FORT STREET
REAL ESTATE CAPITAL

FSREC Property Fund

FY23 Half Year Results Presentation

Acknowledgement of Country

Fort Street Real Estate Capital acknowledges Aboriginal and Torres Strait Islander peoples as the Traditional Owners of the lands and waters of Australia, and we offer our respect to their Elders past and present.

FY23 HY1 Summary

Strategy

- Completion of the transition of the Responsible Entity (RE) for FSREC Property (Fund) from E&P Investments Limited ("E&PIL") to Equity Trustees Limited ("EQT"), 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.
- Transition to Equity Trustees will result in lower aggregate fees being charged by the Responsible Entity for the provision of its services to the Fund.
- Completion of a significant strategic initiative announced at the time of the Fund merger, allows management to focus on growth opportunities moving forward.

Portfolio

- The portfolio performed relatively 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 ("RBA")
- At Noosa Village, repositioning works were completed in November. These works included the expansion and instore upgrades of Woolworths, and 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 re-opening of the majority of specialty stores, opening of new bathrooms near Coles and the car park, which is fully operational for the first time since the hailstorm damage last year.

FY23 HY1 Portfolio Highlights

For the six-month period ending 31 December 2022

Financial

Net Asset Value[1]

$1.83 per security

H1 FY23 Distribution[2]

3.7 cents per security

Fund Gearing

36.7%

Total Return – (6 months)[3]

1.5%

Valuation

Number of properties

12

Portfolio Valuation

$704.3m

Valuation Change

+0.1%

Weighted Ave Cap Rate

5.6%

Portfolio

Portfolio Occupancy

96.7%

WALE

4.5 years

Portfolio MAT Growth

2.0%

Leasing Spread (6m)[4]

-2.3%

Source: FSREC
[1] Based on preliminary unaudited estimates for 31 December 2022. Audited financials are due to be released in mid March 2023.
[2] Distribution of 3.7 cps represents the total distributions for the half-year.
[3] Total Return calculated on NAV growth and Fund distribution over the half-year.
[4] Leasing spread on renewals and new deals for specialty tenants, excluding Majors and Mini Majors.
Disclaimer: Historical performance is not a reliable indicator of future performance

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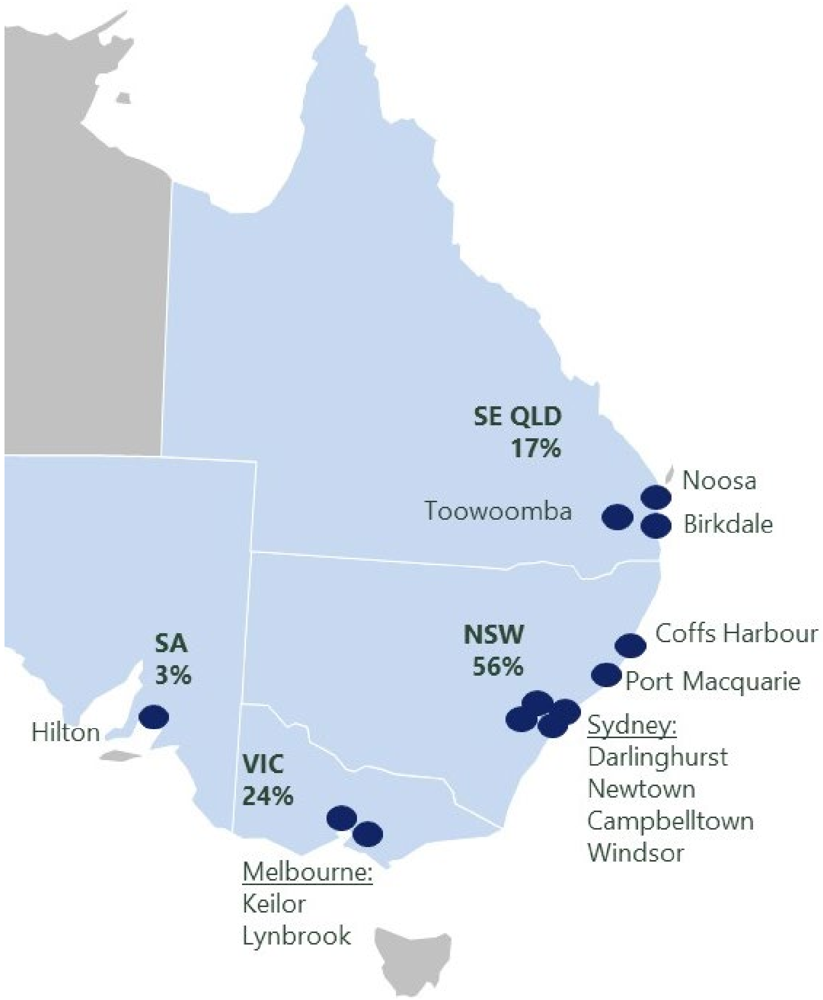
Portfolio Overview

