

ASX ANNOUNCEMENT

Fat Prophets Global Property Fund (FPP) announces its NTA pursuant to ASX Listing Rule 4.12ⁱ

June 2018 NTA Announcement

Dear Unitholders,

June was a very pleasing month, with the Fund recording its best growth in Net Tangible Asset backing per unit (NTA) since IPO. This continued a consecutive run of positive NTA growth since the broad market downturn in February 2018.

The Fund has now achieved NTA per unit growth of 7.2% over the eight and half month period since IPO in October 2017 to 30 June 2018. The period since IPO has recorded some volatility of currency markets and bond yields as well as meaningful market correction in early 2018. The increase in 30-year US treasury yields to levels above 3% did not prove to be an issue for investment demand in Real Estate Investment Trusts (REITs) despite some analyst and strategist concerns which we did not share.

It was also announced in June that an estimated 2.69c per unit distribution was declared, with an ex-distribution date of 28 June 2018, and an expected payment date of 31 August 2018.

During the month of June, the Funds NTA increased by 4.7%, ending the month and the financial year at \$1.134 per unit – in excess of the \$1.10 IPO price and the \$1.058 NTA at the time of IPO.

	31-May-18	30-Jun-18	Change
NTA per unit	\$1.083	\$1.134	+4.7%

A large number of REITs held by the Fund traded ex-distribution during the month of June, setting up meaningful earnings for the Fund to distribute in FY19. While the Fund has entitlement to these distributions in FY18, the Fund accounting practice only allows for cash distributions received to be paid out. As such the FY18 distributions will be received as cash in FY19 and be payable for the FY19 period.

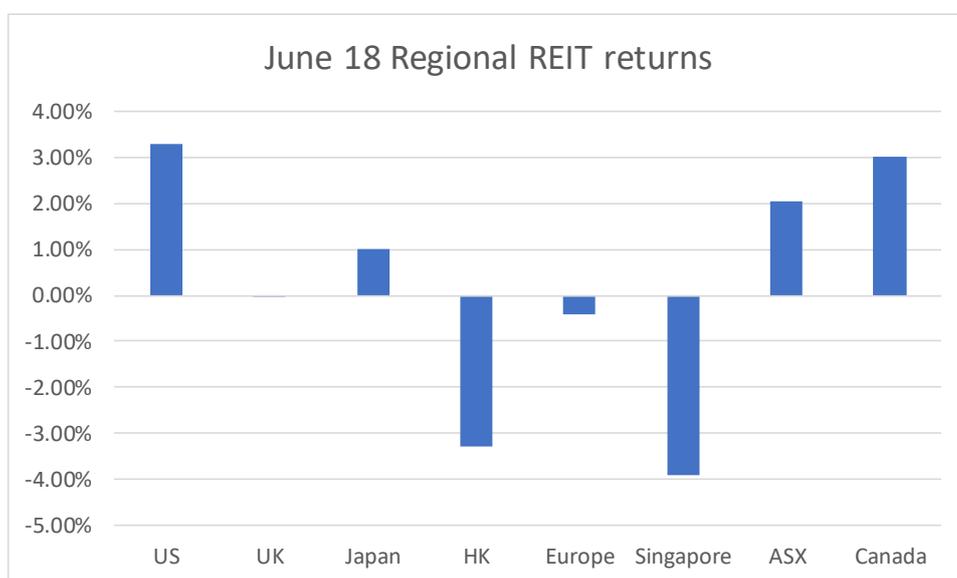
The Fund will now pay regular six-monthly distributions.

Mergers and acquisitions continued to feature in the REIT sector during June and once again this benefitted the Fund. An unsolicited takeover approach for Australian manufactured home estate owner Gateway Lifestyle (GTY.AX) was made by US backed private Hometown, leading to a bidding war with Blackstone Group. The Fund doubled its stake in Gateway Lifestyle in May after an earnings downgrade led to price weakness which we believed reflected an overreaction. The Fund has benefited from a 30% return on that

additional stake acquired less than two months ago, and we have elected to not sell our position into the bid, expecting further increases to the offer price to come through.

The M&A thematic has benefitted the Fund quite meaningfully since IPO. In the past eight months, five REITs held by the Fund (or 10% of the Fund’s holdings by number) have been subject to takeover bids. These include Intu properties (UK), Investa Office Fund (Australia), Gateway Lifestyle (Australia), GGP Group (US) and Westfield Corporation (Australia).

We believe the meaningful amount of M&A activity benefitting the Fund supports our investment style of targeting REITs which are trading below their fundamental value. It is our investment thesis that REITs trading at discounts to NTA mean revert to their underlying value over time leading to the opportunity for excess returns. The M&A activity is allowing this value gap to be bridged and is benefitting the Fund’s capital returns.



Regionally, performance was again mixed as demonstrated in the chart above. Notably there was meaningful weakness in Hong Kong and Singapore as a large decline in the Chinese stock market resulted in some contagion effect around the region. FPP holds a meaningfully underweight position to the Hong Kong market and no exposure to China which we are comfortable with in the current market. The US, Australian and Canadian markets recorded healthy returns during June.

