

REAL ESTATE MARKET UPDATE

ECONOMIC OUTLOOK

The global economy has experienced a steep decline in 2020 due to the outbreak of the COVID-19 pandemic with increased risk and volatility in financial markets worldwide. Government-directed shutdowns of non-essential businesses and activities are impacting many businesses across Australia. As a result, the economic impact is expected to be significant with the Reserve Bank of Australia (RBA) expecting the unemployment rate to reach approximately 10% by mid-2020.

The RBA announced a further 25 basis point reduction in the cash rate to 0.25% over the quarter. Despite this, consumer consumption and household spending is expected to decrease. Forecasting recovery in the current environment is challenging as it largely dependent on the easing of restrictions and resumption of economic activity; however, this could be sooner than originally anticipated given Australia's rapid response to the pandemic and subsequent reduction in new virus cases. The Federal Government's economic response to the pandemic has also been prompt, with the subsidy packages announced expected to support the economy in the short term.

RETAIL

National retail turnover growth remained moderate at 2.5% for the year to 31 March 2020, however, discretionary retail spending for department stores and household goods were significantly below the average at 0.9% and 0.5% respectively.¹ The strongest growth was recorded by food retail with growth of 3.3% over the year to 31 March 2020, with a strong performance from the supermarket sector.

The extent of COVID-19 has been wide-ranging and performance for shopping centres is mixed, depending on the offering. Convenience-based shopping centres with a high weighting to non-discretionary retail have remained resilient; with supermarkets, fresh food, general groceries and pharmacies in particular performing strongly.

Investor demand for convenience-based retail with high weightings to non-discretionary retail is expected to remain strong relative to other sectors.² Despite trade restrictions, continued demand for "essential" services, such as groceries, food and medical services, will continue to underpin the sales performance and investor demand for non-discretionary retail assets.

OFFICE

The impact of COVID-19 on the commercial office sector has been limited to date, however the longer-term impact of the pandemic on office demand and rentals is still unknown.

A negative net absorption of 59,800 sqm was recorded in the Sydney CBD market over the quarter to 31 March 2020, primarily driven by government tenants relocating to metro markets and financial institutions downsizing. Vacancy rates increased in Sydney CBD from 5% to 5.8% over the quarter to 31 March 2020, whilst rental growth was considerably subdued at 1.2% year-on-year.

The South Sydney market, where FSREC Fund III's office asset is located, remained stable during the quarter. Larger tenants are starting to decentralise to metro markets in order to capitalise on lower rents in comparison to the CBD. This has resulted in vacancy rates in South Sydney declining from 5.4% to 4.1% over the quarter, and rental growth of 2.3% year-on-year.

FUND IMPACTS

Across the FSREC Funds, 52% of income is derived from supermarkets, fresh food, grocery, liquor and tobacco, pharmacies and the majority of commercial office tenants, which to date, have been largely unaffected. These essential services have continued to perform well, and we believe that the portfolio is well positioned to endure further trade restrictions if they arise with only minimal or low potential impact to income as a result of COVID-19. Other tenants providing essential services such as postal offices, banks, telecommunications, news, medical services, other convenience uses and two office tenants, whose businesses have been affected by COVID-19, continue operations, despite the challenging trading conditions, and have a moderate potential impact to income. Approximately 81% of income across the Funds is expected to have minimal to low or a moderate impact as a result of COVID-19.

Despite this, the Funds are not immune to the impacts of social distancing or trade restrictions imposed by government. Categories impacted include gyms and non-essential services such as nail salons, beauty and massage and gyms, all having to close by law. Significantly impacted tenants include food catering, travel agents and other discretionary speciality stores. Food catering has been significantly impacted with food retailers and cafes being reduced to takeaway only. Despite many moving to online delivery to soften the impact, trading conditions remain challenging. These closed

and significantly impacted tenancies represent approximately 7% and 12% of total income across the Funds, respectively. On the positive side, supermarkets are performing strongly, with March sales 28% higher than the corresponding period last year, before returning to more typical levels in April.

TENANT CATEGORY ³	FUND I	FUND II	FUND III	FUND IV	TOTAL
Minimal to low impact	40.2%	54.2%	71.0%	39.3%	52.0%
Moderate impact	36.5%	21.5%	20.3%	37.9%	28.5%
Total minimal to moderate impact	76.7%	75.7%	91.3%	77.2%	80.9%
Significant impact	13.2%	14.1%	7.4%	17.8%	12.4%
Enforced closure	10.1%	10.2%	1.3%	5.0%	6.7%
Total significant impact or closed	23.3%	24.3%	8.7%	22.8%	19.1%

Customer foot traffic saw increases⁴ at the beginning of March as customers stockpiled groceries, however then declined following the initial lockdown issued by government. In recent weeks, foot traffic has been rebounded and as at the end of April, has recovered to 80% of historical averages across the portfolio.