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

Asset type	▪ 10 neighbourhood centres; 2 convenience-based sub-regional centres
Geography	▪ 9 metro, 3 regional
Anchor tenancies	▪ 6 Coles, 5 Woolworths, 2 Aldi, 2 Kmart
Property ownership	▪ 100% FSREC Property Fund



Source: FSREC
Calculated as at 31 December 2022, weighted to value of investment properties.

FY23 HY1 Financial Performance

Summary of the key Fund metrics

Valuation Metrics	31 Dec 22	30 June 22	Change
Retail Portfolio Total	$704.3m	$703.7m	+0.10%
Average capitalisation rate	5.59%	5.60%	-0.01%

Key Metrics	31 Dec 22	31 Dec 21	Change
Distribution (cents per security)	3.7 cps	4.0 cps	-0.3 cps
Distribution Yield [1]	4.0%	4.7%	-0.7%
NTA per security	$1.83	$1.72	+7.0%

Source: FSREC
All figures based on preliminary unaudited estimates for 31 December 2022. Audited financials are due to be released in mid March 2023.
1. Annualised Distribution Yield is based on the NTA of that respective period end.
Disclaimer: Historical performance is not a reliable indicator of future performance.

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Capital Management

Summary of key Fund capital management metrics

Balance Sheet[1]	31 Dec 22	30 Jun 22
Gross Asset Value (GAV)	$724.1m	$722.4m
Net Assets	$452.7m	$453.5m
Securities on issue	246,872,662	246,911,167
Net Asset Value per security	$1.83	$1.84

Debt Position	31 Dec 22	30 Jun 22
Total debt facilities	$300,000,000	$300,000,000
Total drawn debt	$258,416,000	$257,616,000
Debt capacity available	$41,584,000	$42,384,000
Debt hedged (% on drawn debt)	52.6%	52.8%
Average hedged swap rate	1.59%	1.59%
Weighted average term to maturity[2]	2.1 Years	1.9 Years
Weighted cost of debt[3]	3.9%	3.0%
Gearing[4]	36.7%	36.6%

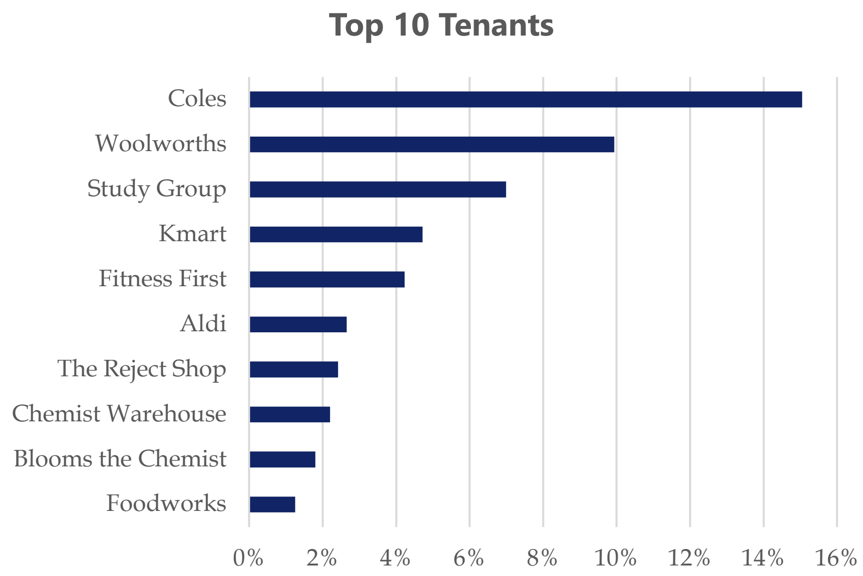
Source: FSREC
1. Based on preliminary unaudited estimates for 31 December 2022. Audited financials are due to be released in mid March 2023.
2. Weighted average term of fixed rate hedges to maturity
3. Calculated as weighted average cost of fixed and floating debt as at period end
4. Calculated as total drawn debt divided by total investment property balance

