

ASX ANNOUNCEMENT

Fat Prophets Global Property Fund (FPP) January 2023 NTA update

January 2023 Monthly NTA Announcement

Key Points:

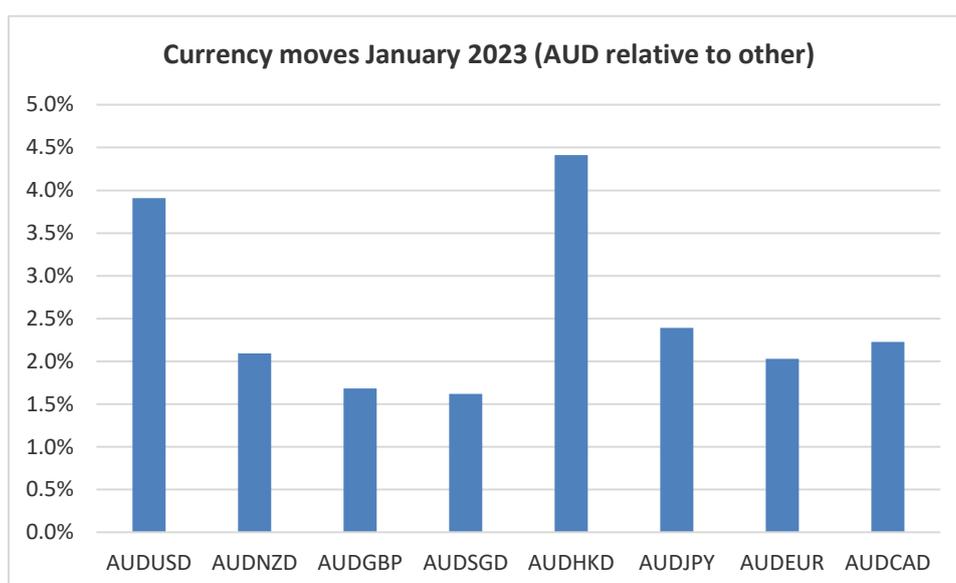
- **Fund NTA increased 5.6% post fees during January**
- **Australian REITs (+4.9%) were weaker than global REITs (+8.0%) during January**
- **Cash holdings in FPP increased to 9.7% of portfolio value for FPP for the month**

Dear Unitholders,

Equity and REIT markets rallied globally during January. Broad thematic risk relating to interest rates, inflation and recessionary risk remained unchanged, with the outlook for peak interest rates ebbing somewhat which drove increased market investment activity.

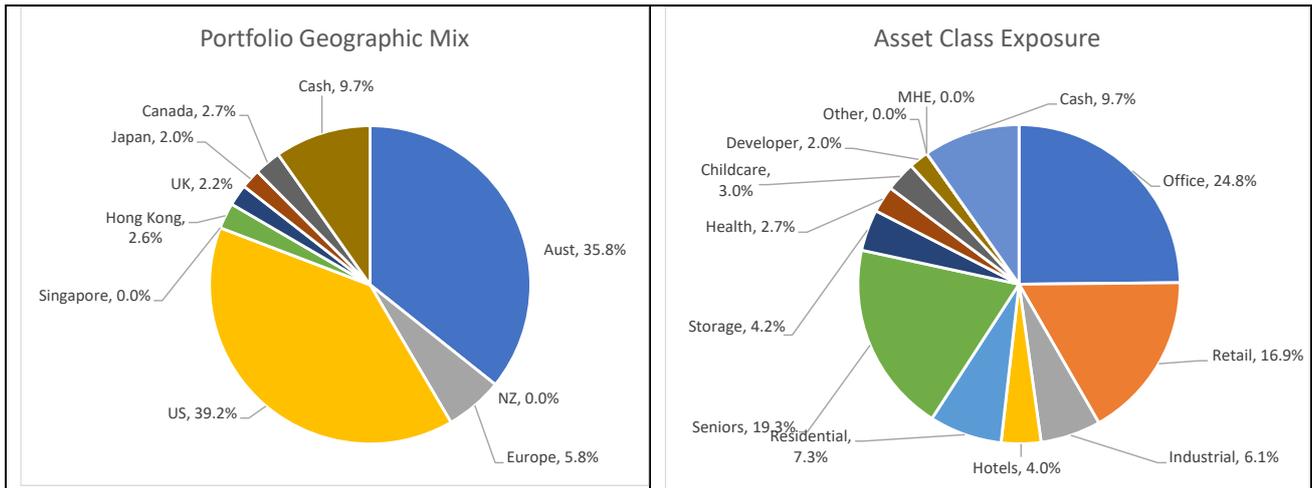
	31-Dec-22	31-Jan-23	Change
Value per unit (ex distribution)	\$0.8157	\$0.8616	5.62%

