



EXPLANATORY MEMORANDUM

ACCOMPANYING A NOTICE OF MEETING SENT TO STAPLED
SECURITYHOLDERS IN THE FSREC PROPERTY FUND DATED
25 NOVEMBER 2022



IMPORTANT NOTICE

This document is issued by E&P Investments Limited (ACN 152 367 649 | AFSL 410 433) (“**E&PIL**” or “**Responsible Entity**”) in its capacity as responsible entity of:

- Fort Street Real Estate Capital Fund I (ARSN 163 688 346) (**Fund I**);
- Fort Street Real Estate Capital Fund II (ARSN 169 190 498) (**Fund II**); and
- Fort Street Real Estate Capital Fund III (ARSN 605 335 957) (**Fund III**),

(each, a “**Trust**” and collectively the “**FSREC Property Fund**” or “**Fund**”). Each unit in each Trust is stapled to one unit in each of the other Trusts to form a “**Stapled Security**”. Holders of Stapled Securities are referred to in this Explanatory Memorandum as “**Stapled Securityholders**”. Each Trust invests in a relevant sub-trust (“**Sub-Trust**”).

PURPOSE

This Explanatory Memorandum provides you with information about the proposed Resolutions pursuant to which:

- E&PIL would retire as responsible entity of the Trusts and that Equity Trustees Limited (ABN 46 004 031 298 | AFSL 204975) (**EQT**) be appointed as responsible entity in its place with effect from the date that the Australian Securities and Investments Commission changes the record of registration of the responsible entity of the Trusts; and
- the Trusts’ constitutions would be amended to reflect the changes contained in the attached Notice of Meeting, (the **Proposal**).

E&PIL recommends that you read in full the Explanatory Memorandum and the Notice of Meeting and promptly obtain professional or financial advice from a licensed financial adviser before you determine how to exercise your vote on the proposed Resolutions set out in the Notice of Meeting. This Explanatory Memorandum provides information about the objectives of the Proposal and the benefits and risks of the Proposal to Stapled Securityholders.

FORWARD LOOKING STATEMENTS

To the extent that this Explanatory Memorandum contains any statements which may be considered to be forward-looking, those statements reflect the reasonably held and current expectations of E&PIL and its directors concerning future results and events as at the date of this Explanatory Memorandum. Forward looking statements involve subjective judgment and analysis and are subject to uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, E&PIL (and its officers, employees, agents or associates). Unforeseen or unpredictable events and various risks could affect future results of the Fund following the implementation of the Proposal, causing results to differ from those which are expressed, implied or projected in any forward-looking statements. Any forward-looking statements are provided for information purposes only in order to assist Stapled Securityholders to make decisions about whether to vote in favour of the Resolutions set out in the Notice of Meeting. Given these uncertainties, you are cautioned not to place undue reliance on such forward-looking statements.

DISCLAIMER

The information in this Explanatory Memorandum does not take into account your investment objectives, financial situation, tax position or needs. It is important that you read the Explanatory Memorandum before making any voting decision. The audited or reviewed financial results for the financial year ended 30 June 2022 for the Fund are available from our website, www.fsrec.com.au, or by calling the Investor Relations team on 1300 454 801 (local call free within Australia). In assessing any historical information about the Fund, you should be aware that past performance is no indication of future performance. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of any information, opinion or conclusion contained in this Explanatory Memorandum. To the maximum extent permitted by law, neither E&PIL nor any of its directors, officers, employees, agents or advisers accepts any liability for any loss arising from the use of this Explanatory Memorandum or its contents or otherwise arising in connection with it. The information in this Explanatory Memorandum remains subject to change. E&PIL may vary the timetable for implementing the Proposal. We will notify you of any material changes in relation to this Explanatory Memorandum on our website at www.fsrec.com.au. The information in this Explanatory Memorandum is current as at 25 November 2022 unless otherwise stated.

