

15 December 2023

FSREC Property Fund
Portfolio Update and 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 31 December 2023.

Portfolio Update

Whilst the Australian economy has been experiencing a period of below trend growth, inflation has remained stronger than expected leading to a further interest rate increase during the quarter. Higher inflation is weighing on people's real incomes and household consumption growth is weak. The labour market remains strong however there are uncertainties over the outlook given the persistently slowly moderating inflation and the potential for further interest rate increases.

Despite the more challenging operating conditions, the Fund is continuing to achieve strong results with the leasing team closing 19 deals across the portfolio over the quarter. Following the successful opening of Chemist Warehouse at Marketfair Campbelltown, their largest store in Australia, Home Bargains have also opened bringing the centre to 100% occupancy. Four of the portfolio's 12 centres are now fully leased, which also includes Birkdale Fair, Lake Innes Village and Hilton Plaza. The quarter also saw the completion of a 200 kW solar installation at Northpoint Shopping Centre, taking total solar capacity at the centre to 300 kW.

Supermarket sales continue their strong performance which is having a positive impact on Fund returns through turnover rent. Portfolio occupancy and weighted average lease expiry (WALE) were 96.9% and 4.1 years respectively.

Fund Distribution

The Fund is pleased to announce the following distribution for the quarter ending 31 December 2023.

Distribution	1.85 cents per stapled security
Record Date	31 December 2023
Expected Payment/Distribution Date	On or around 2 February 2024

The distribution is in line with the September 2023 quarter. The Fund will continue to remain prudent in its assessment of distributions and closely monitor the impact of any further interest rate increases which is the key risk for the distribution outlook over coming periods.

Asset Valuations

All 12 properties in the portfolio have been independently valued for 31 December 2023. The preliminary unaudited value of the Fund's retail properties decreased by \$1,850,000 to \$696,150,000 over the period to 31 December 2023. This equates to a 0.3% decrease in comparison to the 30 June 2023 valuations.

The preliminary unaudited valuations by asset are provided below:

Asset	31 December 2023 Valuation	6-month valuation change (%)	31 December 2023 Capitalisation Rate
Oxford Village	\$110,000,000	-	6.00%
Toormina Gardens	\$88,900,000	(0.1%)	6.75%
Windsor Riverview	\$57,000,000	(1.7%)	6.00%
Marketfair Campbelltown	\$48,200,000	(2.6%)	6.00%
Lake Innes Village	\$40,800,000	3.3%	5.75%
Newtown Central	\$31,500,000	(1.6%)	5.63%
Keilor Central	\$122,000,000	(1.2%)	5.75%
Lynbrook Village	\$48,500,000	-	5.75%
Northpoint S.C	\$47,000,000	-	6.00%
Noosa Village	\$40,750,000	1.9%	5.50%
Birkdale Fair	\$38,000,000	1.3%	5.50%
Hilton Plaza	\$23,500,000	-	5.75%
Total Portfolio	\$696,150,000	(0.3%)	5.94%

Decreases in asset valuations are largely due to capitalisation rate increases. Across the portfolio, the weighted average capitalisation rate increased by 0.18%. Noosa Village, Lake Innes and Birkdale Fair were the only assets to increase in value due to strong leasing outcomes and supermarket sales momentum 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.

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 '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.