

FSREC Property Fund
FY23 Annual 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.

Overview

Resilient portfolio performance, benefiting from exposure to non-discretionary expenditure

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 extensive experience as a responsible entity.
- Transition to Equity Trustees has resulted in lower aggregate fees being charged by the Responsible Entity for the provision of its services to the Fund.

Portfolio

- Portfolio performance remained resilient against the backdrop of a more challenging economic environment with rising inflation and multiple interest rate hikes by the Reserve Bank of Australia.
- High weighting to non-discretionary expenditure provided Moving Average Turnover (MAT) growth across portfolio of 5.3%.
- Marginal decrease in portfolio valuation predominantly due to the increase in capitalisation rates reflecting a higher interest rate environment, partially offset by strong income growth across the portfolio.
- Strong leasing momentum with 48 deals completed over year, including at Newtown Central, with replacement of Foodworks by Aldi, and at Marketfair Campbelltown, with replacement of TK Maxx by Chemist Warehouse which will be their largest store in the southern hemisphere once it opens later this year.
- Completion of a number of major value add initiatives including:
 - Noosa Village, with a full mall refurbishment and expansion of the Woolworths supermarket on a new 10 year lease;
 - Toormina Gardens, with completion of the remediation works following the hailstorm in October 2021, in addition to a full roof replacement, amenity upgrades and Woolworths supermarket upgrades;
 - Completion of an additional 200kW of rooftop solar at Northpoint Shopping Centre.

FY23 Portfolio Highlights

For the year ending 30 June 2023

Financial

Net Asset Value¹

\$1.80 per security

FY23 Distribution

7.4 cents per security

Fund Gearing

37.2%

Total Return²

1.85%

Valuation

Number of properties

12

Portfolio Valuation

\$698m

Valuation Change⁴

-0.8%

Weighted Ave Cap Rate

5.76%

Portfolio

Portfolio Occupancy

95.9%

WALE

4.2 years

Portfolio MAT Growth

5.3%

Leasing Spread (12m)³

0.7%

Source: FSREC

¹ Based on preliminary unaudited estimates for 30 June 2023. Audited financials are due to be released in mid September 2023.

² Total Return calculated using NAV growth and Fund distribution over the year.