PRIVACY

E&PIL may collect personal information in the process of implementing the Proposal. Such information may include the names, contact details and stapled security holdings of Stapled Securityholders and the names of persons appointed to act as a proxy, corporate representative or attorney at the Meeting applicable to the Fund. The primary purpose of the collection of personal information is to assist E&PIL to conduct the Meeting and implement the Proposal. Personal information of the type described above may be disclosed to the print and mail service providers and related bodies corporate of E&PIL. Stapled Securityholders have a right to access their personal information and should contact E&PIL if they wish to do so. Stapled Securityholders who appoint a named person to act as their proxy, corporate representative or attorney should ensure they inform that person of these matters. For further information on our privacy policy, please visit <https://www.eap.com.au/ep-funds-privacy-policy/>.

ADDITIONAL INFORMATION

If after reading this Explanatory Memorandum you have any further questions, please contact your financial adviser or E&PIL on 1300 454 801 (local call free within Australia).

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1. KEY DATES FOR THE PROPOSAL

EVENT	DATE
Notice of Meeting and Explanatory Memorandum issue date	25 November 2022
Deadline for lodgement of Voting and Forms	10.00am, 17 December 2022
Record Date for voting (the register of Stapled Securityholders will be closed from this time until the Meeting)	7.00pm, 17 December 2022
Meeting of Stapled Securityholders	10.00am, 19 December 2022
Date on which the retirement and appointment, and the change in the Trusts' constitutions, will take effect	The date that the Australian Securities and Investments Commission changes the record of registration of the responsible entity of the Trusts

All dates following the issue date of this Explanatory Memorandum are indicative only and may be subject to change.

The above times are Sydney time.

The Responsible Entity will notify Stapled Securityholders of any change to this timetable at www.fsrec.com.au.

2. CHAIR'S LETTER

Dear Stapled Securityholder,

As Chairman of E&P Investments Limited, the responsible entity of each registered scheme that comprises the FSREC Property Fund (**Fund**), and on behalf of the Board, I am pleased to provide you with a Proposal comprising:

- the replacement of E&P Investments Limited ("**E&PIL**") as Responsible Entity of the Fund with Equity Trustees Limited ("**EQT**") (the "**Replacement and Appointment**") by extraordinary resolution of members; and
- the amendment of the constitutions of the Trusts that comprise the Fund by special resolution of members as outlined below ("**Constitution Amendments**").

There will be no changes to the Fund's investment manager or investment strategy as a result of the Proposal.

RESOLUTION 1 – REPLACEMENT AND APPOINTMENT

If the resolutions required to implement the Proposal are approved by Unitholders, E&PIL will be replaced as the Responsible Entity by EQT. As disclosed to investors in the Explanatory Memorandum dated 17 December 2021, E&PIL planned to consider stepping down from its role as the responsible entity of the Fund. E&PIL only proposed to retire if it was able to be replaced by an external professional responsible entity with suitable qualifications and experience. The Fund's investment manager, investment objective and strategy would remain the same, however the trustees of the Sub-Trusts will also change and there will be a reduction in aggregate fees.

Further information about the Replacement and Appointment is provided in Section 4 of the Explanatory Memorandum.

The Proposal is intended to provide Stapled Securityholders with the following benefits:

- lower aggregate fees being charged by the Responsible Entity for the provision of its services to the Fund; and
- replacement of E&PIL with a sophisticated financial services provider with a long term commitment to providing responsible entity services to managed funds, and with extensive experience as a responsible entity.

RESOLUTION 2 – CONSTITUTIONAL AMENDMENTS

The proposed changes to the constitutions of the Trusts that comprise the Fund for which approval is sought by special resolution are summarised below:

- clause 8.2 of each constitution will be amended to replace the words "*next Valuation Time after*" with the words "*Valuation Time immediately preceding the date that*" (for the purposes set out in Section 4.3 of the Explanatory Memorandum);
- clauses 11.5(c) and (d) of each constitution will be deleted and replaced with "*Not used*". This is for the purposes of providing EQT, as the proposed incoming Responsible Entity, with the flexibility to respond appropriately to redemption requests;
- clauses 11.19 and 11.20 of each constitution will be deleted, as the withdrawal offers contemplated by these provisions were completed in July 2022 (as set out in the withdrawal offer documents mailed to members on or around 16 June 2022);
- clause 14.9 of each constitution will be amended to replace the words "*three months*" with the words "*a reasonable time*". This is also for the purposes of providing EQT, as the proposed incoming Responsible Entity, with the flexibility in relation to the timing of distributions; and
- clause 24.3(a) of each constitution will be deleted and replaced with the following clause, being EQT's proposed management fee:

