



**FORT STREET**  
REAL ESTATE CAPITAL

# FSREC Property Fund

Withdrawal Offer

16 June 2022





# Overview

- FSREC, as Investment Manager of the FSREC Property Fund (**Fund**), is pleased to announce a withdrawal offer of up to 53,928,711 securities at a price of \$1.78 per security (**Withdrawal Offer**)
- The Withdrawal Offer provides security holders with the opportunity to redeem their entire investment in the Fund
- ISPT Retail Australia Property Trust (FSREC Fund) (**IRAPT**) has committed to subscribe for the same number of Stapled Securities as the total of all Withdrawal Offer acceptances meaning there will be no scale back
- Once this Withdrawal Offer has been completed, withdrawal offers will have been made between December 2021 and October 2023 (including the current Withdrawal Offer) equal to the total number of Stapled Securities on issue at 17 December 2021
- Following completion of the withdrawal offer, the Responsible Entity will have offered sufficient liquidity opportunities so that it will not be required, under the constitution, to convene a meeting in October 2023 to allow a vote on winding up the Fund
- **Please consider this Withdrawal Offer carefully, as it may be your final opportunity to redeem your holding**

# Market update

Retail sales remain strong although economic uncertainty has increased

## Retail sales

- Improved trading conditions across retail sector with turnover up again nationally year on year, with increased volatility across all sectors
- Within the retail sector, non-discretionary retail categories such as food and groceries have seen steady growth over last years record result

## Investor demand

- Investment activity for both neighbourhood & sub-regional centres remains high, with strong demand for convenience-based retail assets
- Attractive yields and defensive income profile continue to drive strong demand from investors

## Outlook

- Recent comments from Reserve Bank of Australia indicate potential for a significant number of rate rises in the coming period
- Rising interest rate environment is causing inflationary pressures and economic uncertainty across the commercial property market. Although there is currently no evidence of an impact on demand or asset performance

## Annualised sales growth<sup>1</sup>



### FOOD

**1 year growth:** 0.4%



### SERVICES/OTHER

**1 year growth:** 0.5%



### ALL RETAIL

**1 year growth:** 5.3%

Source: FSREC, JLL, RBA and ABS as at 30 April 2022

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

# Portfolio update

Leasing and development contributing to growth in earnings and valuations

## Leasing<sup>1</sup>

**40**

Leasing deals completed  
across portfolio

**+0.5%**

Leasing spread  
for deals completed

## Projects



### Birkdale McDonalds

- Mcdonalds Padsite was completed in January 2022
- Strong sales and community feedback received upon opening

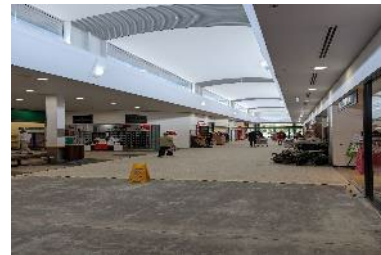
## Supermarkets<sup>2</sup>

**0.3%**

Annual supermarket sales  
growth across portfolio

**58%**

No. of supermarkets in  
portfolio paying turnover rent



### Noosa Village Refurbishment

- Refurbishments at Noosa are underway including new tiling throughout mall
- Woolworths will begin their refit and extension in June

## Portfolio<sup>3</sup>

**98%**

Occupancy

**4.4 years**

Weighted Average Lease  
Expiry (WALE)



### Toormina Hail Rectification

- Refurbishments are underway at Toormina following the hail storm which occurred in October 2021

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

1. For leasing deals completed in the financial year to 31 March 2022
2. As at 31 March 2022, Excluding Toormina which was affected by a recent hailstorm. No adjustments have been made due to COVID.
3. As at 31 March 2022

# FSREC Property Fund update

- Fund assets continue to perform well and demonstrate resilience in the current environment, despite high levels of economic uncertainty that were driven by rising interest rate expectations, as well as the lead up to the recent Federal election
- Whilst the economic outlook remains uncertain, operating conditions across the portfolio remain strong. Barring any unforeseen events, we expect the portfolio to continue to perform well
- Portfolio revalued as at 30 June 2022 in line with the Fund's valuation policy
  - increase of \$15.9 million to \$703.7 million, representing a gain of 2.5%
  - unaudited proforma NTA of \$1.83 per security as at 31 May 2022 following adjustments for the revaluations and distribution. Per the Fund Constitutions, applying a 3% discount equates to a Withdrawal Offer price of \$1.78.
- Distribution of 2.0 cents per unit for 30 June 2022 quarter
  - All securityholders participating in the Withdrawal Offer will receive distribution

# Withdrawal Offer and Placement

## Withdrawal Offer

- The Withdrawal Offer will be made at a price of \$1.78 per security
- IRAPT will subscribe for the same number of Stapled Securities as the total of all Withdrawal Offer acceptances via a placement
  - This means that there will be no scale back of redemptions on a pro-rata basis
  - You will receive the full amount you ask to redeem
- Withdrawal Offer to close on 8 July 2022
- Unitholders participating in the Withdrawal Offer will receive the June distribution of 2.0 cents per security
- The responsible entity will send the Withdrawal Offer to securityholders in accordance with the Fund Constitutions

## Placement

- The Fund will issue new units via a placement to match the exact same number of Stapled Securities as the total of all valid acceptances received as part of the Withdrawal Offer
  - issue price of placement will be determined as at the date the Fund receives the subscription amount which won't be determined until after the Withdrawal Offer closes
  - new units will rank for distributions from 1 July 2022 and will not be entitled to the June quarter distribution
- Proceeds from the Placement will be used to fund a Withdrawal Offer made available to all FSREC security holders

# Conclusion

- The Withdrawal Offer represents a significant opportunity for investors who wish to access liquidity.
- Once this Withdrawal Offer has been completed, the Responsible Entity will have made withdrawal offers between December 2021 and October 2023 (including the current Withdrawal Offer) equal to the total number of Stapled Securities on issue at 17 December 2021.
- This means that, for the purpose of the Fund constitutions, the Responsible Entity will have offered sufficient liquidity opportunities so that it will not be required to convene a meeting in October 2023 to allow a vote on winding up the Fund.
- Details of the withdrawal offer and notice of meeting will be dispatched on 16 June
  - The Withdrawal Offer will close on 8 July 2022

**Please consider this Withdrawal Offer carefully, as it may be your final opportunity to redeem your holding**



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