ASSET MANAGEMENT INITIATIVES

The health and wellbeing of our tenants, customers and employees is paramount, as is preserving the value of each Fund's investments. We recognise the important role our assets play in the community and we have been proactive in implementing practices to help mitigate the spread of the virus and ensure that tenants and customers who visit our shopping centres and office buildings feel safe. Measures implemented include increased cleaning such as disinfecting high-touch surfaces, the installation of automatic hand sanitisers, as well as communicating the importance of hand washing and social distancing. In addition, we have increased security presence during peak periods ensuring social distancing rules are observed wherever possible. Targeted marketing and communications support have been provided to help food catering businesses pivot towards takeaways by setting them up on food delivery apps, integrating online ordering on websites, and social media promotions with good customer take-up as a result.

Notes:

¹ JLL Research (March 2020); ² JLL Research (March 2020); ³ Portfolio categories as at 31 March 2020; ⁴ Only including data from centres with traffic counters.

REAL ESTATE MARKET UPDATE

ASSET MANAGEMENT INITIATIVES (CONT'D)

We have been actively working with tenants to help them navigate these challenging times. Our focus is on maintaining occupancy and working collaboratively with retailers, especially smaller businesses most severely impacted by the COVID-19 virus outbreak. Requests for rent relief are being treated on a case by case basis and we are seeking extended tenure from tenants where possible, to protect longer-term cashflows and maintain asset values for investors. We have been guided by the National Code of Conduct announced by the government in early April which provides a set of good faith leasing principles for commercial and retail tenancies when determining appropriate rent relief for retailers. We have also reduced non-essential capital expenditure across the portfolio wherever possible.

OUTLOOK

The overall outlook for the retail trading environment remains uncertain. Despite the gradual easing of government restrictions, trading conditions are expected to be impacted in the short to medium term as a result of weaker consumer sentiment due to rising unemployment impacting discretionary spending. However, a large proportion of non-discretionary retailers continue to trade well, and we believe the portfolio is well positioned to endure further trade restrictions should they arise. We will continue to monitor and respond to government health advice and keep investors informed.

DISTRIBUTIONS

Whilst all Funds performed in line with expectations for the early part of 2020, the COVID-19 pandemic has resulted in unprecedented economic uncertainty. As a result, the Responsible Entity decided to adopt a prudent approach in the distribution of earnings for March 2020 and reduced distributions for all Funds. The reduction to the distribution has allowed the Funds to increase capital reserves with a view to protecting the equity of the portfolio for unitholders and better position the Funds for the longer term. Taking this action has put the Funds in the best position to maximise returns for unitholders once trading conditions normalise.

FSREC FUNDS REVIEW

As announced to investors on 11 March 2020, Walsh & Company Investments Limited, responsible entity for the FSREC Funds, is exploring a merger of Funds I, II, III and IV, as part of a review process to optimise portfolio and capital structures of the Funds to ensure they continue to meet investor needs over the long-term.

Walsh & Company is finalising its review and expects to put a proposal to unitholders once the review is finalised.

INVESTMENT TEAM MEMBERS



David Rogers – Director, Investments



Jason Hay – Director, Asset Management



Richard Hunt – Chairman, Fort Street Real Estate Capital



LAKE INNES SHOPPING CENTRE – FUND I

SERIES OVERVIEW

DISTRIBUTIONS ANNOUNCED (LAST 12 MONTHS)

	FUND I	FUND II	FUND III	FUND IV
March 2020	0.46 cents per unit	0.53 cents per unit	0.48 cents per unit	0.40 cents per unit
December 2019	1.84 cents per unit	2.10 cents per unit	1.90 cents per unit	1.60 cents per unit
September 2019	1.84 cents per unit	2.10 cents per unit	1.90 cents per unit	1.60 cents per unit
June 2019	1.74 cents per unit	2.10 cents per unit	1.90 cents per unit	1.60 cents per unit

QUARTER HIGHLIGHTS

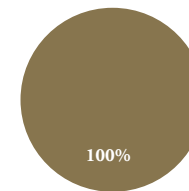
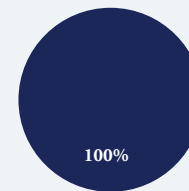
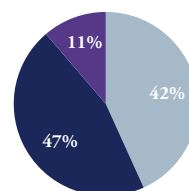
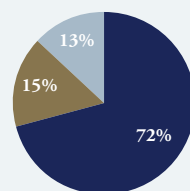
NTA per unit ¹	\$1.63	\$1.63	\$1.53	\$1.51
Gross assets ¹	\$265.4 million	\$184.9 million	\$241.7 million	\$122.7 million
Weighted lease expiry	4.8 years	5.6 years	3.5 years	4.1 years
Gearing ratio ¹	36.2%	38.4%	32.1%	38.2%