*"(a) The Responsible Entity is entitled to an annual fee, equal to the greater of (the **Management Fee**):*

(i) \$40,000.00 per annum for each of Fund I, Fund II and Fund III (being \$120,000 per annum in aggregate), increasing by CPI annually; and

(ii) 0.02% per annum of the Gross Value of the Assets of the Fund, Fund II and Fund III¹, calculated as at the end of each month by reference to the most recently completed independent valuation of the Assets.

The Management fee is payable within 14 days of the end of each calendar quarter, first out of the income of the Fund and then out of capital."

Copies of the Supplemental Deed Polls which set out the proposed amendments in full are available on the Fund's website, along with the existing constitutions of the Trusts that comprise the Fund and the supplemental deed polls which were approved by unitholders in early 2022.

Further information about the Constitutional Amendments is provided in Section 4.3 of the Explanatory Memorandum.

¹ Note: These capitalised references to "Fund", "Fund II" and "Fund III" will be amended as applicable for the respective constitution.

RECOMMENDATION AND NEXT STEPS

On behalf of the Responsible Entity, I recommend the Proposal to you.

Please complete and return as soon as possible, and no later than 10.00am, 17 December 2022, your voting form, indicating your vote on the Resolutions.

The implementation of the Proposal requires the Fund's lender to consent to the amendment of the common terms deed to reflect the changes contemplated by the Proposal. The investment manager of the Fund has been liaising with the Fund's lender for the purposes of obtaining this consent and expects it to be received before the meeting. If such consent is not received prior to the date of the meeting, then the meeting may be adjourned. E&PIL will keep Stapled Securityholders updated on the status of this consent.

Please note that the Resolutions are conditional upon the passing of the other. If either of the Resolutions are not approved by Stapled Securityholders, then the change in responsible entity and the amendments to the constitutions will not proceed, and the Fund will continue to be managed in the ordinary course under the existing structure.

We recommend that you contact your licensed professional adviser in relation to the Explanatory Memorandum and Notice of Meeting.

If you have any questions, please contact us on 1300 454 801 or email us at info@fsrec.com.au

Kind regards,



Stuart Nisbett

Chairman

3. CONSIDERATIONS RELEVANT TO YOUR VOTE

3.1 REASONS YOU SHOULD VOTE IN FAVOUR OF THE PROPOSAL

The board of directors of the Responsible Entity ("**Board**") unanimously recommend that the Stapled Securityholders of the Fund vote in favour of the Resolutions at the Meeting. The Board has formed the view that the Proposal is in the best interests of Stapled Securityholders for the following reasons:

a) Reduction in Fees

If approved, the change in Responsible Entity is expected to result in lower aggregate fees charged by the relevant Responsible Entity for its services as Responsible Entity of the Fund.

The current management fee charged by E&P Investments Limited as Responsible Entity for each individual Trust is equivalent to 0.24% per annum of the gross value of the assets of the respective Trust, calculated as at the end of the month preceding the date of each payment.

EQT's management fee is payable quarterly and will be equal to the greater of:

- (i) \$40,000.00 per annum for each of Fund I, Fund II and Fund III (being \$120,000 per annum in aggregate), increasing by CPI annually; and
- (ii) 0.02% per annum of the gross value of the assets of the stapled Fund.

The trustee of each Sub-Trust is currently entitled to receive a nominal fee out of the assets of the Sub-Trust. If the change in Responsible Entity is approved, then EQT will charge a fee of \$7,000 per Sub-Trust, increasing by CPI annually.

Based on the Fund's gross asset value of the fund as at 30 June 2022, the estimate savings would be approximately \$1.5m per annum.

b) Responsible entity service provider

E&PIL considers that the appointment of a replacement responsible entity would be in Stapled Securityholders' best interests.