³ Leasing spread for specialty tenants, excluding Majors and Mini Majors

⁴ Valuation change over 12 months

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

Portfolio Overview

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

Asset type

- 10 Neighbourhood
- 2 Convenience-based sub-regional

Geography

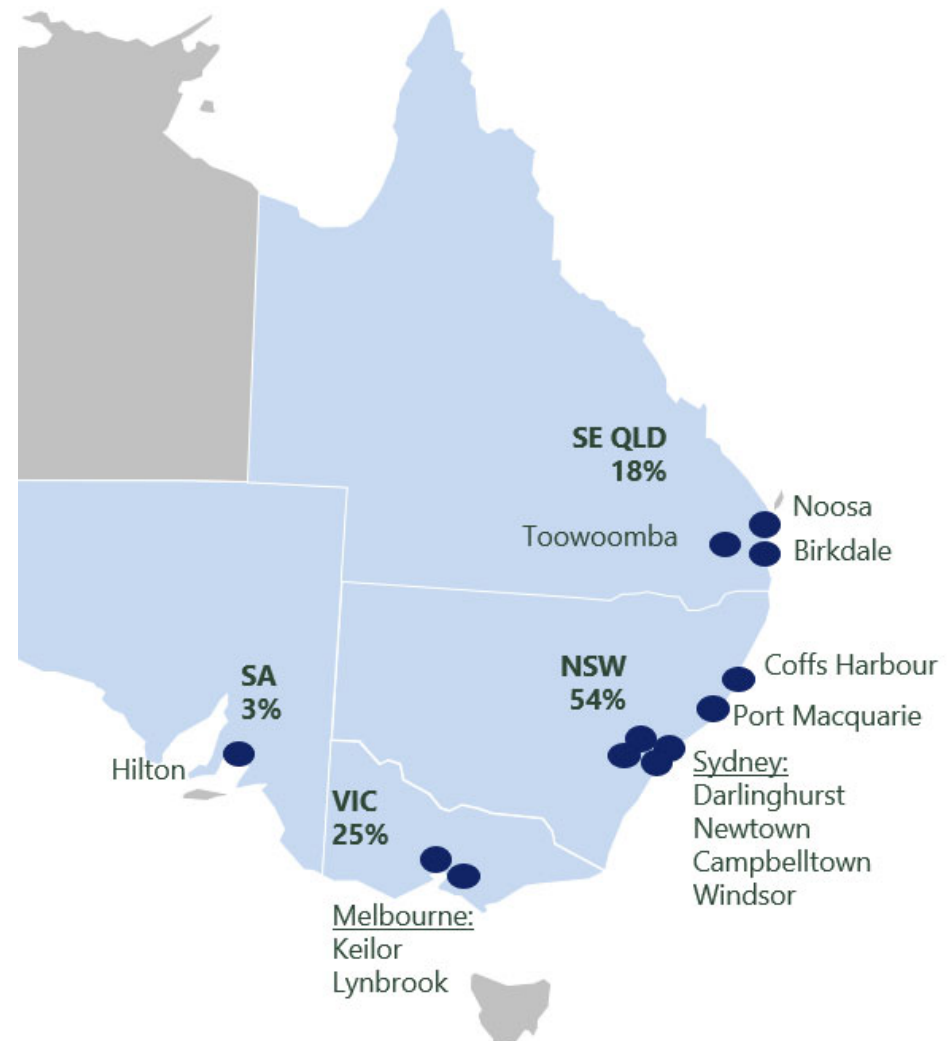
- 9 Metro, 3 Regional

Anchor tenancies

- 6 Coles, 5 Woolworths, 3 Aldi, 2 Kmart

Property ownership

- 100% FSREC Property Fund



FY23 Financial Performance

Summary of the key Fund metrics for the financial year to 30 June 2023

Valuation Metrics	30 Jun 23	30 Jun 22	Change
Retail Portfolio Total	\$698m	\$703.7m	-0.8%
Average capitalisation rate	5.76%	5.6%	+0.16%

Key Metrics	30 Jun 23	30 Jun 22	Change
Distribution (cents per security)	7.4 cps	8.0 cps	-0.6 cps
Distribution Yield ¹	4.0%	4.9%	-0.9%
NTA per security	\$1.80	\$1.84	-2.2%
Total Return	1.85%	17.1%	



Source: FSREC

All figures based on unaudited financials for 30 June 2023. Audited financials are due to be released in mid September 2023.

¹ Based off opening June 2022 NTA of \$1.84.

Capital Management

Summary of key Fund capital management metrics

Balance Sheet ¹	30 Jun 23	30 Jun 22
Gross Asset Value (GAV)	\$719.1m	\$722.4m
Net Assets	\$445.3m	\$453.5m
Securities on issue	246,872,662	246,911,167
Net Asset Value per security	\$1.80	\$1.84

Debt Position	30 Jun 23	30 Jun 22
Total debt facilities	\$300,000,000	\$300,000,000
Total drawn debt	\$259,616,000	\$257,616,000
Debt capacity available	\$40,384,000	\$42,384,000
Debt hedged (% on drawn debt)	69.7%	52.8%
Market value of hedging instruments	\$6,068,275	\$5,548,590
Weighted average term to maturity ²	2.67 Years	1.87 Years
Weighted cost of debt	3.6%	3.0%
Gearing ³	37.2%	36.6%

Source: FSREC

1. Based on preliminary unaudited financials for 30 June 2023. Audited financials are due to be released in mid September 2023.