Currency in AUD terms relative to USD was stronger in January presenting a headwind to AUD denominated returns for the Fund – the Fund is overweight Australia.



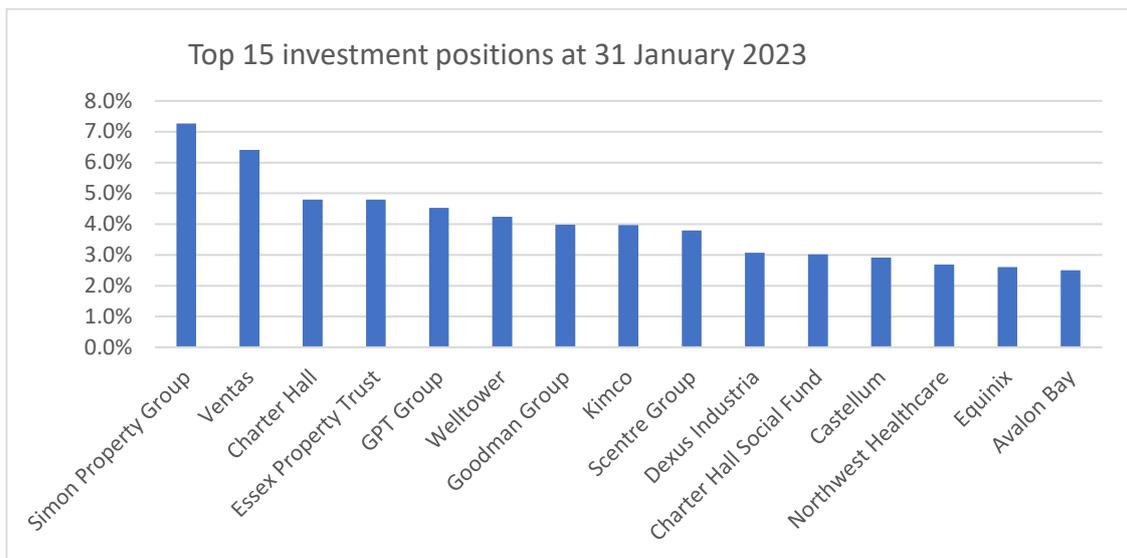
The Fund cash balance increased to 9.7% reflecting the divestment of part of the Fund’s holding in Dexu Property Group. We are becoming more cautious regarding the office sector and the risk of higher vacancy rates and lower market rents. The reduced weighting was a direct result of increasing evidence of more tenants handing back part of their previously leased space due to the increased mobility of their employee base.

The current Fund portfolio geographic allocation at the end of January is shown in the following chart on the left. The chart below right shows the exposure by asset class. The number of Fund core investment holdings remained at 34 at the end of January.