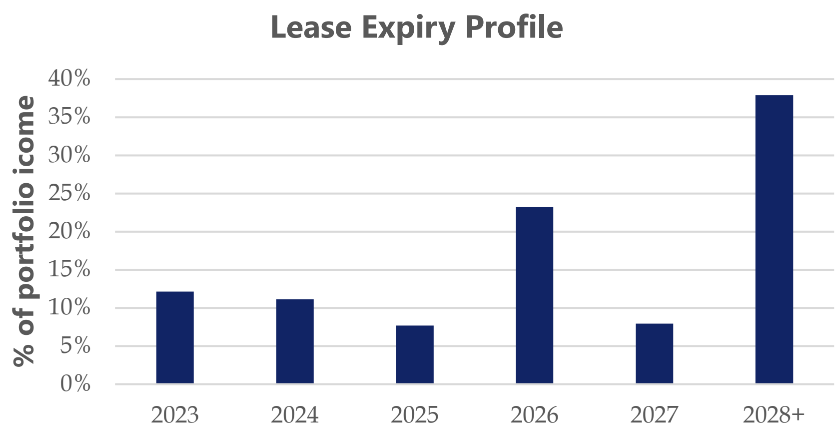
Portfolio Update

Portfolio well diversified with high proportion of non-discretionary income

Portfolio Overview	31 Dec 22	30 Jun 22
Number of assets	12	12
Occupancy	96.7%	97.6%
WALE	4.5 years	4.3 years

Leasing Overview	H1 FY23
Number of leasing deals	24
Specialty Leasing Spread (6m)	-2.3%





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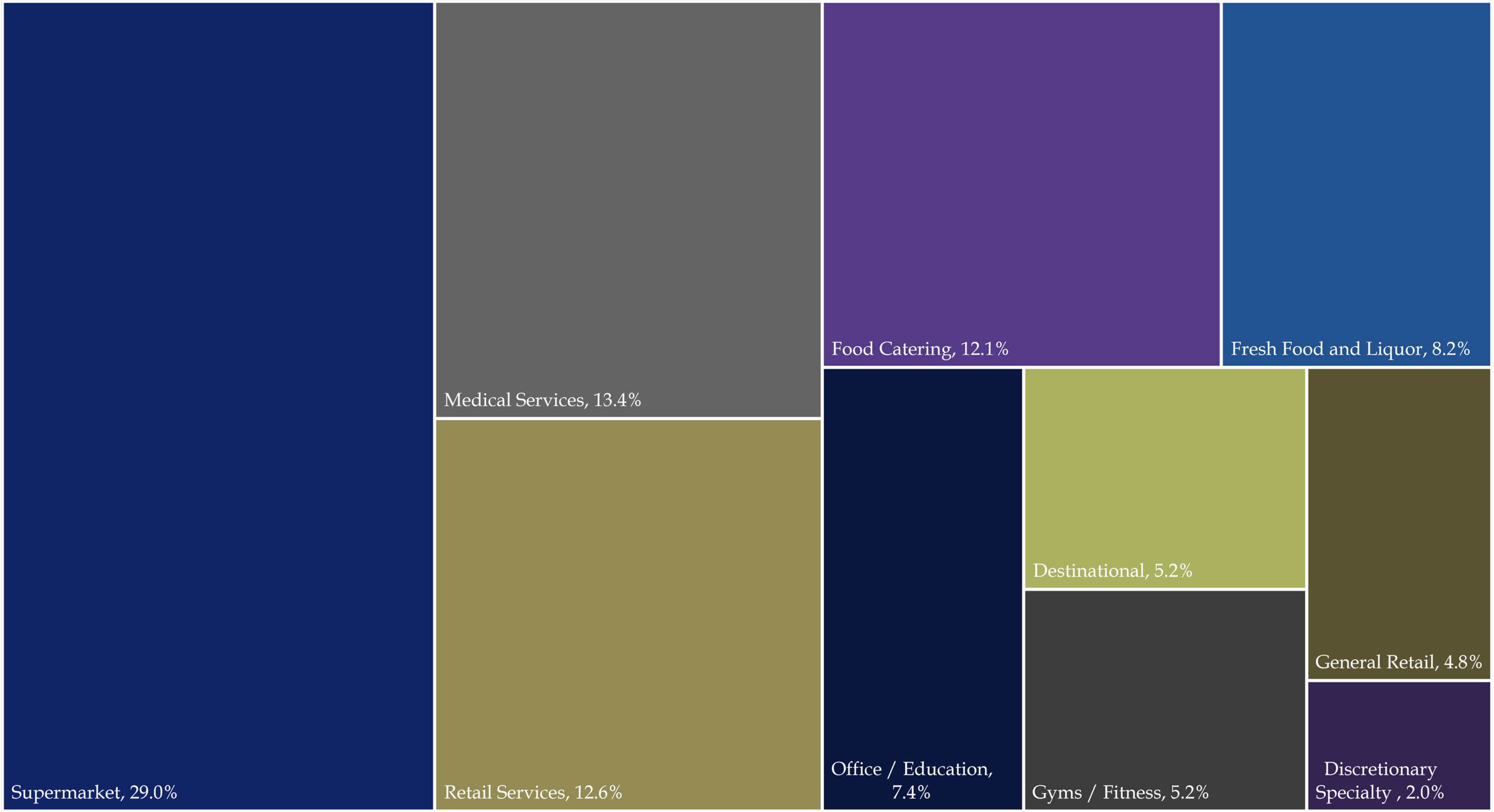
Source: FSREC.
All figures calculated by income as at 31 December 2022, unless otherwise stated.
Disclaimer: Historical performance is not a reliable indicator of future performance

