

6 June 2022

FSREC Property Fund

Portfolio Update, Fund Distribution and Valuation Announcement

E&P Investments Limited, as the Responsible Entity (**RE**) for the FSREC Property Fund (**Fund**), is pleased to provide the following portfolio update, distribution, and valuation announcement for the period ending 30 June 2022.

Portfolio Update

Economic headwinds continued over the quarter due to rising interest rate expectations, ongoing supply chain disruptions and uncertainty in the lead up to the recent Federal election. This led to subdued sales performance across the portfolio, with supermarkets recording lower average sales of 1.1% over the 12 months to 31 March 2022 compared to the prior comparable period, however still up 8.1% compared to the corresponding (pre-pandemic) level in 2019. Portfolio occupancy and weighted average lease expiry (WALE) remained stable at 97.9% and 4.4 years respectively.

In terms of leasing, significant progress has been made at Marketfair Campbelltown to fill the tenancy being vacated by TK Maxx, with Chemist Warehouse recently agreeing terms for a new 10 year lease over 2,000sqm which will see them relocate within the centre to open their largest store nationwide.

On development, extensive works are well underway at both Toormina Gardens and Noosa Village. At Toormina Gardens, a full roof replacement project is underway following the damage from October's hailstorm with a target date for completion of January 2023. The costs of these works are expected to be fully covered by insurance. We continue to work with major and specialty tenants to ensure minimal impacts are made to their day-to-day trading.

A full mall refurbishment is underway at Noosa Village, in conjunction with Woolworths, who will be undertaking an extensive store upgrade. Works including the retiling of the centre, as well as the upgrading of amenities, new signage and carpark upgrades are expected to be completed by the end of June. Woolworths instore upgrades will commence in the coming weeks and are set to be completed by September.

Fund Distribution

E&P Investments Limited is pleased to announce the following distribution for the quarter ending 30 June 2022.

Distribution	2.0 cents per stapled security
Record Date	30 June 2022
Expected Payment/Distribution Date	On or around 5 August 2022

The distribution is in line with the March 2022 quarter. The RE board will continue to remain prudent in its assessment of Fund distributions, with a view to provide sustainable distributions and long-term growth for securityholders.

Asset Valuations

All 12 properties in the portfolio have been independently valued for 30 June 2022. The preliminary unaudited value of the Fund's retail properties increased by \$17.2m to \$703.7m over the period to 30 June 2022. This equates to a 2.5% increase in comparison to the 31 December 2021 valuations.

The preliminary unaudited valuations by asset are provided below:

Asset	30 June 2022 Valuation	6-month valuation change (%)	30 June 2022 Capitalisation Rate
Oxford Village	\$112,000,000	(1.3%)	5.75%
Toormina Gardens	\$88,500,000	1.1%	6.25%
Windsor Riverview	\$58,500,000	3.5%	5.50%
Marketfair Campbelltown	\$50,000,000	1.0%	5.25%
Lake Innes Village	\$39,000,000	5.4%	5.50%
Newtown Central	\$32,000,000	1.6%	5.25%
Keilor Central	\$125,500,000	1.6%	5.50%
Lynbrook Village	\$47,700,000	3.7%	5.50%
Northpoint S.C	\$49,750,000	4.7%	5.75%
Noosa Village	\$38,500,000	6.9%	5.50%
Birkdale Fair	\$37,750,000	9.4%	5.25%
Hilton Plaza	\$24,500,000	4.3%	5.25%
Total Portfolio	\$703,700,000	2.5%	5.60%

Increases in asset valuations are largely due to income growth and capitalisation rate compression. Overall, across the retail portfolio, the capitalisation rate compressed by 0.2% following an assessment of recent sales in the market by the independent valuers.

Convenience based retail assets continue to be sought after by investors, having proven their resilience through the challenges of the past two years. Convenience retail continues to provide attractive risk adjusted yields relative to other asset classes, providing the potential for continued growth in the future.



This information has been prepared by Fort Street Real Estate Capital Pty Ltd (ACN 164 101 731) ('Fort Street'), as Investment Manager for the 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), together stapled to form FSREC Property Fund (Fund). This information has been issued by E&P Investments Limited (Responsible Entity) (ACN 152 367 649, AFSL 410 433), as responsible entity of the Funds.

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