



**FORT STREET**  
REAL ESTATE CAPITAL

# **FSREC Property Fund**

## FY24 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.

# FY24 HY1 Summary

## Highlights

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- The portfolio performed well over the quarter, despite the economy continuing to experience below-trend growth which the Reserve Bank of Australia expects to continue for some time
  - Higher inflation is weighing on real incomes and household consumption growth is weak
  - The labour market remains strong however there are uncertainties over the outlook given persistently higher inflation and the potential for further interest rate increases
- The Fund is continuing to achieve strong results with the leasing team closing 49 deals across the portfolio over the half year
- Portfolio occupancy increased to 96.9% following a number of new tenant openings, including the opening of Chemist Warehouse's new store at Marketfair Campbelltown which is their largest in Australia
- Supermarket sales are trending well with average growth of 7.1% above the prior year which is having a positive impact on Fund returns through turnover rent
- Five of the portfolio's 12 centres are now fully leased, which also includes Marketfair Campbelltown, Lynbrook Village, Birkdale Fair, Lake Innes Village and Hilton Plaza

## Major Projects

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- Completion of all remediation works at Toormina Gardens which included a full roof replacement, amenity upgrades and Woolworths supermarket upgrades
- Electric vehicle charging stations were installed at both Northpoint Shopping Centre and Marketfair Campbelltown, bringing the total number of assets across the portfolio with electric vehicle charging stations to six, with further rollouts planned over the medium term
- Completion of a 200 kW solar installation at Northpoint Shopping Centre, taking total solar capacity at the centre to 300 kW