E&PIL has considered its position as the RE of the Fund and following the major investment into the Fund by ISPT Retail Australia Property Trust (FSREC Fund) ("**IRAPT**") in February 2022 and a follow on investment in July 2022, no longer believes it is the most appropriate responsible entity for the Fund and its investors.

Stapled Securityholders may prefer that the governance and other services be provided by EQT, a sophisticated financial services provider with significant experience in providing responsible entity services.

See 4.1 below for further information about the process followed to consider, and then recommend, EQT as the replacement RE.

3.2 REASONS YOU MIGHT VOTE AGAINST THE PROPOSAL

Some factors which may lead you to consider voting against the Proposal include the following:

a) Costs

The costs of the change of responsible entity are to be borne by the Fund. The costs of implementing the change of responsible entity, and the trustees, are expected to be approximately \$0.2 million ex GST.

b) Preference for existing arrangements

You may prefer the existing governance, services and fees provided by E&PIL.

E&PIL has been the responsible entity for the Fund since the inception of the first fund in 2013 to provide investors with a means to invest in Australian commercial property. E&PIL, and other entities within E&P Financial Group Limited (**E&P**) have also provided trustee services to the Fund since 2013. Both E&PIL and the other trustees within the Fund will be transitioning across to EQT, or companies within the EQT group. These E&P entities have an understanding of the structure of the FSREC Property Fund which has been built up over the previous 10 years. EQT do not have the same level of knowledge of the structure and portfolio as E&PIL. However, the Investment Manager for the Fund will remain as is and also has the knowledge of the Fund, its portfolio and structure which is expected to mitigate this risk.

c) Disruption

There may be some implementation issues associated with the changeover, but this is expected to be managed by the transition manager who will remain as the main contact for the Fund's Investment Manager.

d) Disagreement with the Board

Notwithstanding the unanimous recommendation of the Board, you may believe that the Proposal is not in your best interests or the best interests of Stapled Securityholders.

3.3 BOARD RECOMMENDATION

The Board considers the Proposal to be in the best interests of the Stapled Securityholders. Accordingly, the Board unanimously recommends that Stapled Securityholders vote in favour of the Resolutions.

In forming its recommendation, the Board has had regard to the benefits and potential disadvantages of the Proposal.

4. OVERVIEW

4.1 BACKGROUND TO THE PROPOSAL

As disclosed to investors in the Explanatory Memorandum dated 17 December 2021, E&PIL planned to consider stepping down from its role as the responsible entity of the Fund. E&PIL only proposed to retire if it was able to be replaced by an external professional responsible entity with suitable qualifications and experience.

E&PIL has engaged with a number of parties and determined that EQT has the experience and qualifications to replace it as responsible entity. The change of the responsible entity requires approval of securityholders. As part of the transition, it is contemplated that the trustees of the Investment Entities, E&P Investment Services Pty Limited and E&P Funds Management Pty Limited would also be replaced by EQT Australia Pty Ltd, EQT Structured Finance Services Pty Ltd and EQT Responsible Entity Services Limited. E&P Funds Management Pty Limited as Fund Administrator would be replaced by Fort Street Real Estate Capital Pty Limited, the existing investment manager.

The proposal only relates to the replacement of E&PIL as the responsible entity of the Funds. There will be no change to the investment manager or the strategy of the Fund.

E&PIL considered alternative responsible entities and approached two responsible entity service providers to obtain proposals for the Fund. Following a review process which included an assessment of each of their skills, the Board decided in favour of recommending EQT as the most appropriate replacement responsible entity for the Fund.

E&PIL is satisfied that EQT has the necessary Australian financial service licence authorisations, skills, resources and experience to operate the Scheme as responsible entity and E&PIL has engaged with EQT and is of the view that EQT would be an appropriate replacement responsible entity to replace E&PIL.

The change of responsible entity from E&PIL to EQT is expected to have no impact on Stapled Securityholders' investments in the Fund. There may be the potential for some minor disruption to the operation of the Fund arising from the implementation of the transition.

The Fund's other service providers including the Fund's registry services provider will not change.

4.2 OVERVIEW OF EQT

About EQT

E&PIL wishes to ensure the stability and continuity of your investment and so has identified EQT, as an experienced replacement Responsible Entity.