KEY FUND DETAILS

Inception	June 2013	June 2014	December 2016	June 2018
Structure	Unlisted unit trust	Unlisted unit trust	Unlisted unit trust	Unlisted unit trust
Sector	Australian commercial property	Australian commercial property	Australian commercial property	Australian commercial property
Currency	AUD (unhedged)	AUD (unhedged)	AUD (unhedged)	AUD (unhedged)

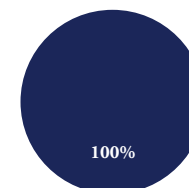
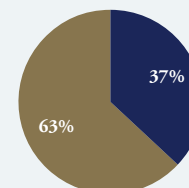
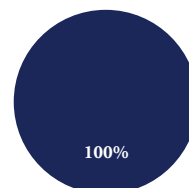
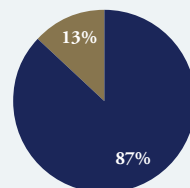
GEOGRAPHIC DIVERSIFICATION (BY CURRENT VALUE)

 NSW
  VIC
  QLD
  SA



SECTOR DIVERSIFICATION (BY CURRENT VALUE)

 Retail
  Office



Notes:

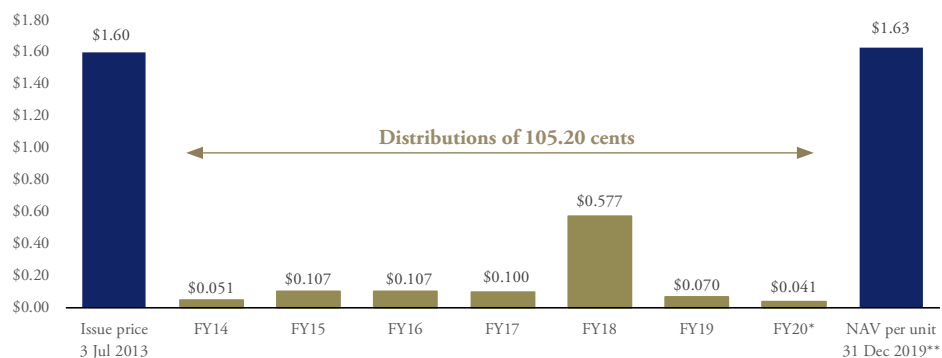
¹ Due to the uncertainty around COVID-19 the NTA per unit, gross assets and gearing ratios are stated as at 31 December 2019.

All data as at 31 March 2020 unless stated otherwise.

FUND PERFORMANCE

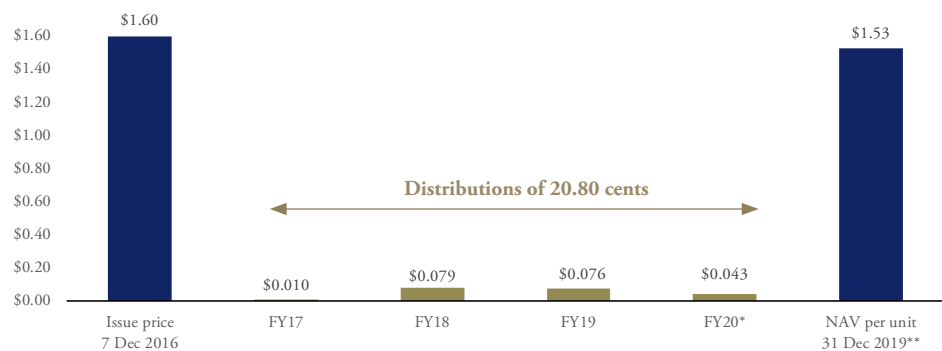
FSREC I

	3 Months	6 Months	1 Year	3 Years p.a.	5 Years p.a.	Inception p.a.
NTA Total Return¹	0.0%	4.3%	6.7%	10.1%	13.9%	10.4%
Growth	0.0%	3.2%	3.2%	-3.8%	2.4%	0.7%
Income	0.0%	1.2%	3.5%	13.9%	11.5%	9.7%