# FY24 HY1 Portfolio Highlights

For the six-month period ending 31 December 2023

## Financial

### Net Asset Value<sup>1</sup>

\$1.77 per security

### H1 FY24 Distribution<sup>2</sup>

3.7 cents per security

### Fund Gearing

37.6%

### Total Return – (6 months)<sup>3</sup>

0.4%

## Valuation

### Number of properties

12

### Portfolio Valuation

\$696.2m

### Valuation Change

(0.3)%

### Weighted Ave Cap Rate

5.9%

## Portfolio

### Portfolio Occupancy

96.9%

### WALE

4.1 years

### Portfolio MAT Growth

6.3%

### Leasing Spread (6m)<sup>4</sup>

4.5%

# 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

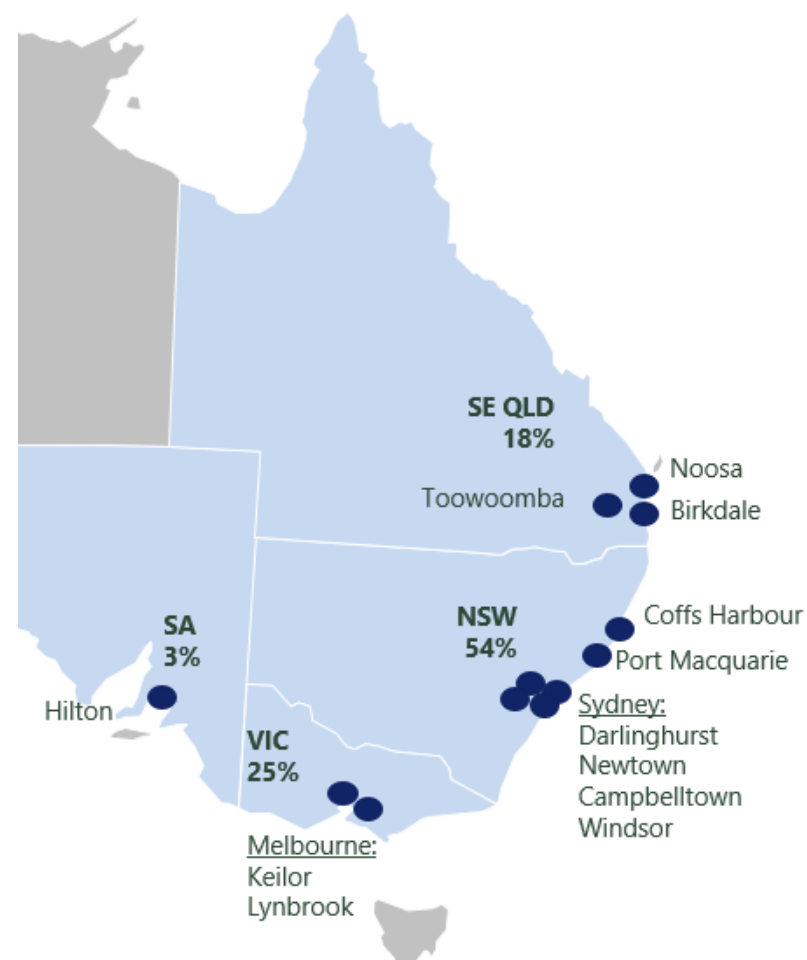
- 9 metro, 3 regional

## Anchor tenancies

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

## Property ownership

- 100% FSREC Property Fund





# FY24 HY1 Financial Performance

## Summary of the key Fund metrics

Valuation Metrics	31 Dec 23	30 Jun 23	Change
Portfolio Total	\$696.2m	\$698.0m	(0.3%)
Average capitalisation rate	5.94%	5.76%	+0.2%

Key Metrics	31 Dec 23	31 Dec 22	Change
Distribution (cents per security)	3.7 cps	3.7 cps	-
Distribution Yield <sup>1</sup>	4.2%	4.0%	+0.2%
NTA per security	\$1.77	\$1.83	(3.3)%



# Capital Management

## Summary of key Fund capital management metrics

Balance Sheet <sup>1</sup>	31 Dec 23	30 Jun 23
Gross Asset Value (GAV)	\$713.3m	\$719.1m
Net Assets	\$437.3m	\$445.3m
Securities on issue	246,872,662	246,872,662
Net Asset Value per security	\$1.77	\$1.80

Debt Position	31 Dec 23	30 Jun 23
Total debt facilities	\$300,000,000	\$300,000,000
Total drawn debt	\$261,916,000	\$259,616,000
Debt capacity available	\$38,084,000	\$40,384,000
Debt hedged (% on drawn debt)	69.1%	69.7%
Market value of hedging instruments	\$1,987,393	\$6,068,275
Weighted average term to maturity <sup>2</sup>	2.8 Years	2.7 Years
Weighted cost of debt <sup>3</sup>	4.4%	3.6%
Gearing <sup>4</sup>	37.6%	37.2%

Source: FSREC

1. Based on preliminary unaudited estimates for 31 December 2023. Audited financials are due to be released in mid March 2024.

