Thinktank

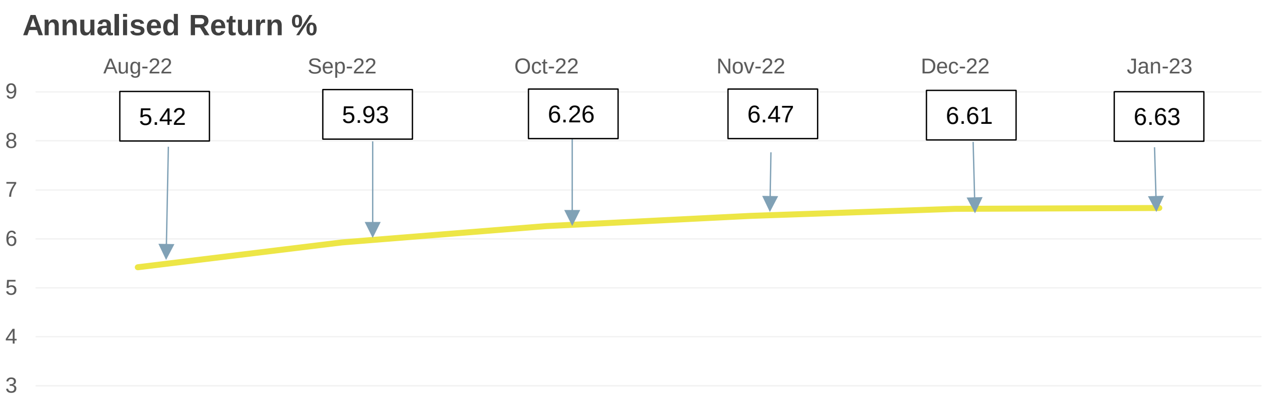
Income Trust

Monthly Performance Report

JANUARY 2023

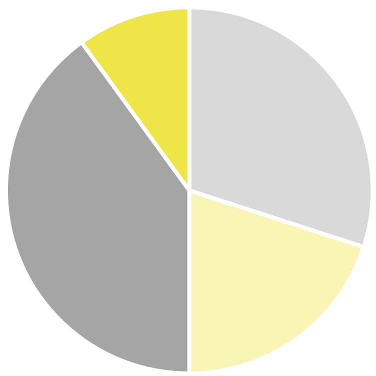
Income Trust Monthly Performance Report

RETURN AS AT JANUARY 31, 2023

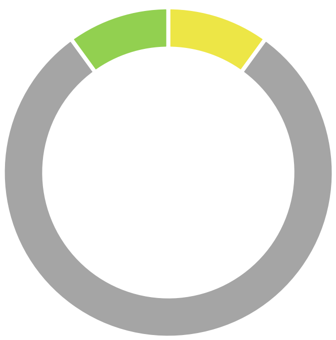


Thinktank Loan Book Metrics

Loan by Security Type*



Loan Purpose*



Investment Overview

Performance and Activity

In January 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 January 2023 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
68.73% as at 31-January-2023

**Data as at 31st January 2023*

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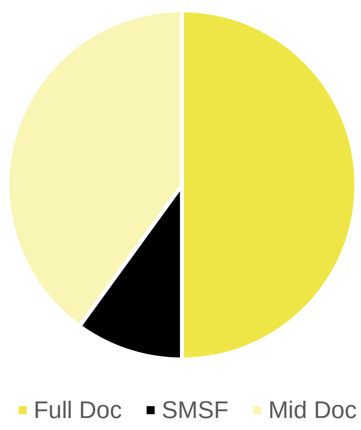
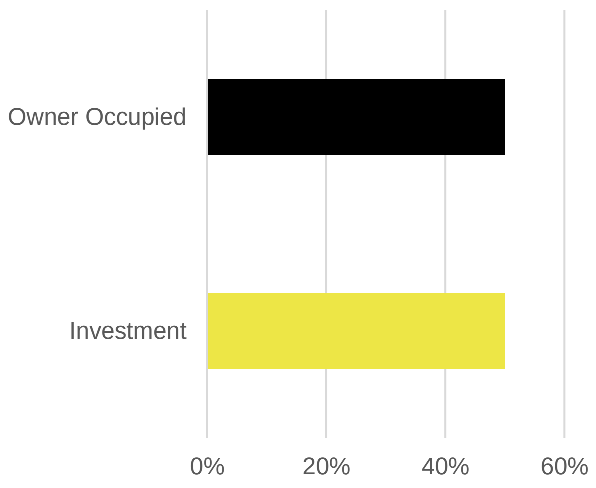
Thinktank Loan Book Metrics