Portfolio Update – Tenancy Mix

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



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Source: FSREC
All figures calculated by income as at 31 December 2022, unless otherwise stated. Figures may not add due to rounding.
Destinational retail tenants include Kmart. Essential services defined as all supermarkets, fresh food, food catering, medical and retail services.
Disclaimer: Historical performance is not a reliable indicator of future performance

Projects

Completion of repositioning works and supermarket expansion at Noosa Village

Noosa Village

Recent Fitouts

Toormina Gardens

Toormina Gardens

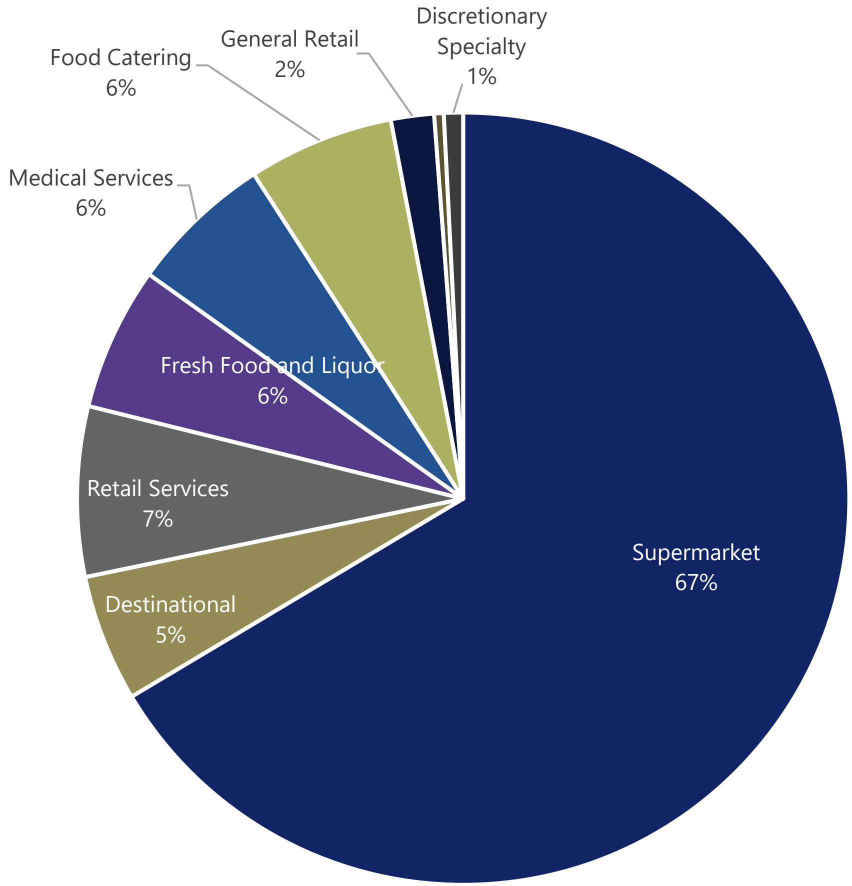
Toormina gardens

Keilor Dental, Keilor Central

Portfolio Update - Sales Performance

Portfolio performed relatively well with high weighting to non-discretionary income

Sales Performance	31 Dec 22
Total Portfolio Sales	$882.5m
Supermarket MAT Growth[1]	+1.0%
Supermarkets in Turnover[2]	58%
Specialty productivity	$10,217/sqm
Specialty occupancy cost	10.9%
Average specialty gross rent	$867/sqm
Weighting to non-discretionary & destinational retail	99.4%



Source: FSREC.
All figures calculated by income as at 31 December 2022. Calculated using Shopping Centres Council of Australia Sales Reporting Guidelines.
[1] Moving Annual Turnover (MAT) is sales for a 12-month period calculated on a rolling basis.
[2] Excludes Aldi supermarkets which have fixed annual rental reviews

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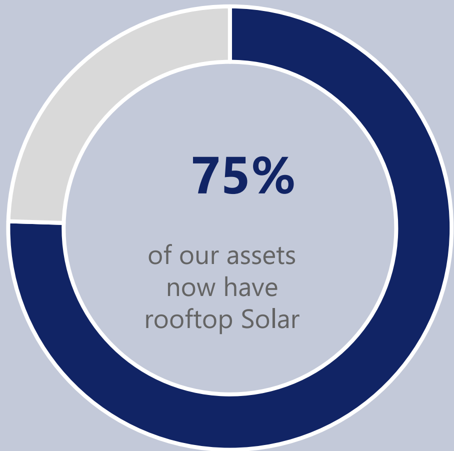
Sustainability

Several energy efficiency initiatives completed over period



Total annual savings:

1,950
MWh per annum