EQT is a subsidiary of EQT Holdings Limited ABN 22 607 797 615, which is a public company listed on the Australian Securities Exchange (ASX: EQT). EQT was established by a special Act of the Victorian Parliament in 1888 and is now one of Australia's leading independent Responsible Entities/Trustees. Its proactive approach and embedded expertise ensure a breadth and quality of products and services which continue to grow.

EQT is a sophisticated financial services provider, offering a broad range of products and services to a diverse client base. EQT Corporate Trustee Services is the business unit within EQT which will be responsible for the responsible entity services performed by EQT if successfully appointed as responsible entity. EQT Corporate Trustee Services, as at 30 June 2022, is responsible for over A\$105 billion of funds under management in excess of 300 funds. EQT has the necessary authorisations under its Australian financial services licence to operate the Scheme and EQT's executive team are experienced industry professionals who are able to meet the requirements of the Scheme.

EQT's executive team

EQT's executive team are experienced industry professionals that can meet the requirements of the Fund:

DIRECTORS AND BOARD MEMBERS – New Responsible Entity

MICHAEL (MICK) O'BRIEN, CFA, GAICD

Managing Director

Joined April 2016

Mr O'Brien was admitted as a Fellow of the Institute of Actuaries of Australia in 1989 and holds the Chartered Financial Analyst designation. He was formerly Director of Templeton Global Growth Fund (TGG), Chief Executive Officer and Director of Invesco Australia Limited (2002-2012) and Director of Alliance Capital Management Australia. He served 20 years in the AXA (and National Mutual) group in actuarial, product management and Asian development roles and his last role was the Chief Investment Officer of AXA Australia and New Zealand, where he was also a Director of AXA's Responsible Entities and RSE Licensees.

With 40 years in both retail and institutional markets, Mr O'Brien brings deep wealth management experience in superannuation, investment management, insurance and advice.

PHILIP GENTRY, BSc, MBA, GAICD

Chief Financial Officer and Chief Operating Officer

Joined January 2016

Mr Gentry has more than 25 years' experience in leadership positions within financial services, property, agribusiness, international trade, commodities and logistics.

Mr Gentry's previous roles have included Managing Director of Agrium Asia Pacific, and the CFO of AWB. He has also, held a variety of senior roles at ANZ Bank ranging from Corporate Banking, Strategic Development and Investor Relations to Global Head of Commodity and Trade Finance.

Mr Gentry received an MBA from IMD in Switzerland in 1991 and completed the Stanford Executive Program in 2010. He is a member of the Financial Services Institute of Australasia, and the Australian Institute of Company Directors. He graduated from the Royal Military College, Duntroon in 1983 with a Bachelor of Science from the University of NSW.

RUSSELL BEASLEY, Dip Fin Mkts, SA Fin

Executive General Manager, Corporate Trustee Services

Joined February 2005

Mr Beasley has more than 40 years' experience in the financial services industry, holding senior funds management and retail banking roles with MLC, County Investment Management and National Australia Bank.

Mr Beasley is responsible for the Corporate Trustee Services business within Australia. He is a member of the EQT Responsible Entity Compliance Committee.

MARY O'CONNOR, BCom (Hons), MPracAcc, CFA, MAICD

Head of Corporate Development of the EQT Group

Joined April 2017

Ms. O'Connor is an experienced finance professional with over 15 years' experience in mergers and acquisitions across a range of sectors. With skills in strategy, transaction planning and execution, due diligence, project management, valuation, and has extensive experience in the review of financial statements, financial analysis, financial modelling and forecasting. Ms. O'Connor joined Equity Trustees in 2017 as Head of Corporate Development, with her role involving strategy, mergers & acquisitions and oversight of group internal audit and fund performance reporting functions. Ms. O'Connor was previously a mergers and acquisition and corporate adviser at Lion Capital, Deutsche Bank and Lazard. Ms. O'Connor is a member of the EQT Audit Committee.