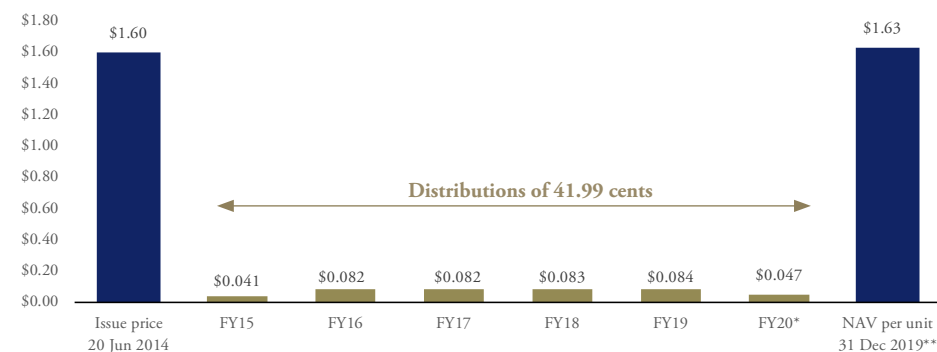
FSREC III

	3 Months	6 Months	1 Year	3 Years p.a.	5 Years p.a.	Inception p.a.
NTA Total Return¹	0.0%	1.9%	3.1%	4.1%	-	3.7%
Growth	0.0%	0.7%	-0.6%	-0.4%	-	-0.4%
Income	0.0%	1.3%	3.8%	4.5%	-	4.1%



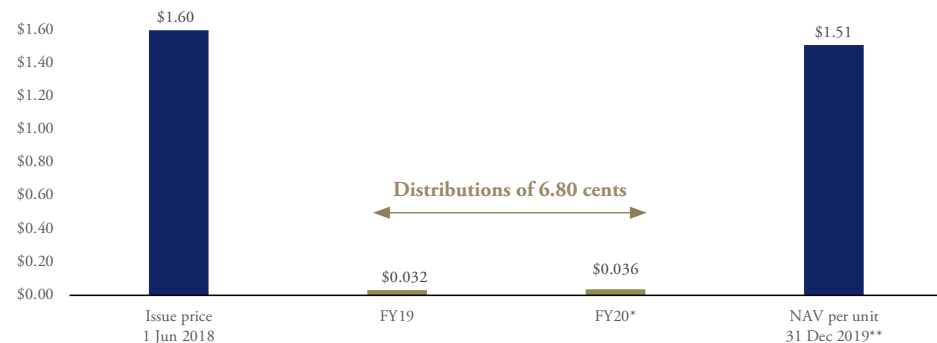
FSREC II

	3 Months	6 Months	1 Year	3 Years p.a.	5 Years p.a.	Inception p.a.
NTA Total Return¹	0.0%	3.2%	5.3%	8.5%	6.0%	5.5%
Growth	0.0%	1.9%	1.2%	3.5%	0.9%	0.9%
Income	0.0%	1.3%	4.0%	5.0%	5.1%	4.7%



FSREC IV

	3 Months	6 Months	1 Year	3 Years p.a.	5 Years p.a.	Inception p.a.
NTA Total Return¹	0.0%	1.1%	2.5%	-	-	0.9%
Growth	0.0%	0.0%	-0.7%	-	-	-1.4%
Income	0.0%	1.1%	3.2%	-	-	2.3%



Note: ¹ Performance is calculated on a total return NTA basis, inclusive of distributions and net of fees and costs, using audited and unaudited NTA per unit on a quarterly basis. The initial NTA used is the proforma NTA, or issue price net of issue costs. Due to the uncertainty around COVID-19 performance has been calculated to 31 March 2020 using the NTA per unit as at 31 December 2019. Historical performance is not a reliable indicator of future performance. *Year to date, inclusive of March quarter distribution announced 7 April 2020. **Due to the uncertainty around COVID-19 the NTA per unit is stated as at 31 December 2019.

All data as at 31 March 2020 unless stated otherwise.

FUND I

PORTFOLIO SUMMARY

	PURCHASE DATE	OCCUPANCY (%)	COST (INCL. CAPEX) (\$m)	VALUE (\$m)
Oxford Village, NSW	Oct-13	98%	76.2	99.0
Windsor Riverview, NSW	Jul-14	97%	55.5	55.8
Lynbrook Village, VIC	Nov-13	98%	33.9	39.0
Noosa Village, QLD	Nov-14	97%	29.2	33.5
Lake Innes, NSW	Nov-13	94%	19.4	33.0
Total		97%	214.2	260.3

Note – all figures are unaudited estimates, as at quarter end.

PORTFOLIO UPDATE

Fund highlights

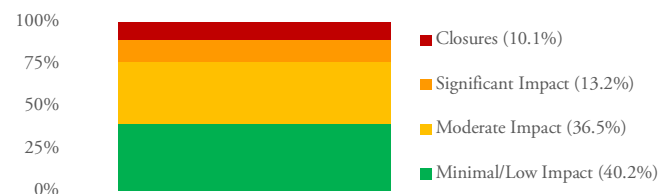
- Distribution of 0.46 cents per unit
- Portfolio occupancy strong at 97%.