Avoided in common area electricity usage

equivalent to

1,590
tonnes CO2e per annum
Avoided in emissions

407
Return flights between London and Sydney

15.3%
reduction
Common area electricity usage

159
hectares of trees grown per year

Calculated using data rom the Australian Bureau of Statistics, the Australian Government Department of the Environment and Energy and the Australian Energy Regulator

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

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Appendices

Valuations as at 31 December 2022

Retail Property	State	Location	Type[1]	GLA (Sqm)	30 Jun 22	31 Dec 22[2]	6 month change	Cap rate 30 Jun 22[2]	Cap rate 31 Dec 22
Oxford Village	NSW	Metropolitan	NH	12,068	$112,000,000	$110,000,000	(1.8%)	5.75%	5.75%
Toormina Gardens	NSW	Regional	SR	20,950	$88,500,000	$89,000,000	0.6%	6.25%	6.25%
Windsor Riverview	NSW	Metropolitan	NH	7,930	$58,500,000	$58,000,000	(0.9%)	5.50%	5.50%
Marketfair	NSW	Metropolitan	NH	9,232	$50,000,000	$49,750,000	(0.5%)	5.25%	5.25%
Lake Innes Village	NSW	Regional	NH	4,693	$39,000,000	$39,500,000	1.3%	5.50%	5.50%
Newtown Central	NSW	Metropolitan	NH	3,375	$32,000,000	$32,000,000	-	5.25%	5.25%
Keilor Central	VIC	Metropolitan	SR	19,899	$125,500,000	$126,000,000	0.4%	5.50%	5.50%
Lynbrook Village	VIC	Metropolitan	NH	7,666	$47,700,000	$47,500,000	(0.4%)	5.50%	5.50%
Northpoint	QLD	Regional	NH	6,899	$49,750,000	$49,500,000	(0.5%)	5.75%	5.75%
Noosa Village	QLD	Regional	NH	4,555	$38,500,000	$40,500,000	5.2%	5.50%	5.25%
Birkdale Fair	QLD	Metropolitan	NH	5,925	$37,750,000	$38,000,000	0.7%	5.25%	5.25%
Hilton Plaza	SA	Metropolitan	NH	4,453	$24,500,000	$24,500,000	-	5.25%	5.25%
				107,643	$703,700,000	$704,250,000	0.1%	5.60%	5.59%