4.3 BACKGROUND TO THE AMENDMENTS TO THE CONSTITUTIONS

Amendments related to the Replacement and Appointment

In connection with the Replacement and Appointment, EQT has requested that the constitutions of the Trusts which comprise the Fund ("**Constitutions**") be revised to incorporate a number of specific amendments. These amendments are summarised as follows:

- clauses 11.5(c) and (d) of each Constitution will be deleted and replaced with "*Not used*". This is for the purposes of providing EQT, as the proposed incoming Responsible Entity, with the flexibility to respond appropriately to redemption requests;
- clauses 11.19 and 11.20 of each Constitution will be deleted, as the withdrawal offers contemplated by these provisions were completed in July 2022 (as set out in the withdrawal offer documents mailed to members on or around 16 June 2022). For the purposes of this change, consequential changes will be made to clause 1.1 of each Constitution (deletion of the definition of "Initial Liquidity Date", "Liquidity Date and "Wind Up Resolution") and to clause 26.1 of each Constitution (deletion of the phrase "; or (ii) two years after the Initial Liquidity Date or Liquidity Date (as applicable), if clause 11.19(c)(ii) or 11.19(e)(ii) applies";
- clause 14.9 of each Constitution will be amended to replace the words "*three months*" with the words "*a reasonable time*". This is also for the purposes of providing EQT, as the proposed incoming Responsible Entity, with the flexibility in relation to the timing of distributions; and
- clause 24.3(a) of each Constitution will be deleted and replaced with the following clause, being EQT's proposed management fee:

*"(a) The Responsible Entity is entitled to an annual fee equal to the greater of (the **Management Fee**):*

(i) \$40,000.00 per annum for each of the Fund, Fund II and Fund III (being \$120,000 per annum in aggregate), increasing by CPI annually; and

(ii) 0.02% per annum of the Gross Value of the Assets of the Fund, Fund II and Fund III², calculated as at the end of each month by reference to the most recently completed independent valuation of the Assets.

The Management Fee is payable within 14 days of the end of each calendar quarter, first out of the income of the Fund and then out of capital."

For the purposes of this change, consequential changes will be made to clause 24.3 (to update reference from "*month*" to

² Note: These capitalised references to "Fund", "Fund II" and "Fund III" will be amended as applicable for the respective constitution

“quarter”) and clause 1.1 of each Constitution will also be amended to include the following definition of CPI:

“CPI means the weighted average of the All Groups Price Index Number 6401.0 for the eight capital cities of the states and territories of Australia published from time to time by the Australian Bureau of Statistics or, if that index number is no longer published, its substitute as a cumulative indicator of the inflation rate in Australia”

The Constitutions will also need to be amended to incorporate other minor updates arising from the Replacement and Appointment, such as name changes.

General Amendments

A general review of the Constitutions in connection with the Proposal has been conducted, and it is considered that clause 8.2 does not necessarily align with the nature and structure of the Fund. It has been determined to take this opportunity to amend this clause, as follows:

- clause 8.2 of each constitution will be amended to replace the words “next Valuation Time after” with the words “Valuation Time immediately preceding the date that”.

It has been determined that the current clause is not appropriate for a Fund of this nature, given that valuations are not conducted very frequently and the issue price of units is required to be known for the purposes of any unit issues (which currently cannot be determined until the next valuation).

Copies of the Supplemental Deed Polls which set out the proposed amendments in full are available on the Fund’s website, along with the existing Constitutions and the Supplemental Deed Polls which investors approved in early 2022.

4.4 OTHER CHANGES ARISING FROM THE PROPOSAL

EQT has requested that each of the Investment Management Agreements (**IMAs**) and Fund Management Agreements (and Fund Administration Agreement) (**FMA**s) relating to the Fund (including its Trusts and Sub-Trusts), be updated to:

- grant the investment manager the power to instruct the Responsible Entity to execute all proxies and other instruments necessary or expedient to enable the investment manager to fulfil its duties (in the FMAs);
- include more proscriptive duties on the investment manager in both the IMAs and the FMAs, particularly with regards to:
 - additional reporting requirements;
 - compliance with the EQT’s policies and procedures (such as those regarding soft dollar receipts, handling complaints or any other relevant policy provided by EQT); and
 - additional notification requirements in relation to any changes in the management and structure of the investment manager.
- remove the investment manager’s right to receive stapled securities in the Fund in lieu of any management or performance fee (under the IMAs);
- amend the investment manager’s liability cap under each IMA, FMA and property management agreement (**PMA**) so that:
 - the investment manager’s liability for breach of agreement or other default is limited to \$50 million per claim (rather than \$5 million in the aggregate); and
 - there is no cap on the investment manager’s liability if such liability arises from the investment manager’s fraud, gross negligence or wilful default; and
- include a more proscriptive limitation on the Responsible Entity’s and trustee’s liability to the Manager under the IMAs, FMAs and PMAs.