COVID-19 Impact

All five of the assets held in Fund I are neighbourhood shopping centres, anchored by major supermarkets and critical in providing essential services to their local communities. All centres have remained open for trade and saw unprecedented customer demand during the earlier part of March.

Despite this, a number of tenants have had trade impacted by government restrictions and social distancing requirements. The chart below outlines the Manager's assessment of impact of these restrictions on tenants as a percentage of Fund income.

Fund I – Impact by percentage of fund income



Of the Fund's total income, 10.1% has been required to close under government instruction, including Fitness First at Oxford Village, and non-essential services such as beauty, massage and nail salons. A further 13.2% has been significantly impacted from diminished trading conditions, including food catering, travel agents and other discretionary retail stores. Whilst tenant relief requests are likely to impact income in the short to medium term, approximately 77% of the Fund's income is from supermarkets, fresh food and other essential services that have remained more resilient, experiencing either minimal to low or only moderate impact.

Asset management

Oxford Village – Occupancy declined marginally to 98% over the quarter, as a result of one retailer entering into administration. An internal leasing resource was appointed for the asset during the period, with focus being on negotiating additional tenure from tenants seeking rent relief. This will secure long-term income for investors, and once trading conditions normalise, there is opportunity to strategically remix the centre to introduce more service-based uses.

Windsor Riverview – Occupancy reduced slightly at Windsor to 97% as a result of two retailers vacating the centre. Leasing activity was relatively subdued over the quarter however two lease renewals were agreed with national tenants. During the latter half of March, the focus has been working with retailers that have been negatively impacted as a result of the COVID-19 pandemic, ensuring that they have the appropriate support to maintain trading through the pandemic.

Lynbrook Village – Occupancy increased at Lynbrook to 98% as a result of three new leases being negotiated. A relocation of the tobacconist from a kiosk to an in-line store was agreed, with a sushi operator secured to backfill the existing kiosk. A new lease was also executed with a laundromat, which will increase the service uses at the centre. These tenants will all take occupation over the next two quarters. A lease renewal was also agreed with the greengrocer, an important tenant to retain for the centre.

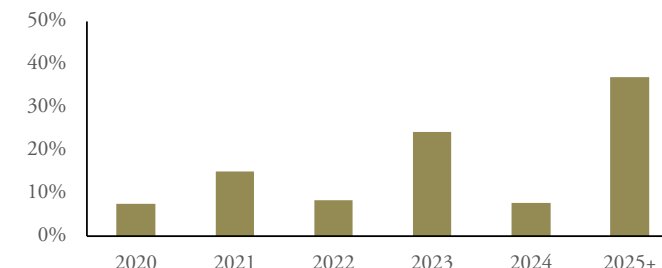
Lake Innes Village – Occupancy reduced to 94% as a result of two tenants vacating the centre during the quarter. Coles continued to perform strongly over the quarter, recording a month-on-month sales increase of 25% in March as a result of increased customer demand. Despite this strong performance, we anticipate that retailers are likely to be impacted in the short to medium term due to the closure of the adjoining university campus, with a reduction in students on site visiting the centre.

Noosa Village – Occupancy at Noosa Village remained stable over the quarter at 97%. During the quarter, Woolworths have confirmed their commitment to the centre, exercising their option for an additional five-year term. The management team are working with Woolworths to assess the possible expansion and refurbishment of the store and will update investors in due course. Centre foot traffic has been recovering, however is approximately 25% below pre-pandemic levels. This is likely as a result of travel restrictions reducing tourism numbers.

Capital management

The Fund announced a distribution of 0.46 cents per unit on 7 April 2020.

WEIGHTED AVERAGE LEASE EXPIRY (BY GROSS INCOME)



TOP TENANTS (BY GROSS INCOME)

Coles Group Limited	19%
Study Group	15%
Fitness First	6%
Woolworths Group	4%
Aldi Group	4%

All data as at 31 March 2020 unless stated otherwise.

FUND II

PORTFOLIO SUMMARY

	PURCHASE DATE	OCCUPANCY (%)	COST (INCL. CAPEX) (\$m)	VALUE (\$m)
Marketfair, NSW	Aug-16	99%	53.3	53.5
Northpoint, QLD	Sep-14	98%	40.2	46.5
Newtown Central, NSW	Apr-15	97%	29.4	31.3
Birkdale Fair, QLD	Mar-15	99%	29.2	30.5
Hilton Plaza, SA	Aug-16	95%	21.9	20.4
Total		98%	174.0	182.2

Note – all figures are unaudited estimates, as at quarter end.

PORTFOLIO UPDATE

Fund highlights

- Distribution of 0.53 cents per unit
- Portfolio occupancy increased to 98%.

