



Thinktank.

Income Trust
Monthly
Performance
Report

DECEMBER 2022

Income Trust Monthly Performance Report

RETURN AS AT DECEMBER 31, 2022

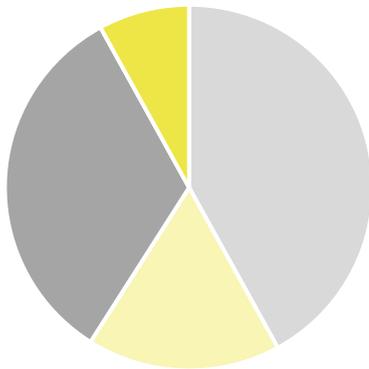
Thinktank..

Annualised Return %



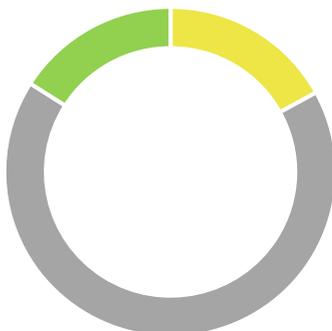
Thinktank Loan Book Metrics

Loan by Security Type*



■ Industrial ■ Office ■ Residential ■ Retail

Loan Purpose*



■ Refinance ■ Purchase ■ Equity Takeout

Investment Overview

Performance and Activity

In December the Income Trust returns to investors increased for another month. Since inception in August 2017 the Income Trust has experienced zero losses and as at 31st December 2022 the Income Trust has zero loans in arrears.

Investment strategy

Originate loans secured by registered first mortgages held over Australian commercial & residential real estate to generate monthly income returns.

Distributions

Paid on the 10th of each month or the following business day in arrears.

Minimum investment

\$10,000

Minimum term

12 months

Average loan-to-value ratio

69.66% as at 31-December-2022

**Data as at 31st December 2022*

Disclaimer: This document is not intended to be read by anyone other than a Wholesale Client or Eligible Investor (as defined in Section 761G of the Corporations Act 2001) and should be read in conjunction with the Information Memorandum for Thinktank Group Pty Ltd dated 2nd May 2017. A copy of the Information Memorandum can be obtained by contacting Lauren Ryan on (02) 8669 5532 or at lryan@thinktank.net.au Thinktank Nominees Pty Ltd (AFSL No. 333 163).

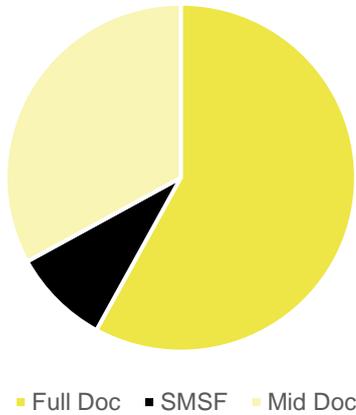
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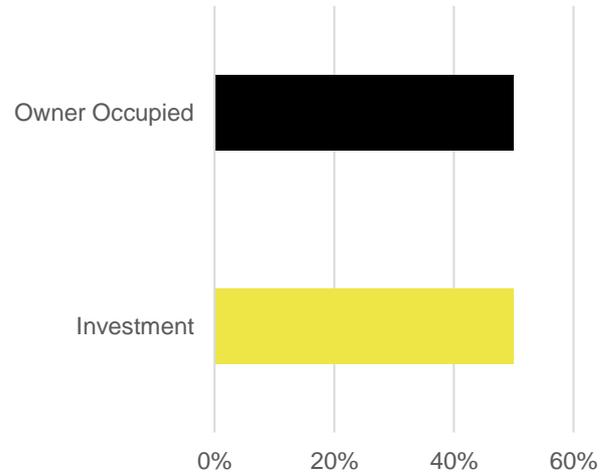