2. Weighted average term of fixed rate hedges to maturity

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

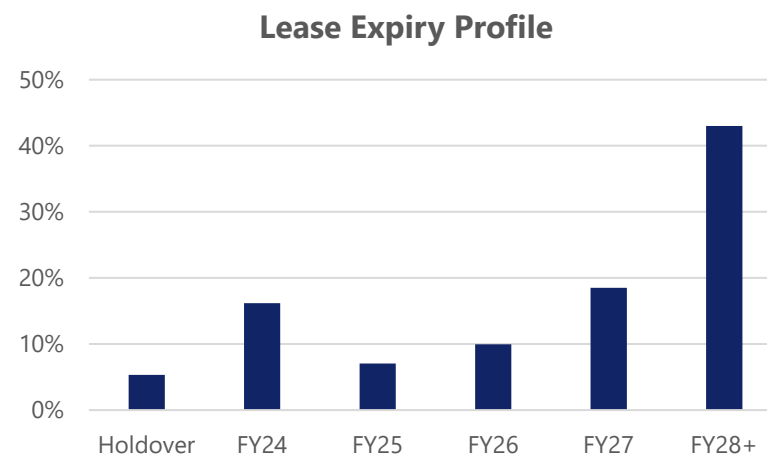
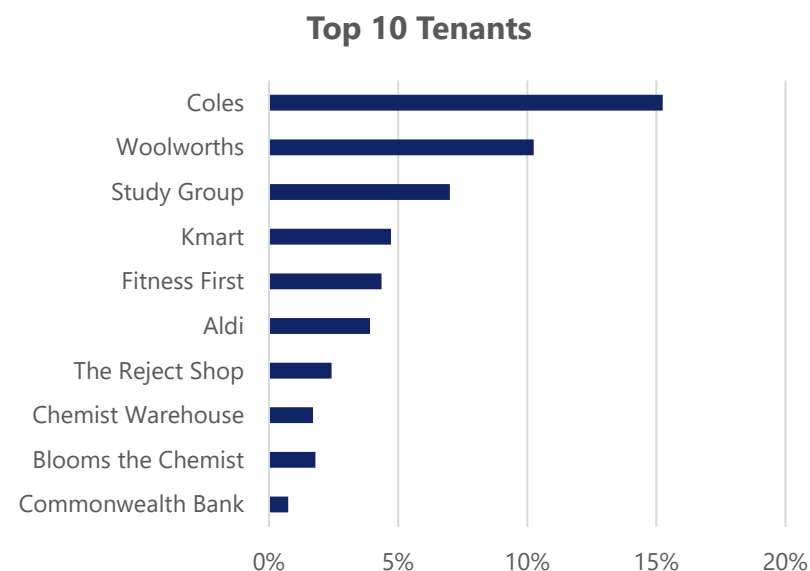
Disclaimer: Historical performance is not a reliable indicator of future performance.