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

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

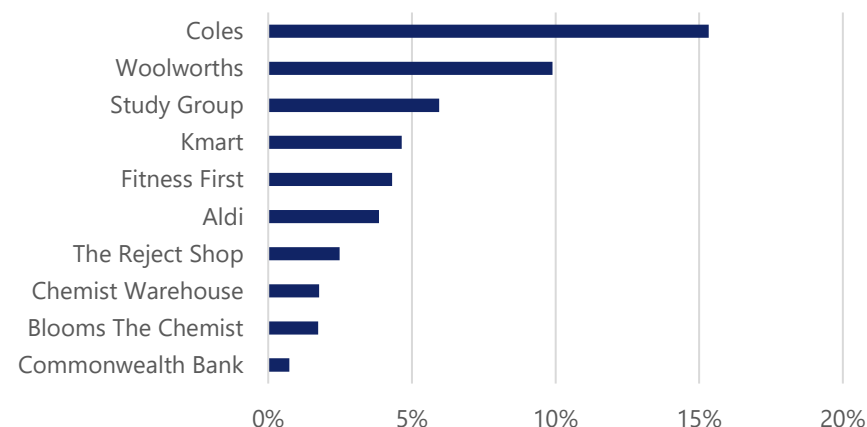
# Portfolio Update

Portfolio well diversified with high proportion of non-discretionary income

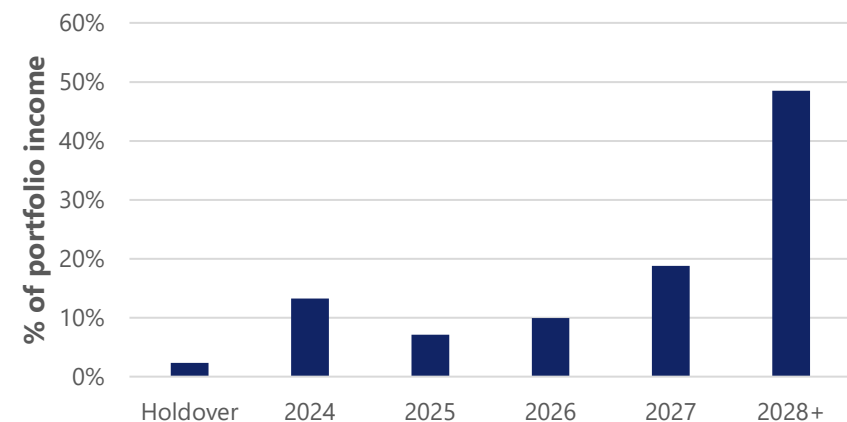
Portfolio Overview	31 Dec 23	30 Jun 23
Number of assets	12	12
Occupancy	96.9%	95.9%
WALE	4.1 years	4.2 years

Leasing Overview	H1 FY24
Number of leasing deals	49
Specialty Leasing Spread (6 months)	4.5%

Top 10 Tenants (Income)



