SPEC GROSS RENT</b>	\$786/sqm
<b>TENANTS</b>	Coles 26 specialties	<b>OCCUPANCY</b>	99.1%	<b>SPEC OCC COST</b>	8.2%
		<b>WALE</b>	6.5 years	<b>SPEC PRODUCTIVITY</b>	\$11,816/sqm
<b>STRATEGY</b>	Maintain high occupancy through active management.				



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