Portfolio Update

Portfolio well diversified with high proportion of non-discretionary income

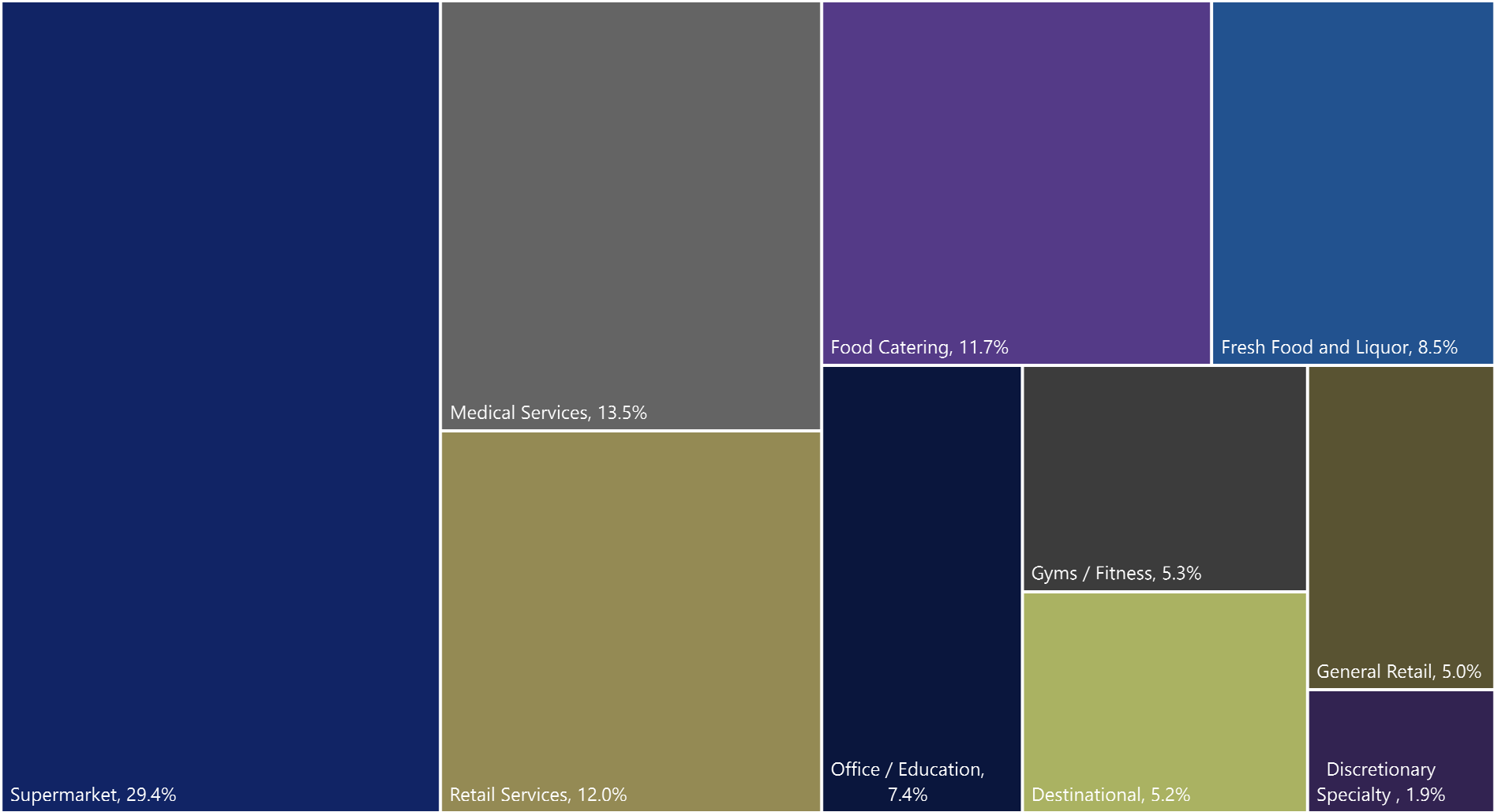
Portfolio Overview	30 Jun 23	30 Jun 22
Number of assets	12	12
Occupancy	95.9%	97.6%
WALE	4.2 years	4.3 years