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Source: FSREC, external valuers.
[1] NH: Neighbourhood Centre; SR: Sub Regional
[2] Final valuations remain unaudited for 31 Dec 2022. Audited financials are due to be released in mid March 2023.
Disclaimer: Historical performance is not a reliable indicator of future performance

FSREC Portfolio NSW

Oxford Village, Sydney

ASSET TYPE	Convenience retail and commercial centre	**VALUATION**	$110 million	**TOTAL MAT**	N/A
LOCATION	High Street	**GLA**	12,068 sqm	**AV. SPEC GROSS RENT**	$1,105/sqm
TENANTS	(Retail) Aldi, Chemist Warehouse, 30 specialties (Commercial) Fitness First, Study Group	**OCCUPANCY**	90.0%	**SPEC OCC COST**	14.5%
		WALE	3.6 years	**SPEC PRODUCTIVITY**	$10,190/sqm
STRATEGY	Expansion of health services. Unlock value through repositioning of upper levels in longer-term.				

Marketfair Campbelltown, Sydney

ASSET TYPE	Neighbourhood retail centre	**VALUATION**	$49.8 million	**TOTAL MAT**	$63.1 million
LOCATION	Prime metropolitan	**GLA**	9,232 sqm	**AV. SPEC GROSS RENT**	$970/sqm
TENANTS	Woolworths, Chemist Warehouse 27 specialties	**OCCUPANCY**	99.5%	**SPEC OCC COST**	10.1%
		WALE	4.8 years	**SPEC PRODUCTIVITY**	$11,253/sqm
STRATEGY	Complete new Chemist Warehouse expansion.				

Newtown Central, Sydney

ASSET TYPE	Convenience retail	**VALUATION**	$32 million	**TOTAL MAT**	N/A
LOCATION	High Street	**GLA**	3,375sqm	**AV. SPEC GROSS RENT**	$1,093/sqm
TENANTS	Foodworks, Fitness First 15 specialties	**OCCUPANCY**	94.6%	**SPEC OCC COST**[2]	11.4%
		WALE	3.8 years	**SPEC PRODUCTIVITY**	$14,160/sqm
STRATEGY	Lease to inner city F&B and service tenants.				

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Source: FSREC.
All figures calculated by income as at 31 December 2022
Calculated using Shopping Centres Council of Australia Sales Reporting Guidelines.

FSREC Portfolio NSW (continued)

Windsor Riverview, Sydney

ASSET TYPE	Neighbourhood retail centre	**VALUATION**	$58.0 million	**TOTAL MAT**	$68.1 million
LOCATION	Prime metropolitan	**GLA**	7,930 sqm	**AV. SPEC GROSS RENT**	$815/sqm
TENANTS	Coles, 33 specialties	**OCCUPANCY**	98.8%	**SPEC OCC COST**	12.0%
		WALE	3.0 years	**SPEC PRODUCTIVITY**	$5,067/sqm
STRATEGY	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

ASSET TYPE	Dual supermarket convenience-based subregional centre	**VALUATION**	$89.0 million	**TOTAL MAT**	$164.2 million
LOCATION	Coastal	**GLA**	20,950 sqm	**AV. SPEC GROSS RENT**	$748/sqm
TENANTS	Woolworths, Coles, Kmart 51 specialties	**OCCUPANCY**	96.7%	**SPEC OCC COST**	11.0%
		WALE	2.9 years	**SPEC PRODUCTIVITY**	$8,223/sqm
STRATEGY	Complete insurance remediation works and re-leasing program following hailstorm damage. Development of McDonalds' padsite.				

Lake Innes, Port Macquarie

ASSET TYPE	Neighbourhood retail centre	**VALUATION**	$39.5 million	**TOTAL MAT**	$81.5 million
LOCATION	Coastal	**GLA**	4,693sqm	**AV. SPEC GROSS RENT**	$860/sqm
TENANTS	Coles 12 specialties	**OCCUPANCY**	100%	**SPEC OCC COST**	10.1%
		WALE	7.6 years	**SPEC PRODUCTIVITY**	$8,011/sqm
STRATEGY	Assess potential for additional padsite development.				