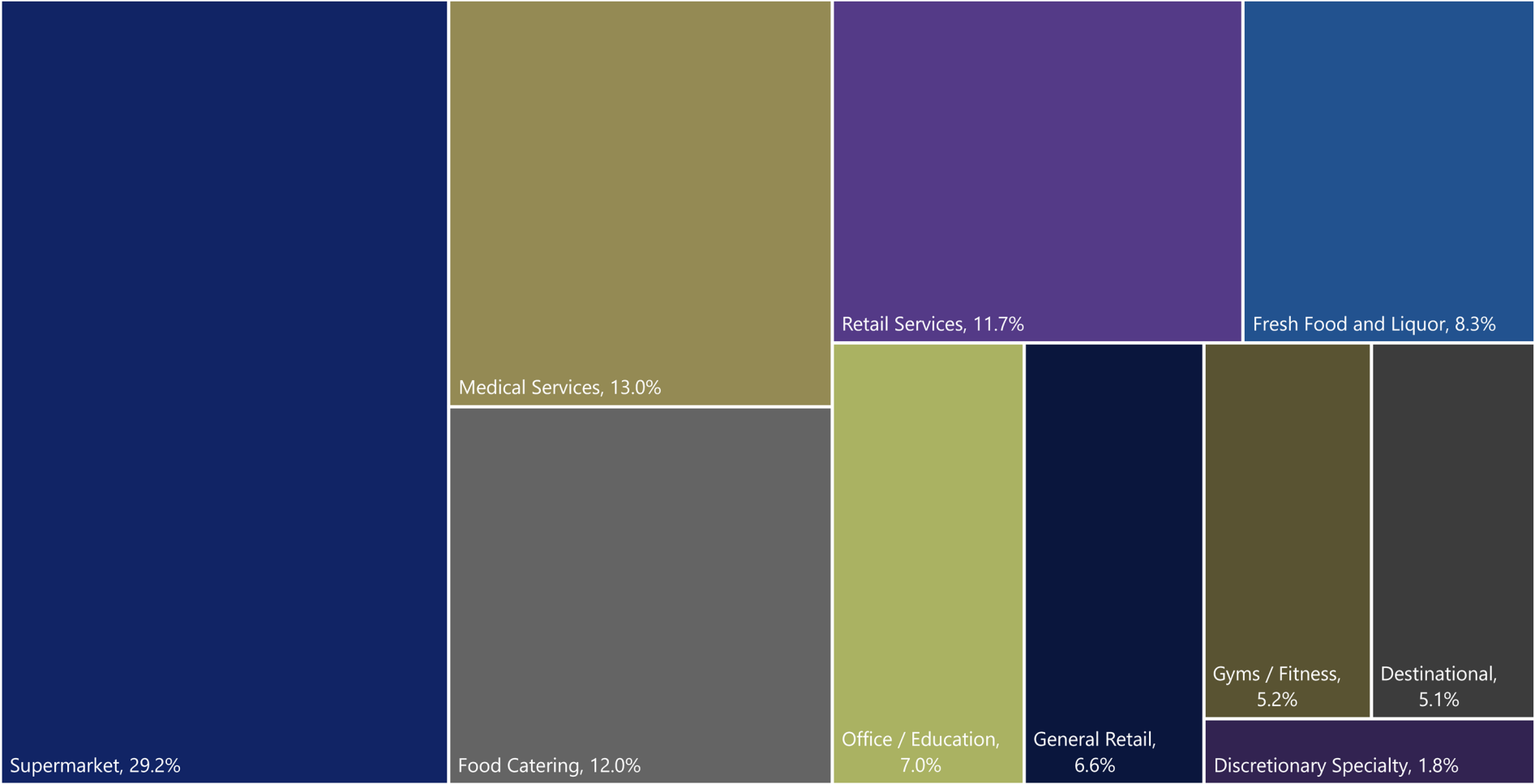
Lease Expiry Profile





# Portfolio Tenancy Mix

Portfolio has high weighting to non-discretionary income; only 1.8% weighting to discretionary specialty retail



# Projects

Completion of Toormina Gardens remediation following hailstorm, including full roof replacement

