



Thinktank.

Income Trust
Monthly
Performance
Report

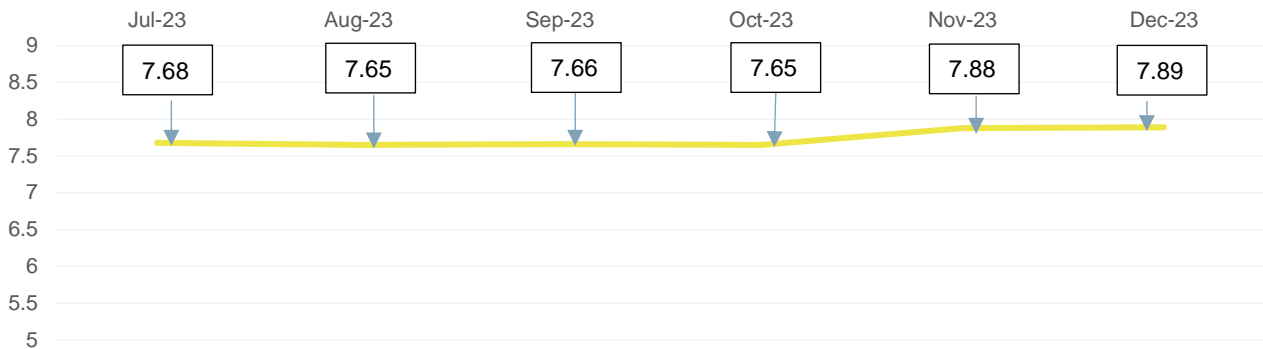
DECEMBER 2023

Income Trust Monthly Performance Report

RETURN AS AT DECEMBER 31, 2023

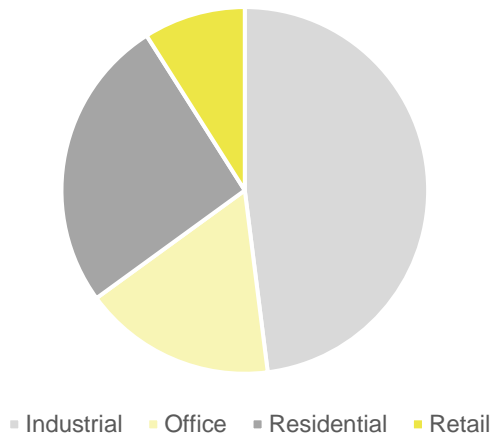
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Annualised Return %

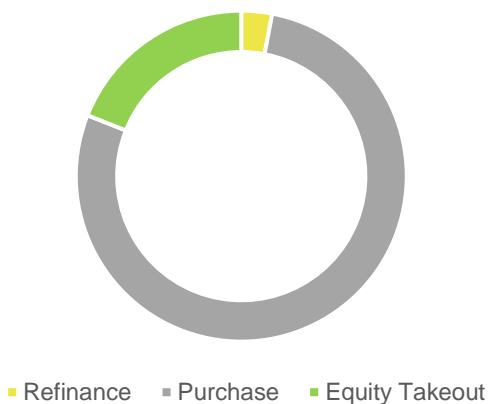


Thinktank Loan Book Metrics

Loan by Security Type*



Loan Purpose*



Investment Overview

Performance and Activity

In December the Income Trust delivered increased returns to investors for another month. Since inception in August 2017 the Income Trust has maintained zero losses and as at 31st December 2023, there are four loans within the Income Trust currently in arrears.

Investment strategy

Generate monthly income returns by originating loans secured by registered first mortgages held on Australian commercial and residential real estate.

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

74% as at 31-Dec-2023

**Data as at 31st December 2023*

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).

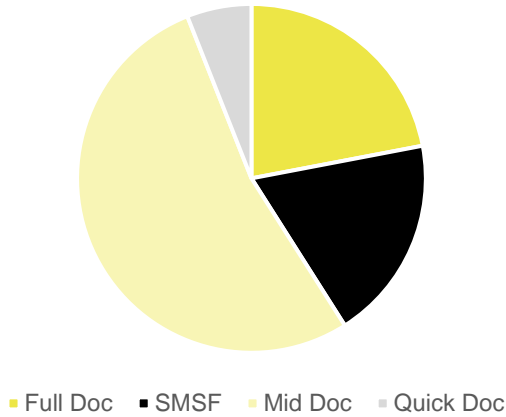
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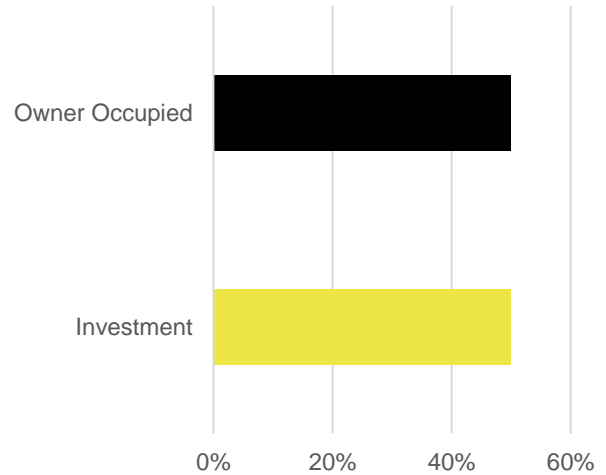