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Source: FSREC.
All figures calculated by income as at 31 December 2022.
Calculated using Shopping Centres Council of Australia Sales Reporting Guidelines.

FSREC Portfolio VIC and SA

Keilor Central, Melbourne

ASSET TYPE	Dual supermarket convenience-based subregional centre	**VALUATION**	$126.0 million	**TOTAL MAT**	$147.2[1] million
LOCATION	Prime metropolitan	**GLA**	19,899 sqm	**AV. SPEC GROSS RENT**	$927sqm
TENANTS	Coles, Aldi, Kmart 65 specialties	**OCCUPANCY**	98.1%	**SPEC OCC COST**	10.6%
		WALE	4.6 years	**SPEC PRODUCTIVITY**	$11,036/sqm
STRATEGY	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

ASSET TYPE	Neighbourhood retail centre	**VALUATION**	$47.5 million	**TOTAL MAT**	$57.5 million
LOCATION	Prime metropolitan	**GLA**	7,666 sqm	**AV. SPEC GROSS RENT**	$632/sqm
TENANTS	Coles 31 specialties	**OCCUPANCY**	98.5%	**SPEC OCC COST**	10.1%
		WALE	6.0 years	**SPEC PRODUCTIVITY**	$7,458/sqm
STRATEGY	Improve productivity of specialty tenants through active management.				

Hilton Plaza, Adelaide

ASSET TYPE	Neighbourhood retail centre	**VALUATION**	$24.5 million	**TOTAL MAT**	$50.4 million
LOCATION	Prime metropolitan	**GLA**	4,453sqm	**AV. SPEC GROSS RENT**	$878/sqm
TENANTS	Woolworths 13 specialties	**OCCUPANCY**	94%	**SPEC OCC COST**	14.2%
		WALE	4.4 years	**SPEC PRODUCTIVITY**	$6,358/sqm
STRATEGY	Lease remaining vacancy to medical tenant.				

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Source: FSREC.
All figures calculated by income as at 31 December 2022
Calculated using Shopping Centres Council of Australia Sales Reporting Guidelines.
[1]Excluding Aldi – does not report sales

FSREC Portfolio QLD

Noosa Village, Noosa

ASSET TYPE	Neighbourhood retail centre	**VALUATION**	$40.5 million	**TOTAL MAT**	$78.7 million
LOCATION	Prime metropolitan	**GLA**	4,555 sqm	**AV. SPEC GROSS RENT**	$941/sqm
TENANTS	Woolworths 21 specialties	**OCCUPANCY**	98.5%	**SPEC OCC COST**	5.9%
		WALE	6.9 years	**SPEC PRODUCTIVITY**	$17,786/sqm
STRATEGY	Complete tenant remixing and releasing strategy following supermarket expansion and mall refurbishment.				

Birkdale Fair, Brisbane

ASSET TYPE	Neighbourhood retail	**VALUATION**	$38.0 million	**TOTAL MAT**	$79.4 million
LOCATION	Prime metropolitan	**GLA**	5,925 sqm	**AV. SPEC GROSS RENT**	$762/sqm
TENANTS	Woolworths 17 specialties	**OCCUPANCY**	99.0%	**SPEC OCC COST**	12.6%
		WALE	4.1 years	**SPEC PRODUCTIVITY**	$5,893/sqm
STRATEGY	Investigate additional pad site opportunity.				

Northpoint Shopping Centre, Toowoomba

ASSET TYPE	Neighbourhood retail	**VALUATION**	$49.5 million	**TOTAL MAT**	$72.1 million
LOCATION	Prime regional	**GLA**	6,899 sqm	**AV. SPEC GROSS RENT**	$799/sqm
TENANTS	Coles 26 specialties	**OCCUPANCY**	99.1%	**SPEC OCC COST**	7.0%
		WALE	6.0 years	**SPEC PRODUCTIVITY**	$13,116/sqm
STRATEGY	Maintain high occupancy through active management.				

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Source: FSREC.
All figures calculated by income as at 31 December 2022
Calculated using Shopping Centres Council of Australia Sales Reporting Guidelines.

Disclaimer

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