## Toormina Gardens





# Recent Fitouts

Keilor Central



Noosa Village



Keilor Central



Keilor Central

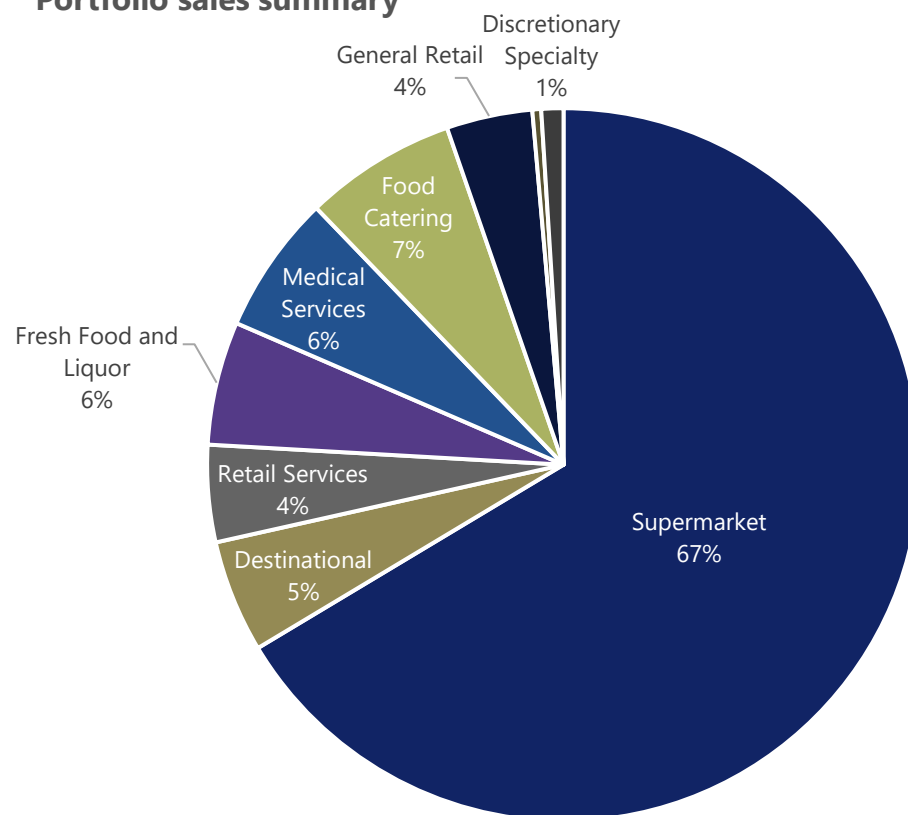


# Portfolio Sales Performance

Portfolio performed well with high weighting to non-discretionary income

Sales Performance	31 Dec 23
Total portfolio sales	\$925.9m
Supermarket MAT growth <sup>1</sup>	+7.1%
Supermarkets in turnover <sup>2</sup>	58%
Specialty productivity	\$10,646/sqm
Specialty occupancy cost	10.7%
Average specialty gross rent	\$905/sqm
Weighting to non-discretionary & destinational retail	99%

Portfolio sales summary



Source: FSREC.

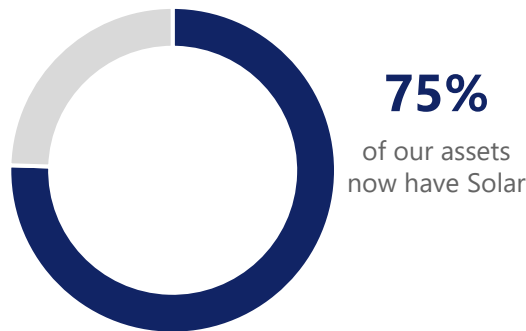
All figures calculated by income as at 31 December 2023. Calculated using Shopping Centres Council of Australia Sales Reporting Guidelines.

<sup>1</sup> Moving Annual Turnover (MAT) is sales for a 12-month period calculated on a rolling basis.

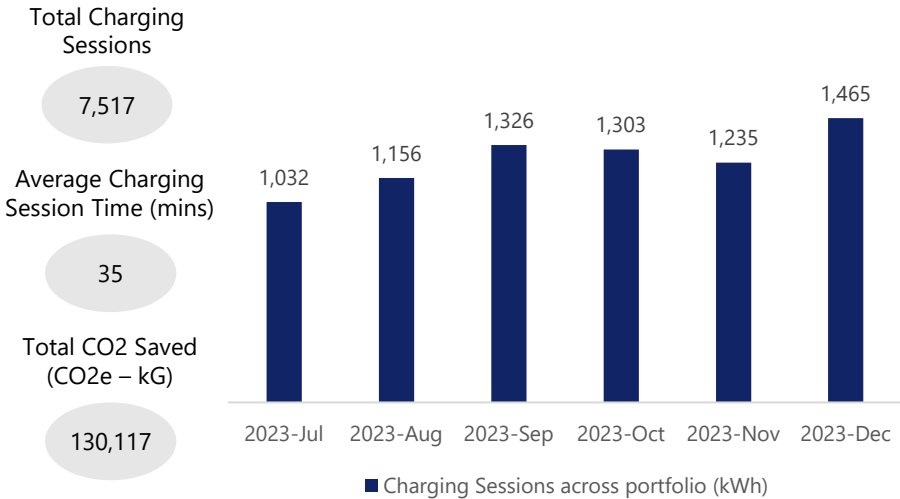
<sup>2</sup> Excludes Aldi supermarkets which have fixed annual rental reviews