COVID-19 Impact

All five of the assets held in Fund II are neighbourhood shopping centres, anchored by major supermarkets and critical in providing essential services to their local communities. All centres have remained open for trade and saw unprecedented customer demand during the earlier part of March.

Despite this, a number of tenants have had trade impacted by government restrictions and social distancing requirements. The chart below outlines the Manager's assessment of impact of these restrictions on tenants as a percentage of Fund income.

Fund II – Impact by percentage of fund income



Of the Fund's total income, 10.2% has been required to close under government instruction, including Fitness First at Newtown Central and non-essential services such as beauty, massage and nail salons. A further 14.1% has been significantly impacted from diminished trading conditions, including food catering, travel agents and other discretionary retail stores. Whilst tenant relief requests are likely to impact income in the short to medium term, approximately 76% of the Fund's income is from supermarkets, fresh food and other essential services that have remained more resilient, experiencing either minimal to low or only moderate impact.

Asset management

Marketfair Campbelltown – Occupancy remained stable at 99% during the quarter, with one lease renewal agreed with Hungry Jacks, who exercised their option to extend for an additional five-year term. Since the start of the COVID-19 outbreak, the centre has performed well with customers favouring its small size and convenience in comparison to other centres in the area. This resulted in strong March sales from Woolworths and other food retail tenants and the majority of tenants continuing to trade under social distancing requirements. However, TK Maxx elected to close all their stores nationally and seek rent relief, which management are still in the process of considering.

Northpoint Toowoomba – As a result of focussed leasing efforts, occupancy at Northpoint increased to 98% during the quarter. Two new leases were negotiated, to a beauty operator and a replacement bakery both on seven-year terms. Despite increased uncertainty as a result of COVID-19, the Indian and Mexican food retailers both demonstrated their confidence in the centre by continuing fit out works and opening for trade in April, albeit with a small amount of rent relief to assist in establishing their businesses.

Newtown Central – Occupancy at Newtown Central reduced marginally to 97% during the quarter as a result of a Bubble Tea operator withdrawing from the centre. A new lease was signed with a Vietnamese Bakery on a five-year term, replacing the existing operator, and includes a full refurbishment of the store to improve its presentation. Fitness First has been required to close under government directive, contributing to the decline in centre foot traffic by approximately 40% in late March. Despite this, Foodworks performed strongly in March as a result of increased customer demand, with month-on-month sales increasing by 43%.

Birkdale Fair – Occupancy increased to 99%, with a new seven-year lease agreed with a local dentist, bolstering the service offering at the centre. In order to assist the Birkdale Fair retailers and the local community through the COVID-19 crisis, management established a pilot scheme for home deliveries from the centre. A number of retailers enrolled for the trial, including the greengrocer, butcher, bakery, liquor store and chemist.

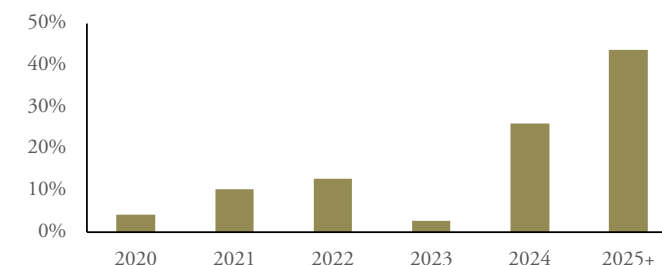
During its first month the scheme was successful, generating approximately \$4,400 per week in additional sales for the retailers, and is likely to be rolled out to other assets in the portfolio in due course.

Hilton Plaza – Occupancy remained steady at 95% during the quarter. A new lease was negotiated with a middle eastern takeaway for a seven-year term, to backfill the outgoing massage tenant. The asset has remained resilient since the outbreak of COVID-19, predominantly due to its size and defensive tenant profile. Management have been working through a small number of rent relief requests, which will partly be offset by additional income from Woolworths, who have now surpassed their turnover rent threshold.

Capital management

The Fund announced a distribution of 0.53 cents per unit on 7 April 2020.

WEIGHTED AVERAGE LEASE EXPIRY (BY GROSS INCOME)



TOP TENANTS (BY GROSS INCOME)

Woolworths Group	19%
Coles Group Limited	10%
Fitness First	6%
TK Maxx	5%
Foodworks	4%

All data as at 31 March 2020 unless stated otherwise.

FUND III

PORTFOLIO SUMMARY

	PURCHASE DATE	OCCUPANCY (%)	COST (INCL. CAPEX) (\$m)	VALUE (\$m)
Toormina Gardens, Coffs Harbour, NSW	Aug-16	98%	91.3	87.5
241 O’Riordan Street, Mascot, NSW	Sep-14	99%	144.9	152.3
Total		99%	236.2	239.8

Note – all figures are unaudited estimates, as at quarter end.