Leasing Overview	FY23
Number of leasing deals	48
Specialty Leasing Spread ¹ (12m)	0.7%



Portfolio Update – Tenancy Mix

Retail portfolio has a high weighting to essential services; only 1.9% weighting to discretionary specialty retail



Completed Tenant Fitouts

Examples of recent tenant fitouts

Toormina Gardens



Toormina Gardens



Toormina Gardens



Hilton Plaza



Completed Projects

Noosa Village

Supermarket expansion & mall refurbishment



Toormina Gardens

Completion of remediation works & roof replacement

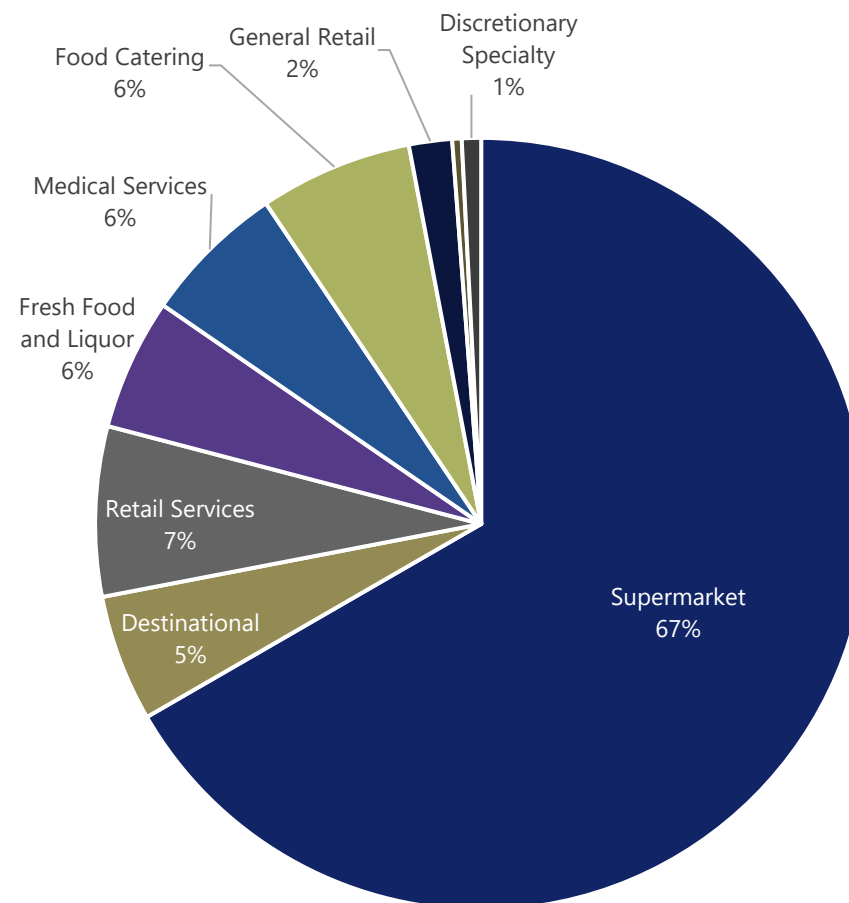


Portfolio Update - Sales Performance

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

Sales Performance	30 Jun 23
Total Portfolio Sales	\$907.7m
Supermarket MAT Growth ¹	+6.7%
Supermarkets in Turnover ²	58%
Specialty productivity	\$10,419/sqm
Specialty occupancy cost	10.4%
Average specialty gross rent	\$856/sqm
Weighting to non-discretionary & destinational retail	99.2%

Total MAT by Category



Source: FSREC.

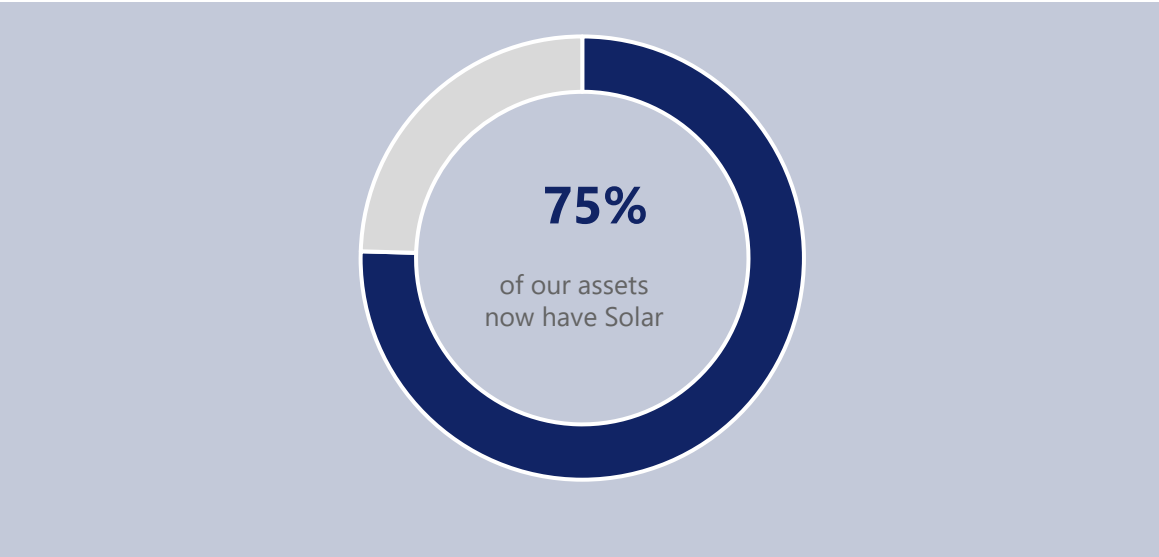
All figures calculated by income as at 30 June 2023. Calculated using Shopping Centres Council of Australia Sales Reporting Guidelines.

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

Sustainability

Major energy efficiency initiatives providing ongoing annual savings



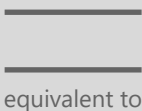
Total annual savings:



