

14 December 2022

**FSREC Property Fund****Portfolio Update, Fund Distribution and Valuation Announcement**

E&P Investments Limited, as the Responsible Entity (**RE**) for the FSREC Property Fund (**Fund**), is pleased to provide the following portfolio update, distribution, and valuation announcement for the period ending 31 December 2022.

**Portfolio Update**

The portfolio performed well over the quarter against the backdrop of a more challenging economic environment due to rising inflation and multiple interest rate hikes by the Reserve Bank of Australia. Slowing economic growth is expected to impact consumer spending in the period ahead, although the timing and extent of this slowdown is uncertain.

Tenant demand has remained steady over the quarter with the leasing team closing on a total of 14 deals across the portfolio, along with positive momentum on some of the remaining vacancies. Portfolio occupancy and weighted average lease expiry (WALE) remained stable at 95% and 4.5 years respectively.

A highlight for the quarter was finalising leasing terms for a new 10 year lease over 1,900sqm with Chemist Warehouse at Marketfair Campbelltown, which will see them open their biggest store in the country by mid 2023.

On major projects, repositioning works at Noosa Village were completed in mid-November. These works included the expansion and instore upgrades of Woolworths, a full internal mall refurbishment which also included the upgrading of amenities, new signage, and carpark upgrades. At Toormina Gardens, remediation works are progressing well with the opening of new customer bathrooms at the Coles end of the centre and the car park fully operational for the first time since the hailstorm damage last year.

**Fund Distribution**

E&P Investments Limited is pleased to announce the following distribution for the quarter ending 31 December 2022.

Distribution	1.85 cents per stapled security
Record Date	31 December 2022
Expected Payment/Distribution Date	On or around 3 February 2023

The distribution is in line with the September 2022 quarter. The RE board will continue to remain prudent in its assessment of Fund distributions, with a view to provide sustainable distributions and long-term growth for securityholders.

## Asset Valuations

All 12 properties in the portfolio have been independently valued for 31 December 2022. The preliminary unaudited value of the Fund's retail properties increased by \$550,000 to \$704,250,000 over the period to 31 December 2022. This equates to a 0.1% increase in comparison to the 30 June 2022 valuations.

The preliminary unaudited valuations by asset are provided below:

Asset	31 December 2022 Valuation	6-month valuation change (%)	31 December 2022 Capitalisation Rate
Oxford Village	\$110,000,000	(1.8%)	5.75%
Toormina Gardens	\$89,000,000	0.6%	6.25%
Windsor Riverview	\$58,000,000	(0.9%)	5.50%
Marketfair Campbelltown	\$49,750,000	(0.5%)	5.25%
Lake Innes Village	\$39,500,000	1.3%	5.50%
Newtown Central	\$32,000,000	-	5.25%
Keilor Central	\$126,000,000	0.4%	5.50%
Lynbrook Village	\$47,500,000	(0.4%)	5.50%
Northpoint S.C	\$49,500,000	(0.5%)	5.75%
Noosa Village	\$40,500,000	5.2%	5.25%
Birkdale Fair	\$38,000,000	0.7%	5.25%
Hilton Plaza	\$24,500,000	-	5.25%
<b>Total Portfolio</b>	<b>\$704,250,000</b>	<b>0.1%</b>	<b>5.59%</b>

Increases in asset valuations are largely due to income growth. Across the portfolio, the weighted average capitalisation rate compressed by 0.01% with Noosa Village being the only movement, reducing by 25bps given the completion of repositioning works and Woolworths supermarket expansion.

Convenience based retail assets continue to be sought after by investors, having proven their resilience through challenging economic conditions in recent years. Convenience retail continues to provide attractive risk adjusted yields relative to other asset classes, providing the potential for continued valuation growth in the future.

This information has been prepared by E&P Investments Limited (Responsible Entity) (ACN 152 367 649, AFSL 410 433), as responsible entity for the Fort Street Real Estate Capital Fund I (ARSN 163 688 346), Fort Street Real Estate Capital Fund II (ARSN 169 190 498) and Fort Street Real Estate Capital Fund III (ARSN 605 335 957), together stapled to form FSREC Property Fund.

This information may contain general advice. Any general advice provided has been prepared without taking into account your objectives, financial situation or needs. Before acting on the advice, you should consider the appropriateness of the advice with regard to your objectives, financial situation and needs. Past performance is not a reliable indicator of future performance.

This information may contain statements, opinions, projections, forecasts and other material (forward-looking statements), based on various assumptions. Those assumptions may or may not prove to be correct. The Responsible Entity and its advisers (including all of their respective directors, consultants and/or employees, related bodies corporate and the directors, shareholders, managers, employees or agents of them) (Parties) do not make any representation as to the accuracy or likelihood of fulfilment of the forward-looking statements or any of the assumptions upon which they are based. Actual results, performance or achievements may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward-looking statements and the Parties assume no obligation to update that information. The Parties give no warranty, representation or guarantee as to the accuracy, completeness or reliability of the information contained in this report. The Parties do not accept, except to the extent permitted by law, responsibility for any loss, claim, damages, costs or expenses arising out of, or in connection with, the information contained in this report. Any recipient of this report should independently satisfy themselves as to the accuracy of all information contained in this report.