# Sustainability

## Rooftop solar coverage



## Electric vehicle charging stations – 6 completed, 3 more underway



## Total annual solar savings:



**1,950  
MWh per  
annum**

Avoided in  
common area  
electricity usage



equivalent to



**1,590  
tonnes CO2e  
per annum**

Avoided in  
emissions



**15.3%  
reduction**

Common area  
electricity usage



**159  
hectares of  
trees grown  
per year**

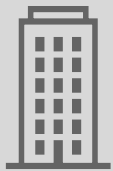


# FY24 Fund Strategy

Fund strategy and areas of focus for FY24

## 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 2023

Asset	State	Location	Type	GLA	30 June 2023			31 December 2023			
					Cap rate	Discount rate	Valuation (\$)	Cap rate	Discount rate	Valuation (\$)	% change (6 months)
Oxford Village	NSW	Metropolitan	NH	12,061	5.75%	6.50%	110,000,000	6.00%	7.00%	110,000,000	-
Toormina Gardens	NSW	Regional	SR	20,900	6.50%	7.25%	89,000,000	6.75%	7.50%	88,900,000	(0.1%)
Windsor Riverview	NSW	Metropolitan	NH	7,926	5.63%	6.50%	58,000,000	6.00%	6.75%	57,000,000	(1.7%)
Marketfair	NSW	Metropolitan	NH	9,231	5.50%	6.50%	49,500,000	6.00%	6.50%	48,200,000	(2.6%)
Lake Innes	NSW	Regional	NH	4,690	5.63%	6.75%	39,500,000	5.75%	6.50%	40,800,000	3.3%
Newtown Central	NSW	Metropolitan	NH	3,372	5.50%	6.50%	32,000,000	5.63%	7.00%	31,500,000	(1.6%)
Keilor Central	VIC	Metropolitan	SR	19,864	5.63%	7.00%	123,500,000	5.75%	7.00%	122,000,000	(1.2%)
Lynbrook Village	VIC	Metropolitan	NH	7,635	5.75%	6.50%	48,500,000	5.75%	6.50%	48,500,000	-
Northpoint	QLD	Regional	NH	6,899	6.00%	6.75%	47,000,000	6.00%	6.75%	47,000,000	-
Noosa Village	QLD	Metropolitan	NH	4,596	5.50%	6.25%	40,000,000	5.50%	6.25%	40,750,000	1.9%
Birkdale Fair	QLD	Metropolitan	NH	5,911	5.50%	6.25%	37,500,000	5.50%	6.25%	38,000,000	1.3%
Hilton Plaza	SA	Metropolitan	NH	4,453	5.50%	7.00%	23,500,000	5.75%	7.00%	23,500,000	-
<b>Total Portfolio</b>				<b>107,537</b>	<b>5.76%</b>	<b>6.70%</b>	<b>698,000,000</b>	<b>5.94%</b>	<b>6.84%</b>	<b>696,150,000</b>	<b>(0.3%)</b>



# FSREC Portfolio NSW

## Oxford Village, Sydney



<b>ASSET TYPE</b>	Convenience retail and commercial centre	<b>VALUATION</b>	\$110 million	<b>TOTAL MAT</b>	N/A
<b>LOCATION</b>	High Street	<b>GLA</b>	12,061 sqm	<b>AV. SPEC GROSS RENT</b>	\$1,199/sqm
<b>TENANTS</b>	(Retail) Aldi, Chemist Warehouse, 30 specialties (Commercial) Fitness First, Study Group	<b>OCCUPANCY</b>	90.4%	<b>SPEC OCC COST</b>	15.8%
		<b>WALE</b>	3.1 years	<b>SPEC PRODUCTIVITY</b>	\$9,473/sqm
<b>STRATEGY</b>	Unlock value through repositioning of upper levels in longer-term.				

## Marketfair Campbelltown, Sydney



<b>ASSET TYPE</b>	Neighbourhood retail centre	<b>VALUATION</b>	\$48.2 million	<b>TOTAL MAT</b>	\$65.1 million
<b>LOCATION</b>	Prime metropolitan	<b>GLA</b>	9,231 sqm	<b>AV. SPEC GROSS RENT</b>	\$1,020/sqm
<b>TENANTS</b>	Woolworths, Chemist Warehouse 27 specialties	<b>OCCUPANCY</b>	100%	<b>SPEC OCC COST</b>	11.5%
		<b>WALE</b>	4.5 years	<b>SPEC PRODUCTIVITY</b>	\$8,793/sqm
<b>STRATEGY</b>	Continue to actively manage the asset to maintain full occupancy.				