Thinktank Loan Book Metrics

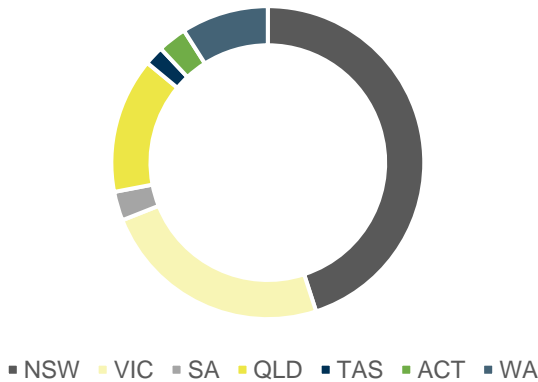
Loan by Product Type*



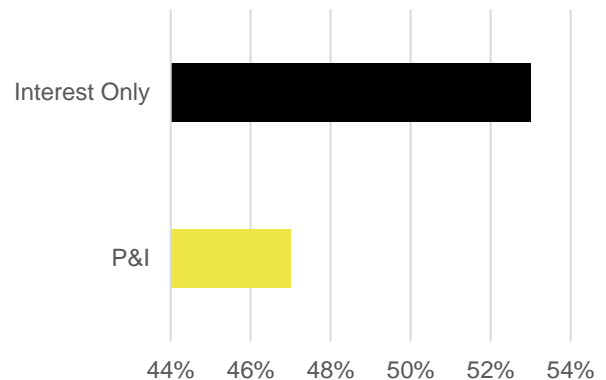
Loan by Occupancy*



Loans by State*



Repayment Type*



Market Ratings

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

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Market Commentary

by Per Amundsen, Head of Research

The Westpac-MI Consumer Sentiment Index rose slightly in December by 2.7% to 82.1, up from 79.9 in November but still described as very weak. The Westpac Leading Index was also up at +0.30 in November from -0.39 in October and breaking its string of negative reads since August '22 but Westpac expressed surprise at what it described as the uptick being due to temporary factors. The RBA Board

doesn't meet again until February with markets uncertain as to any change in interest rates with key data to be released during the prior week. Key recent statistical releases in late November were very weak Retail Sales down 0.2% for the month of October and up only 1.2% for the year. The unemployment rate of 3.9% in November was up 0.2% from October and is forecast to be little changed in the near term. The November indicator CPI to be released on 10 January is expected to ease to 4.4% from 4.9% in October. The more important 4Q CPI will be released on 31 January, the week before the RBA's February Board meeting at which the Cash Rate will be considered; the CPI for the September quarter was 5.4% and an improvement is expected. CoreLogic dwelling prices for December continued their recovery across almost all Capitals but again at very different paces with only Melbourne down slightly at -0.3% and Perth again leading the way at +1.5% for the month. Adelaide, Perth and Brisbane all did very well once again this month leading the Capitals with all three up in both Houses and Units for both the month and the quarter. We continue to reflect the improvement of Residential in almost all areas and have held our Ratings and Trends for each of the five Capitals while all Capitals except Melbourne are showing positive CoreLogic Housing results for the month and quarter. Retail continues to be volatile, especially secondary although sales look to be flat. Industrial remains very strong across the country as reflected in a number of national research reports. While Office is doing better in some Capitals, a real recovery remains some time into the future with high vacancy rates and uncertain valuations. This results in no change to our Rating and Trends shown below but with close attention to be paid during Q1 2024.

Investment Commentary

by Lauren Ryan, Investor Relations

Christmas came early for borrowers with the RBA keeping the cash rate on hold at 4.35% at the December meeting. The latest Statement on Monetary Policy affirmed that inflation is on a gradual decline, while the unemployment rate experienced a slight increase to 3.9%. The global discourse has centred around the success of aggressive tightening measures by central banks, effectively steering inflation back towards target bands and preventing recession in numerous countries. Notably, the strategy benefitted from a considerable increase in immigration, including in Australia, with the argument that such population growth

has played a pivotal role in reducing the potential for a recession to occur. Looking ahead to 2024, the primary focus will be on boosting productivity and the potential for rate cuts, however the challenge lies in ensuring the battle has been won and such cuts won't reignite inflation. Forecasts by many high-profile market economists anticipate some challenges for consumers and businesses before the relief of projected rate cuts in the latter half of 2024. The RBA faces potential delays in rate-cut decisions compared to other countries, given its Official Cash Rate is approximately 1% lower than the US Federal Funds Rate. The greater sensitivity of variable rate mortgages to rate fluctuations adds complexity to this decision-making process. Reflecting on 2023, it proved to be a challenging yet successful year for Thinktank, concluding with \$2.46 billion in originations and a total loan book lifting to \$5.5 billion. The global business landscape faced a number of challenges, notably the collapse of SVB, Credit Suisse and First Republic Bank in March, causing market shocks and raising concerns about bank balance sheet stability amid rising official interest rates. Despite these challenges, domestic unemployment rates demonstrated resilience, with labour shortages persisting in many industries. Surprisingly, the housing market defied conventional expectations by maintaining, if not growing in value. This can be attributed to a scarcity of new and high-quality stock combined with significantly elevated immigration levels. Thinktank closed the year on a positive note, recording \$221 million in new loan originations in December. As at December 31st, portfolio arrears stood at 3.1% and the Income Trust yielded a return of 7.89%.

A downloadable copy of Thinktank's Monthly Market Focus can be found [here](#).

For more information about Thinktank's Investment Trusts, please contact Lauren Ryan on lryan@thinktank.net.au or 0401 974 839.

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