PORTFOLIO UPDATE

Fund highlights

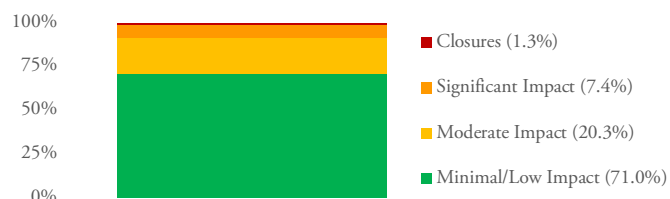
- Distribution of 0.48 cents per unit
- Portfolio occupancy remained stable at 99%.

COVID-19 Impact

As a convenience-based retail centre, Toormina Gardens has been critical in providing essential services to its local community since the outbreak of the COVID-19 virus. The government has also emphasised the importance of maintaining employment during the crisis, and as such both Toormina Gardens and 241 O’Riordan Street, Mascot have remained open under these directives.

Despite this, a number of tenants have had trade impacted by government restrictions and social distancing requirements. The chart below outlines the Manager’s assessment of impact of these restrictions on tenants as a percentage of Fund income.

Fund III – Impact by percentage of fund income



Of the Fund’s total income, only 1.3% has been required to close under government instruction. A further 7.4% has been significantly impacted from diminished trading conditions, including food catering, travel agents and other discretionary retail stores. Whilst tenant relief requests are likely to impact income in the short to medium term, approximately 91% of the Fund’s income is from supermarkets, fresh food, other essential services and office tenancies that have remained more resilient, experiencing either minimal or only moderate impact.

Asset management

Toormina Gardens – Occupancy at Toormina Gardens remained stable at 98% over the quarter. A new 10-year lease was agreed with a gym operator to backfill the discount variety store. This tenancy remix will improve the service offering at the centre and is expected to increase customer visitations once it opens. Several tenants at Toormina Gardens have been forced to close under government directive, with others struggling to operate under social distancing requirements and opting to close. Management are working with tenants to ensure that they have sufficient support to remain open for trade. Whilst this will impact income in the short to medium term, additional tenure is being secured where possible to preserve the longer-term cashflow of the asset.

241 O’Riordan Street – Occupancy at 241 O’Riordan remained strong during the quarter at 99%. As part of the sustainability upgrades that are now substantially completed, the building achieved a 4-star NABERS Water rating during the quarter, in addition to the 5-star NABERS Energy rating already received. As a result of these works the asset now meets green lease requirements which is an important consideration for many tenants.

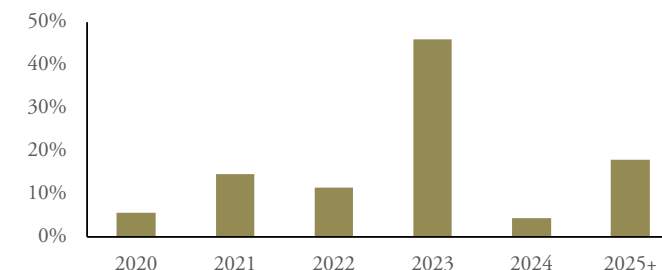
Since the outbreak of the COVID-19 pandemic, 241 O’Riordan Street has been largely unaffected, however the ground floor café operator closed due to limited patronage. More generally, the impact on the commercial

office sector has been limited to date, however the longer-term impact of the pandemic on office demand and rentals is still unknown.

Capital management

The Fund announced a distribution of 0.48 cents per unit on 7 April 2020.

WEIGHTED AVERAGE LEASE EXPIRY (BY GROSS INCOME)



TOP TENANTS (BY GROSS INCOME)

NSW Government	25%
AbbVie	10%
Woolworths Group	7%
Landis & Gyr	6%
Coles Group Limited	6%



241 O’RIORDAN STREET, MASCOT – FUND III

All data as at 31 March 2020 unless stated otherwise.

FUND IV

PORTFOLIO SUMMARY

	PURCHASE DATE	OCCUPANCY (%)	COST (INCL. CAPEX) (\$m)	VALUE (\$m)
Keilor Central, VIC	Dec-18	99%	122.0	119.5
Total		99%	122.0	119.5

Note – all figures are unaudited estimates, as at quarter end.

PORTFOLIO UPDATE

Fund highlights

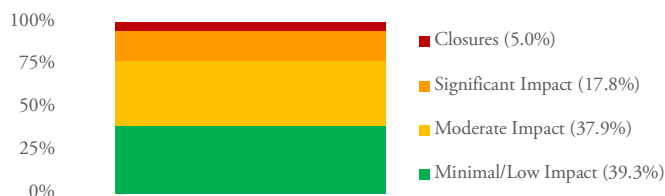
- Distribution of 0.40 cents per unit
- Portfolio occupancy remained strong at 99%.