1,950

MWh per annum

Avoided in common area electricity usage



1,590

tonnes CO2e per annum

Avoided in emissions



15.3%

reduction

Common area electricity usage



159

hectares of trees grown per year

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 080 333

Email info@fsrec.com.au



Appendices

Valuations as at 30 June 2023

Retail Property	State	Location	Type ¹	GLA (Sqm)	30 Jun 22	30 Jun 23 ²	12 month change	Cap rate 30 Jun 22	Cap rate 30 Jun 23 ²
Oxford Village	NSW	Metropolitan	NH	12,063	\$112,000,000	\$110,000,000	(1.8%)	5.75%	5.75%
Toormina Gardens	NSW	Regional	SR	20,948	\$88,500,000	\$89,000,000	0.6%	6.25%	6.50%
Windsor Riverview	NSW	Metropolitan	NH	7,928	\$58,500,000	\$58,000,000	(0.9%)	5.50%	5.63%
Marketfair	NSW	Metropolitan	NH	9,231	\$50,000,000	\$49,500,000	(1.0%)	5.25%	5.50%
Lake Innes Village	NSW	Regional	NH	4,690	\$39,000,000	\$39,500,000	1.3%	5.50%	5.63%
Newtown Central	NSW	Metropolitan	NH	3,372	\$32,000,000	\$32,000,000	-	5.25%	5.50%
Keilor Central	VIC	Metropolitan	SR	19,816	\$125,500,000	\$123,500,000	(1.6%)	5.50%	5.63%
Lynbrook Village	VIC	Metropolitan	NH	7,635	\$47,700,000	\$48,500,000	1.6%	5.50%	5.75%
Northpoint	QLD	Regional	NH	6,899	\$49,750,000	\$47,000,000	(5.9%)	5.75%	6.00%
Noosa Village	QLD	Regional	NH	4,596	\$38,500,000	\$40,000,000	3.8%	5.50%	5.50%
Birkdale Fair	QLD	Metropolitan	NH	5,911	\$37,750,000	\$37,500,000	(0.7%)	5.25%	5.50%
Hilton Plaza	SA	Metropolitan	NH	4,453	\$24,500,000	\$23,500,000	(4.3%)	5.25%	5.50%
				107,540	\$703,700,000	\$698,000,000	(0.8%)	5.60%	5.76%

FSREC Portfolio NSW

Oxford Village, Sydney



ASSET TYPE	Convenience retail and commercial centre	VALUATION	\$110 million	TOTAL MAT	N/A
LOCATION	High Street	GLA	12,063 sqm	AV. SPEC GROSS RENT	\$1,129/sqm
TENANTS	(Retail) Aldi, Chemist Warehouse, 30 specialties (Commercial) Fitness First, Study Group	OCCUPANCY	90.1%	SPEC OCC COST	14.6%
		WALE	3.2 years	SPEC PRODUCTIVITY	\$10,569/sqm
STRATEGY	Unlock value through repositioning of upper levels in longer-term.				

Marketfair Campbelltown, Sydney



ASSET TYPE	Neighbourhood retail centre	VALUATION	\$49.5 million	TOTAL MAT	\$62.3 million
LOCATION	Prime metropolitan	GLA	9,231 sqm	AV. SPEC GROSS RENT	\$987/sqm
TENANTS	Woolworths, Chemist Warehouse 27 specialties	OCCUPANCY	99.5%	SPEC OCC COST	10.1%
		WALE	4.3 years	SPEC PRODUCTIVITY	\$9,430/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	3,372sqm	AV. SPEC GROSS RENT	\$1,100/sqm
TENANTS	Aldi, Fitness First 15 specialties	OCCUPANCY	94.7%	SPEC OCC COST²	11.5%
		WALE	5.1 years	SPEC PRODUCTIVITY	\$14,092/sqm
STRATEGY	Lease to inner city F&B and service tenants.				

FSREC Portfolio NSW (continued)

Windsor Riverview, Sydney



ASSET TYPE	Neighbourhood retail centre	VALUATION	\$58 million	TOTAL MAT	\$71.6 million
LOCATION	Prime metropolitan	GLA	7,928 sqm	AV. SPEC GROSS RENT	\$762/sqm
TENANTS	Coles, 33 specialties	OCCUPANCY	96.2%	SPEC OCC COST	10.7%
		WALE	2.7 years	SPEC PRODUCTIVITY	\$4,844/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 million	TOTAL MAT	\$176.8 million
LOCATION	Coastal	GLA	20,948 sqm	AV. SPEC GROSS RENT	\$699/sqm
TENANTS	Woolworths, Coles, Kmart 51 specialties	OCCUPANCY	95.3%	SPEC OCC COST	7.0%
		WALE	2.9 years	SPEC PRODUCTIVITY	\$12,172/sqm
STRATEGY	Development of pad site.				