## Newtown Central, Sydney



<b>ASSET TYPE</b>	Convenience retail	<b>VALUATION</b>	\$31.5 million	<b>TOTAL MAT</b>	N/A
<b>LOCATION</b>	High Street	<b>GLA</b>	3,372sqm	<b>AV. SPEC GROSS RENT</b>	\$1,276/sqm
<b>TENANTS</b>	Foodworks, Fitness First 15 specialties	<b>OCCUPANCY</b>	96.2%	<b>SPEC OCC COST<sup>2</sup></b>	13.2%
		<b>WALE</b>	4.6 years	<b>SPEC PRODUCTIVITY</b>	\$12,046/sqm
<b>STRATEGY</b>	Lease to inner city F&B and service tenants.				



# FSREC Portfolio NSW (continued)

## Windsor Riverview, Sydney



<b>ASSET TYPE</b>	Neighbourhood retail centre	<b>VALUATION</b>	\$57.0 million	<b>TOTAL MAT</b>	\$70.9 million
<b>LOCATION</b>	Prime metropolitan	<b>GLA</b>	7,926 sqm	<b>AV. SPEC GROSS RENT</b>	\$816/sqm
<b>TENANTS</b>	Coles, 33 specialties	<b>OCCUPANCY</b>	98.0%	<b>SPEC OCC COST</b>	11.9%
		<b>WALE</b>	2.7 years	<b>SPEC PRODUCTIVITY</b>	\$4,862/sqm
<b>STRATEGY</b>	Continue to actively manage the asset to maintain high occupancy				

## Toormina Gardens, Coffs Harbour



<b>ASSET TYPE</b>	Dual supermarket convenience-based subregional centre	<b>VALUATION</b>	\$88.9 million	<b>TOTAL MAT</b>	\$182.8 million
<b>LOCATION</b>	Coastal	<b>GLA</b>	20,900 sqm	<b>AV. SPEC GROSS RENT</b>	\$743/sqm
<b>TENANTS</b>	Woolworths, Coles, Kmart 51 specialties	<b>OCCUPANCY</b>	96.4%	<b>SPEC OCC COST</b>	7.7%
		<b>WALE</b>	3.3 years	<b>SPEC PRODUCTIVITY</b>	\$12,796/sqm
<b>STRATEGY</b>	Development of padsite.				

## Lake Innes, Port Macquarie



<b>ASSET TYPE</b>	Neighbourhood retail centre	<b>VALUATION</b>	\$40.8 million	<b>TOTAL MAT</b>	\$88.9 million
<b>LOCATION</b>	Coastal	<b>GLA</b>	4,690sqm	<b>AV. SPEC GROSS RENT</b>	\$895/sqm
<b>TENANTS</b>	Coles 12 specialties	<b>OCCUPANCY</b>	100%	<b>SPEC OCC COST</b>	9.2%
		<b>WALE</b>	6.8 years	<b>SPEC PRODUCTIVITY</b>	\$8,951/sqm
<b>STRATEGY</b>	Assess potential for additional padsite development.				

# FSREC Portfolio VIC and SA

## Keilor Central, Melbourne



<b>ASSET TYPE</b>	Dual supermarket convenience-based subregional centre	<b>VALUATION</b>	\$122.0 million	<b>TOTAL MAT</b>	\$161.5 <sup>1</sup> million
<b>LOCATION</b>	Prime metropolitan	<b>GLA</b>	19,864 sqm	<b>AV. SPEC GROSS RENT</b>	\$919/sqm
<b>TENANTS</b>	Coles, Aldi, Kmart 65 specialties	<b>OCCUPANCY</b>	97.9%	<b>SPEC OCC COST</b>	9.3%
		<b>WALE</b>	3.7 years	<b>SPEC PRODUCTIVITY</b>	\$11,743/sqm
<b>STRATEGY</b>	Commence planning for longer-term masterplan and additional retail and mixed use development				