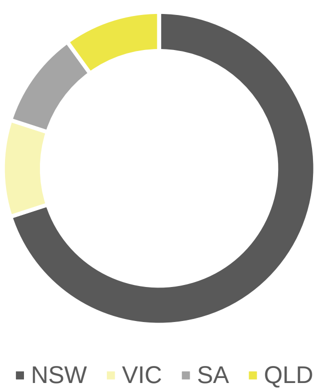
Loan by Product Type*



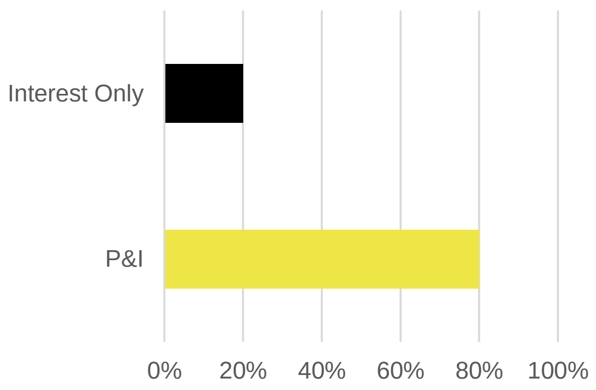
Loan by Occupancy*



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

The Westpac-MI Consumer Sentiment Index somewhat surprisingly rose in January by 5.0% to 84.3 reversing recent falls rising off near historic lows well below the 100 (neutral) level of confidence, impacted by inflation and interest rate increases. The Westpac Leading Index for January saw the index move just slightly to -0.96 from -0.97. This was consistent with the December quarterly Westpac – ACCI Survey of Industrial Trends which fell sharply from September's 64.6 to 49.6 . This was viewed by Westpac as consistent with below trend growth well into 2023. At its February meeting, its first of 2023 the RBA Board raised the Cash Rate 0.25% for a fourth month after four earlier 0.50% increases. This takes the rate from 3.10% to 3.35%. While further increases were expected as we entered 2023, the slowing of the pace of increase over the past four months is viewed positively. Retail sales for December were down 3.9% for the month and but up 7.5% yoy. CPI for the 4th quarter was up 1.9% and 7.8% for the year which is hoped to be the high point in this cycle. The unemployment rate of 3.5% in December was little changed in months and continues to demonstrate the resilience of the Australian economy. At the end of January, the IMF released their Global Economic Update and as foreshadowed it was better than the World Bank but still sobering. CoreLogic dwelling prices for January continued their decline but at a slightly slower pace. National Housing values posted a 1.0% fall for the month compared to 1.1% in December. The fall was 3.2% for the quarter nationally down from 3.5% last month. We have continued to reflect the further but slower decline of Residential in almost all areas and have maintained our ratings and trends across most capitals. Sydney and Melbourne houses and units remain Weak and Declining and Brisbane has joined them. Retail continues to be showing some recovery as sales continue to improve as noted above. Office continues its slow recovery from the pandemic lockdowns but is just Fair.

Market Commentary

by Lauren Ryan, Investor Relations

In January the Official Cash Rate remained unchanged with the RBA taking its usual summer break. Economists' positions on how far rates might rise in 2023, when they may start to fall and whether Australia and other developed economies will experience a recession this year are varied depending on who you talk to and in some cases changes with each new piece of economic data released. Recent inflation figures virtually locked in another RBA 0.25% rate rise in February, while noting many commentators feel inflation has peaked and is now on the way down which is what we have all been waiting to hear. Despite the media gloom regarding the economic outlook, there are many offsetting indicators that suggest the majority of consumers and borrowers are well positioned to absorb the challenges 2023 will pose. Thinktank is no exception. We have strong institutional funding arrangements in place while there is consistent demand for mortgages amongst SME and SMSF borrowers. We are ready for another solid year of business. As seasonally anticipated and in light of rising interest rates, we saw a slowdown of new loan settlements in January of $166 million. As at 31st January Thinktank's portfolio arrears were 1.7% while the Income Trust returned 6.63%.

A downloadable copy of Thinktank's Monthly Market Focus can be found at the link below: https://www.thinktank.net.au/news/