Lake Innes, Port Macquarie



ASSET TYPE	Neighbourhood retail centre	VALUATION	\$39.5 million	TOTAL MAT	\$86.1 million
LOCATION	Coastal	GLA	4,690sqm	AV. SPEC GROSS RENT	\$870sqm
TENANTS	Coles 12 specialties	OCCUPANCY	100%	SPEC OCC COST	9.3%
		WALE	7.1 years	SPEC PRODUCTIVITY	\$8,717/sqm
STRATEGY	Assess potential for additional pad site development.				

FSREC Portfolio VIC and SA

Keilor Central, Melbourne



ASSET TYPE	Dual supermarket convenience-based subregional centre	VALUATION	\$123.5 million	TOTAL MAT	\$146.9 ¹ million
LOCATION	Prime metropolitan	GLA	19,816 sqm	AV. SPEC GROSS RENT	\$859/sqm
TENANTS	Coles, Aldi, Kmart 65 specialties	OCCUPANCY	96.1%	SPEC OCC COST	11.0%
		WALE	4.2 years	SPEC PRODUCTIVITY	\$10,617/sqm
STRATEGY	Commence planning for longer-term masterplan and additional retail and mixed use development.				

Lynbrook Village, Melbourne



ASSET TYPE	Neighbourhood retail centre	VALUATION	\$48.5 million	TOTAL MAT	\$58.5 million
LOCATION	Prime metropolitan	GLA	7,635 sqm	AV. SPEC GROSS RENT	\$645/sqm
TENANTS	Coles 31 specialties	OCCUPANCY	98.6%	SPEC OCC COST	10.8%
		WALE	5.2 years	SPEC PRODUCTIVITY	\$7,112/sqm
STRATEGY	Improve productivity of specialty tenants through active management.				

Hilton Plaza, Adelaide



ASSET TYPE	Neighbourhood retail centre	VALUATION	\$23.5million	TOTAL MAT	\$56.2 million
LOCATION	Prime metropolitan	GLA	4,453sqm	AV. SPEC GROSS RENT	\$930/sqm
TENANTS	Woolworths 13 specialties	OCCUPANCY	94.5%	SPEC OCC COST	13.8%
		WALE	4.1 years	SPEC PRODUCTIVITY	\$6,656/sqm
STRATEGY	Lease remaining vacancy to medical tenant.				

FSREC Portfolio QLD

Noosa Village, Noosa



ASSET TYPE	Neighbourhood retail centre	VALUATION	\$40 million	TOTAL MAT	\$80.5 million
LOCATION	Prime metropolitan	GLA	4,596 sqm	AV. SPEC GROSS RENT	\$992/sqm
TENANTS	Woolworths 21 specialties	OCCUPANCY	98.3%	SPEC OCC COST	6.1%
		WALE	6.5 years	SPEC PRODUCTIVITY	\$15,881/sqm
STRATEGY	Continue to actively manage to drive rental growth.				

Birkdale Fair, Brisbane



ASSET TYPE	Neighbourhood retail	VALUATION	\$37.5 million	TOTAL MAT	\$85.5million
LOCATION	Prime metropolitan	GLA	5,911 sqm	AV. SPEC GROSS RENT	\$766/sqm
TENANTS	Woolworths 17 specialties	OCCUPANCY	99.2%	SPEC OCC COST	13.7%
		WALE	3.7 years	SPEC PRODUCTIVITY	\$5,460/sqm
STRATEGY	Investigate additional pad site opportunity.				

Northpoint Shopping Centre, Toowoomba



ASSET TYPE	Neighbourhood retail	VALUATION	\$47 million	TOTAL MAT	\$73.6 million
LOCATION	Prime regional	GLA	6,899 sqm	AV. SPEC GROSS RENT	\$796/sqm
TENANTS	Coles 26 specialties	OCCUPANCY	97.2%	SPEC OCC COST	7.4%
		WALE	5.7 years	SPEC PRODUCTIVITY	\$13,186/sqm
STRATEGY	Maintain high occupancy through active management.				

Disclaimer

This presentation 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 '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 report has been prepared by FSREC to provide you with general information only. In preparing this report, we did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on the information. Neither FSREC, Equity Trustees nor any of its related parties, their employees or directors, provide and warranty of accuracy or reliability in relation to such information or accepts any liability to any person who relies on it. Past performance should not be taken as an indicator of future performance. You should obtain a copy of the Produce Disclosure Statement before making a decision about whether to invest in this product.