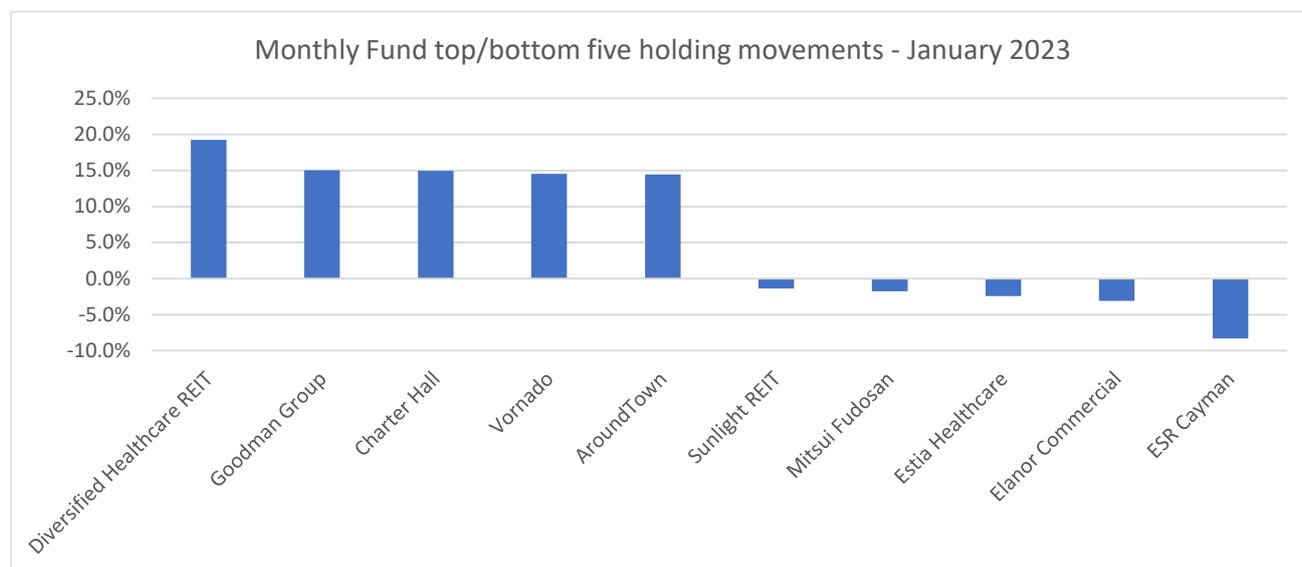


Top holdings in the Fund as at the end of January are summarised in the following chart.

Simon Property Group remains the largest holding in the Fund. In early February SPG released results, missing slightly on higher interest expense despite an increase in earnings growth. US Convenience retail REIT Regency Centres beat earnings expectations this month and raised earnings guidance which bodes somewhat positively for US retail.



The best and worst contributors to return for the month of January are summarised in the following chart. Diversified Healthcare REIT was the Fund's best performer. Goodman Group and Charter Hall both delivered double digit returns and are top 10 holdings within the Fund.



Outlook

We are in the midst of reporting season, and the financial results and management commentary will give important lead ins to sentiment and earnings trajectory. To date we have seen evidence that increasing interest rates are causing an earnings headwind to debt costs although this has not been excessive due to hedging in place. Key things we are expecting to see include;

- Residential sales volume and profit margins to fall for developers
- Retail sales growth to moderate as higher interest rates impact discretionary income for shopping centre REITs, and
- Office properties experiencing space being increasingly handed back from occupiers as the work from home trend continues to impact the way offices work

Despite some headwinds, a number of brokers are calling for global REITs to be outperforming in 2023, largely due to the deep discounts to NTA which are evident for many REITs. We similarly remain optimistic about NTA reverting closer to underlying asset values which should lead to positive returns and excess returns over the next 24 months.

Fat Prophets Global Property Fund

Fund Manager

Simon Wheatley

16 February 2022

About Fat Prophets Global Property Fund (FPP.AX)

The Fat Prophets Global Property Fund is an investment trust listed on the Australian stock exchange and managed by Fat Prophets. It invests its capital into Real Estate Investment Trusts (REITs) listed on stock exchanges in developed markets around the world. REITs own real estate assets and generate the majority

of their income from rents on their properties, and capital growth from the real estate investments results in increased NTA. FPP's investment weighting benchmark allocation to Australia REITs is around 30%, with the balance in international markets. FPP aims to generate capital growth and distribution income from its investments and has a value bias to its investment strategy.