COVID-19 Impact

As a convenience-based retail centre, Keilor Central has been critical in providing essential services to its local community since the outbreak of the COVID-19 pandemic. Under government directive the centre has remained open for trade and witnessed unprecedented customer demand during March.

Despite this, a number of tenants have had trade impacted by government restrictions and social distancing requirements. The chart below outlines the Manager's assessment of impact of these restrictions on tenants as a percentage of Fund income.

Fund IV – Impact by percentage of fund income



Of the Fund's total income, 5.0% has been required to close under government instruction, such as the gym and non-essential services such as beauty, massage and nail salons. A further 17.8% has been significantly impacted from diminished trading conditions, including food catering, travel agents and other discretionary retail stores. Whilst tenant relief requests are likely to impact income in the short to medium term, approximately 77% of the Fund's income is from supermarkets, fresh food and other essential services that have remained more resilient, experiencing either minimal to low or only moderate impact.

Asset management

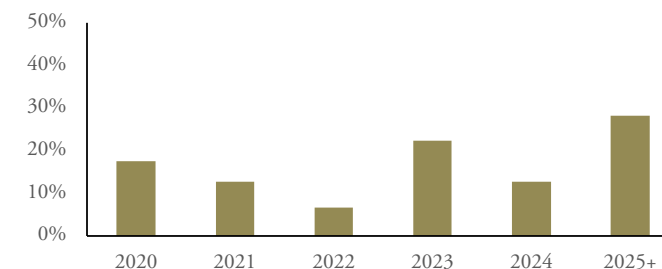
Keilor Central – Occupancy at Keilor Central remained high at 99% during the quarter. A new lease was agreed with the existing barber to expand into a larger unit on a five-year term. Bay Audio opened at the centre during the quarter, reporting their most successful store opening to date. During the latter part of March, both supermarkets and food retail performed strongly at the centre as a result of increased customer demand, recording month-on-month sales increases of 28% and 38% respectively.

Focus has been on maintaining occupancy and working collaboratively with retailers, especially smaller businesses most severely impacted by the COVID-19 virus outbreak. Requests for rent relief are being treated on a case by case basis and we are seeking extended tenure from tenants where possible, to protect longer-term cashflows and maintain asset values for investors.

Capital management

The Fund announced a distribution of 0.40 cents per unit on 7 April 2020.

WEIGHTED AVERAGE LEASE EXPIRY (BY GROSS INCOME)



TOP TENANTS (BY GROSS INCOME)

Kmart	15%
Coles Group Limited	15%
Aldi Group	6%
Quality Pharmacy	5%
The Reject Shop	3%



KEILOR CENTRAL SHOPPING CENTRE – FUND IV

All data as at 31 March 2020 unless stated otherwise.

ABOUT FORT STREET REAL ESTATE CAPITAL

Fort Street Real Estate Capital is an experienced specialist in property investment and asset management, with the ability to draw upon extensive networks to help access opportunities, as well as manage and reposition assets. The Fort Street Real Estate Capital executives have more than 50 years' combined experience in real estate. Their extensive knowledge in this sector has assisted them to transact more than \$2 billion of commercial property in recent years.

Fort Street Real Estate Capital targets real estate opportunities with strong underlying rental income and the potential for long-term capital growth through value-add opportunities or repositioning potential.

ABOUT WALSH & COMPANY

Walsh & Company, part of the Evans Dixon Group, is a multibillion-dollar global funds management firm founded in 2007, with assets under management across global equities, residential and commercial property, private equity, fixed income, and sustainable and social investments. It provides access to unique investment strategies not readily accessible to investors and focuses on building high-quality, diversified portfolios.

IMPORTANT INFORMATION

This report has been prepared by Fort Street Real Estate Capital Pty Limited (ACN 164 101 731) (Investment Manager), a corporate authorised representative (CAR No. 440307) of Walsh & Company Asset Management Pty Limited (ACN 159 902 708, AFSL 450 257), and investment manager of Fort Street Real Estate Capital Fund I (ARSN 163 688 346) (Fund I), Fort Street Real Estate Capital Fund II (ARSN 169 190 498) (Fund II), Fort Street Real Estate Capital Fund III (ARSN 605 335 957) (Fund III) and Fort Street Real Estate Capital Fund IV (ARSN 623 196 298) (Fund IV), together referred to as either 'Funds' or 'FSREC Fund Series'.

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For further information on the FSREC Fund Series, please visit fsrec.com.au.



NEWTOWN CENTRAL – FUND II

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