

FSREC Property Fund
Portfolio Update and Fund Distribution

E&P Investments Limited, as the responsible entity for the FSREC Property Fund (Fund), is pleased to provide the following portfolio update and Q1 FY22 distribution announcement.

Portfolio Update

Over the quarter, both New South Wales and Victoria have been subject to government-imposed restrictions affecting the trade of non-essential retail. As with prior lockdowns, essential retail such as supermarkets and other grocery have continued to trade, with food catering also trading however restricted to takeaway only. Trading conditions in Queensland and South Australia are currently uninhibited. In total approximately 88¹% of the Fund's income is unimpacted by restrictions.

New South Wales and Victoria have re-introduced regulations to govern tenant rent relief requests that are likely to arise from the mandated restrictions, with similar guidelines to the National Code of Conduct that was introduced in April 2020. The regulations are currently in place for a prescribed period to January 2022, with onus falling on tenants to provide evidence of eligibility. If a tenant can provide satisfactory evidence of eligibility, the landlord is required to provide rent relief proportionate to the decline in turnover, with the ability to offset the rent relief granted against land tax to a certain level. The management team will endeavor to work within the regulations, as reasonably as possible, to mitigate impacts to Fund income and securityholder returns. Whilst there is likely to be some short-term impact to the Fund, the roadmaps for the easing of restrictions provide some optimism of recovery into 2022.

Despite the ongoing restrictions in New South Wales and Victoria, the leasing team agreed a total of 19 leases during the quarter. Occupancy and weighted average lease expiry remained stable at 98% and 4.8 years respectively. A major repositioning project at Noosa Village in Queensland has commenced, with the cornerstone of the project being a lease extension and refurbishment of the Woolworths supermarket. An agreement for lease has been executed with Woolworths, and several leases with specialty tenants have also been agreed to facilitate a remixing of the main mall.

Fund Distribution

E&P Investments Limited is pleased to announce the following distribution for the quarter ending 30 September 2021.

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| Distribution | 2.0 cents |
| Record Date | 30 September 2021 |
| Expected Payment/Distribution Date | On or around 2 November 2021 |

The distribution amount per stapled security is in line with that of the prior quarter. Whilst there is no reduction in the distribution for Q1, management will continue to monitor the challenges posed by trading restrictions on the portfolio, and the responsible entity will continue to prudently assess distributions.

Disclaimer: This information 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.
¹Excluding Study Group and Fitness First