Thinktank Loan Book Metrics

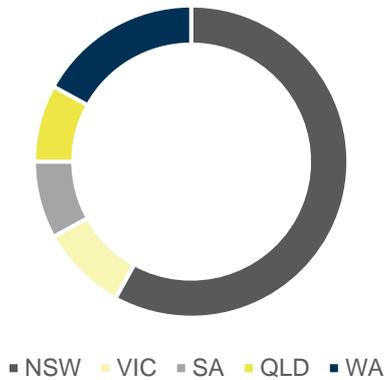
Loan by Product Type*



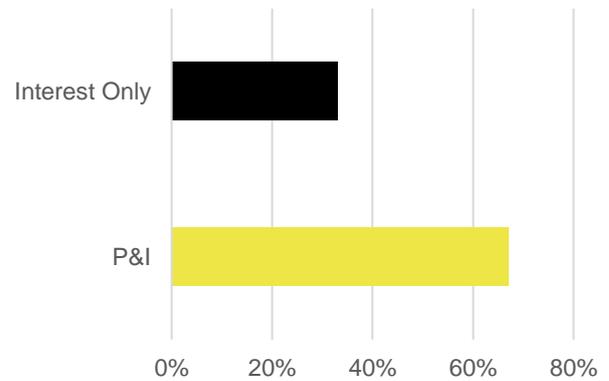
Loan by Occupancy*



Loans by State*



Repayment Type*



Market Ratings

	Sydney		Melbourne		Adelaide		Brisbane (SEQ)		Perth	
Resi-Houses	Weak	Declining	Weak	Declining	Good	Stable	Soft	Declining	Good	Stable
Resi-Units	Weak	Declining	Weak	Declining	Good	Stable	Soft	Declining	Good	Stable
Office	Fair	Stable	Fair	Stable	Good	Stable	Fair	Stable	Good	Stable
Retail	Weak	Stable	Weak	Stable	Good	Stable	Fair	Stable	Fair	Stable
Industrial	Strong	Improving	Strong	Improving	Strong	Improving	Good	Improving	Good	Improving

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Market Commentary

by Per Amundsen, Head of Research

With respect to the Economy and Sentiment, the Westpac-MI Consumer Sentiment Index rose in its recent December release by 3.0% from 78.0 to 80.3 but still well below the 100 (neutral) level of confidence. All three AiG indices fell last month and all were in negative territory below 50 points. At its December meeting the RBA Board raised the OCR by 0.25% for the third straight month after four 0.50% increases in a row. This takes the rate from 2.85% to 3.10%. While further increases are expected, but with no RBA meeting in January this may present the opportunity for a break in the New Year if CPI currently at 7.3% and unemployment at 3.4% justify a pause in the current tightening. CoreLogic dwelling prices for December continued their decline but at a slightly slower pace. National Housing values posted a lower 1.1% fall for the month compared to 1.4% in November but Perth was alone in positive territory up slightly at 0.1%. We have continued to reflect the further decline of Residential in almost all areas and have maintained our ratings and trends accordingly across most capitals. Our Quarterly Market Update later this month will have a full review of all property sectors while our Monthly Market Focus takes a break until February.



Market Commentary

by Lauren Ryan, Investor Relations

In December the Official Cash Rate rose again by 0.25% for the third month in a row which came as no surprise given the tight domestic employment market and high inflation. Many market commentators and economists predict at least 2 more 0.25% official cash rate rises in 2023 before the RBA looks to cut rates in late 2023/early 2024. This festive season was the first since 2019 without restriction and/or rampant covid case numbers in 3 years, 1st quarter spending will likely reflect this celebratory period before consumers tighten their belts and prepare for 2023. The second half of 2022 Australia saw the return of ex-China international students, tourists and backpackers and in January 23' China relaxed their Covid-zero stance which allowed Chinese citizens to exit and enter the country without the onerous quarantines previously experienced. 2022 saw strong rental growth in many parts of the country which is expected to continue with an influx of migration and students increasing the demand for rentals. This rental growth will benefit property investors who have experienced a significant increase in mortgage costs during 2022. Many commentators have predicated 10%+ price decline predominantly across Sydney, Melbourne and Brisbane residential property which doesn't come as a surprise given the increase in interest rates. It is important to remember that many property owners have experienced growth far beyond these predicted falls and the increased demand for rentals provides somewhat of a floor for predicated price declines. It is important to reiterate that Thinktank has less than 1% of loans on fixed rate mortgages which is a major talking point in the media at present and the uncertainty around how mortgage holders will cope with the increased cost when those fixed rate mortgages come to an end over the next 12-18 months. Given the continued headwinds that face the construction industry and the impact that has on new stock becoming available, the demand for quality properties remains strong and isn't showing signs of slowing. Thinktank's new loan settlements in December remained strong at \$214 million. As at 31st December Thinktank's portfolio arrears were 0.9% while the Income Trust returned 6.61%.

A downloadable copy of Thinktank's Monthly Market Focus can be found at the link below:

<https://www.thinktank.net.au/news/>

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