In addition, each of the trust deeds for the Sub-Trusts will be amended to incorporate administrative amendments (including fees noted below in section 4.6) arising from the change in trustees.

4.5 STEPS TO IMPLEMENT THE PROPOSAL

If the Resolutions are approved:

- shortly after the meeting, E&PIL will sign and lodge with the Australian Securities and Investments Commission (**ASIC**) a notice asking ASIC to give effect to the change of responsible entity;
- on the Effective Date:
 - E&PIL will resign, and EQT will take office, as the new responsible entity of the Fund; and
 - the Constitutions will be amended as per Resolution 2; and
- after the Effective Date, EQT, as the new responsible entity, will lodge the revised Constitutions with ASIC.

The implementation of the Proposal requires the Fund’s lender to consent to the amendment of the common terms deed to reflect the changes contemplated by the Proposal. The investment manager of the Fund has been liaising with the Fund’s lender for the purposes of obtaining this consent and expects it to be received before the meeting. If such consent is not received prior to the date of the meeting, then the meeting may be adjourned. E&PIL will keep Stapled Securityholders updated on the status of this consent.

4.6 COMPARISON OF KEY METRICS BEFORE AND AFTER IMPLEMENTATION OF THE PROPOSAL

The table below provides a comparison of key metrics before and after implementation of the Proposal. The most significant change relates to the fees being charged by the responsible entity. It is expected that the change in responsible entity will provide investors with a material reduction in fees.

METRIC	CURRENT	PROPOSED
Management Fees	The current management fee charged by E&PIL as Responsible Entity for the Fund is equivalent to 0.24% per annum of the gross value of the assets of each relevant Trust, calculated as at the end of the month precedent the date of payment.	EQT's management fee is payable quarterly and will be equal to the greater of: a. \$40,000.00 per annum for each of Fund I, Fund II and Fund III (being \$120,000 per annum in aggregate), increasing by CPI annually; and b. 0.02% per annum of the gross value of the assets of Fund I, Fund II and Fund III.
Sub-trustee Fees	The trustee of each Sub-Trust is currently entitled to receive a nominal fee out of the assets of the Sub-Trust	\$7,000 per Sub-Trust, increasing by CPI annually.
Reporting	No change is contemplated for the reporting obligations of the Fund.	
Liquidity	The Fund will remain illiquid and there will be no change to the liquidity provisions. There is no withdrawal offer contemplated as part of this proposal.	
Responsible Entity	E&P Investments Limited	Equity Trustees Limited
Investment Objective	The investment objective of the Fund will remain the same. The Fund's investment objective is to seek to provide investors with attractive and secure rental income via exposure to a portfolio of Australian-based convenience-based retail assets with potential for long-term capital growth.	

5. WHAT YOU NEED TO DO

VOTING

The Notice of Meeting and voting form are attached as Appendix 1 to this Explanatory Memorandum. Please refer to the Notice of Meeting for information on how to vote. The Record Date for voting is 7.00pm (Sydney time), 17 December. If Stapled Securityholders do not wish to vote during the meeting the deadline for Voting Forms for the meeting is 10.00am, 17 December 2022, all votes and proxy forms must be received by this time in order to be cast at the Meeting.

The Meeting will be conducted as a hybrid meeting with unitholders able to attend and participate in person at Level 32, 1 O'Connell St, Sydney or online via the online platform at: <https://web.lumiagm.com>.

Refer to the Notice of Meeting for information on how to vote and attend the Meeting online.

APPENDIX 1 – NOTICE OF MEETING AND VOTING FORM