## Lynbrook Village, Melbourne



<b>ASSET TYPE</b>	Neighbourhood retail centre	<b>VALUATION</b>	\$48.5 million	<b>TOTAL MAT</b>	\$59.7 million
<b>LOCATION</b>	Prime metropolitan	<b>GLA</b>	7,635 sqm	<b>AV. SPEC GROSS RENT</b>	\$678/sqm
<b>TENANTS</b>	Coles 31 specialties	<b>OCCUPANCY</b>	100%	<b>SPEC OCC COST</b>	10.7%
		<b>WALE</b>	5.4 years	<b>SPEC PRODUCTIVITY</b>	\$7,486/sqm
<b>STRATEGY</b>	Improve productivity of specialty tenants through active management.				

## Hilton Plaza, Adelaide



<b>ASSET TYPE</b>	Neighbourhood retail centre	<b>VALUATION</b>	\$23.5 million	<b>TOTAL MAT</b>	\$53.4 million
<b>LOCATION</b>	Prime metropolitan	<b>GLA</b>	4,453sqm	<b>AV. SPEC GROSS RENT</b>	\$969/sqm
<b>TENANTS</b>	Woolworths 13 specialties	<b>OCCUPANCY</b>	100%	<b>SPEC OCC COST</b>	14.8%
		<b>WALE</b>	3.5 years	<b>SPEC PRODUCTIVITY</b>	\$6,556/sqm
<b>STRATEGY</b>	Continue to actively manage the asset to maintain full occupancy.				

# FSREC Portfolio QLD

## Noosa Village, Noosa



<b>ASSET TYPE</b>	Neighbourhood retail centre	<b>VALUATION</b>	\$40.8 million	<b>TOTAL MAT</b>	\$78.5 million
<b>LOCATION</b>	Prime metropolitan	<b>GLA</b>	4,596 sqm	<b>AV. SPEC GROSS RENT</b>	\$1,077/sqm
<b>TENANTS</b>	Woolworths 21 specialties	<b>OCCUPANCY</b>	98.9%	<b>SPEC OCC COST</b>	6.8%
		<b>WALE</b>	6.6 years	<b>SPEC PRODUCTIVITY</b>	\$16,800/sqm
<b>STRATEGY</b>	Continue to actively manage to drive rental growth.				

## Birkdale Fair, Brisbane



<b>ASSET TYPE</b>	Neighbourhood retail	<b>VALUATION</b>	\$38.0 million	<b>TOTAL MAT</b>	\$81.9 million
<b>LOCATION</b>	Prime metropolitan	<b>GLA</b>	5,911 sqm	<b>AV. SPEC GROSS RENT</b>	\$777/sqm
<b>TENANTS</b>	Woolworths 17 specialties	<b>OCCUPANCY</b>	100%	<b>SPEC OCC COST</b>	13.3%
		<b>WALE</b>	3.4 years	<b>SPEC PRODUCTIVITY</b>	\$5,665/sqm
<b>STRATEGY</b>	Investigate additional pad site opportunity.				

## Northpoint Shopping Centre, Toowoomba



<b>ASSET TYPE</b>	Neighbourhood retail	<b>VALUATION</b>	\$47.0 million	<b>TOTAL MAT</b>	\$73.4 million
<b>LOCATION</b>	Prime regional	<b>GLA</b>	6,899 sqm	<b>AV. SPEC GROSS RENT</b>	\$799/sqm
<b>TENANTS</b>	Coles 26 specialties	<b>OCCUPANCY</b>	96.1%	<b>SPEC OCC COST</b>	7.5%
		<b>WALE</b>	5.3 years	<b>SPEC PRODUCTIVITY</b>	\$13,443/sqm
<b>STRATEGY</b>	Maintain high occupancy through active management.				



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