

14 June 2023

FSREC Property Fund
Portfolio Update, Fund Distribution and Valuations Announcement

Fort Street Real Estate Capital Pty Limited, as the Investment Manager for FSREC Property Fund ("the Fund"), is pleased to provide the following portfolio update and distribution announcement for the quarter ending 30 June 2023.

Portfolio Update

Growth in the Australian economy continues to slow with the combination of higher interest rates and cost-of-living pressures leading to a slowdown in household spending. Positively, the labour market remains very tight with unemployment at near fifty-year lows, however this has potential to increase as the effect of recent substantial increases in interest rates slows economic growth.

Despite the more challenging operating conditions, the Fund is continuing to achieve strong results with the leasing team closing 14 deals across the portfolio over the quarter. At Newtown Central, the replacement with of the independent supermarket, Foodworks, with Aldi on a new 10-year lease is close to completion with Aldi's new store expected to be open and trading by the end of June. At Toormina Gardens, Woolworths is also expected to complete major refurbishment store works by the end of June, including a full store upgrade as well as the installation of a direct to boot facility for customers in the car park.

Across the portfolio, supermarket sales are trending well above the prior year, which is expected to positively impact Fund returns through higher turnover rent over the coming quarters. Portfolio occupancy and weighted average lease expiry (WALE) were 96.4% and 4.3 years respectively.

Fund Distribution

The Fund is pleased to announce the following distribution for the quarter ending 30 June 2023.

Estimated Distribution	1.85 cents per stapled security
Record Date	30 June 2023
Expected Payment/Distribution Date	On or around 4 August 2023

The distribution is in line with the March 2023 quarter. The Fund will continue to remain prudent in its assessment of 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 30 June 2023. The preliminary unaudited value of the Fund's retail properties decreased by \$6,250,000 to \$698,000,000 over the period to 30 June 2023. This equates to a 0.9% decrease in comparison to the 31 December 2022 valuations.

The preliminary unaudited valuations by asset are provided below:

Asset	30 June 2023 Valuation	6-month valuation change (%)	30 June 2023 Capitalisation Rate
Oxford Village	\$110,000,000	-	5.75%
Toormina Gardens	\$89,000,000	-	6.50%
Windsor Riverview	\$58,000,000	-	5.63%
Marketfair Campbelltown	\$49,500,000	(0.5)%	5.50%
Lake Innes Village	\$39,500,000	-	5.63%
Newtown Central	\$32,000,000	-	5.50%
Keilor Central	\$123,500,000	(2.0)%	5.63%
Lynbrook Village	\$48,500,000	2.1%	5.75%
Northpoint S.C	\$47,000,000	(5.1)%	6.00%
Noosa Village	\$40,000,000	(1.2)%	5.50%
Birkdale Fair	\$37,500,000	(1.3)%	5.50%
Hilton Plaza	\$23,500,000	(4.1)%	5.50%
Total Portfolio	\$698,000,000	(0.9)%	5.76%

Decreases in asset valuations are largely due to capitalisation rate increases. Across the portfolio, the weighted average capitalisation rate increased by 0.17%. Lynbrook Village was the only asset to increase in value due to positive leasing outcomes leading to an increase in rental income over the last 6 months.

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 communication has been prepared by Fort Street Real Estate Capital Pty Limited (ACN 164 101 731) (Investment Manager or FSREC) an authorised representative (AFS Representative 440307) of Fort Street Capital Pty Ltd ("FSC"; ACN 164 101 704; AFSL 497000) as investment manager of 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), which collectively form a stapled group known as the 'FSREC Property Fund' or 'the Fund'. Equity Trustees Limited ("Equity Trustees") (ABN 46 004 031 298; AFSL 240975), is the Responsible Entity for the Fund. Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company of the Australian Securities Exchange (ASX:EQT). This communication 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. Future performance and return of capital are not guaranteed.