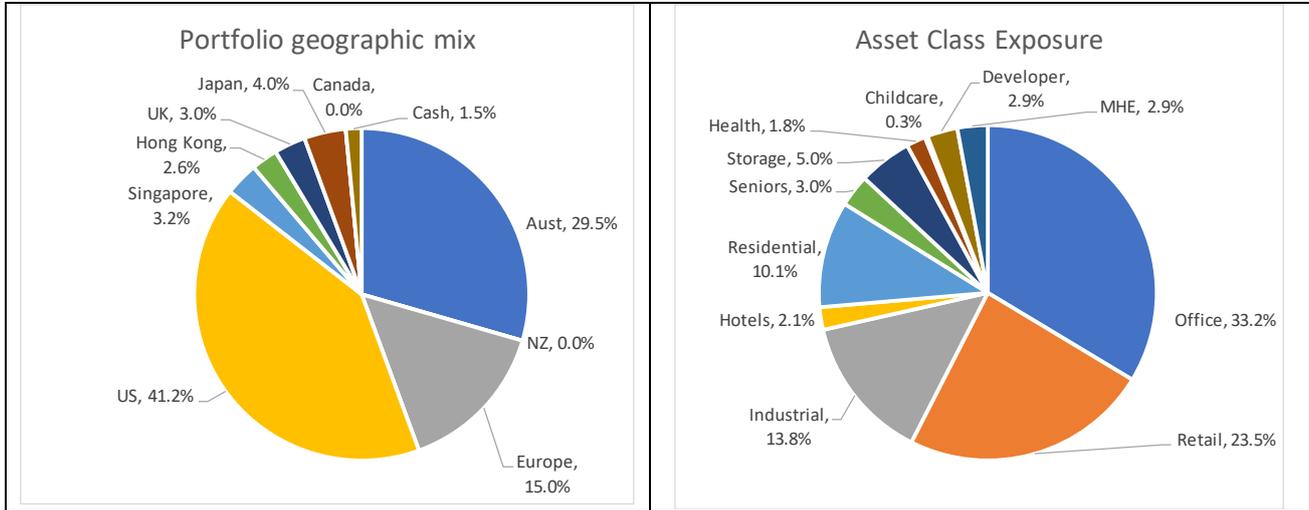
One notable factor during June was the continued resurgence in investor sentiment toward deep value REITs in the shopping centre and senior living space. Various REITs held by the Fund such as DDR Corp (+17.9%), and CBL & Associates Properties (+14.8%), and Brookdale Senior Living (+13.6%) rallied strongly again in June.

This past month has again validated our view that investors will seek out undervalued REITs which are priced well below their fundamental value.

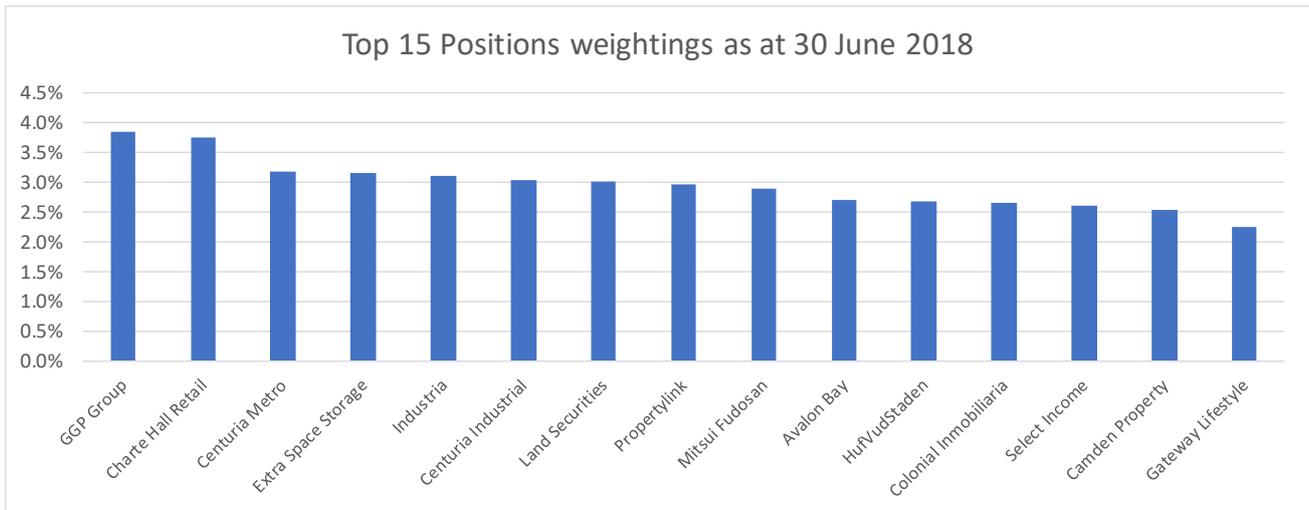
Regionally, the Fund ended June with a small neutral weight to Australia and to America, overweight to Singapore, and an underweight to Hong Kong and Japan. The Fund is broadly neutrally weighted to UK and overweight Europe. The Fund remains zero weighted to Canada and New Zealand. We increased our active

investment levels during the month which paid off as investment holdings rallied. Cash reduced to just 1.5% meaning the Fund was effectively fully invested.

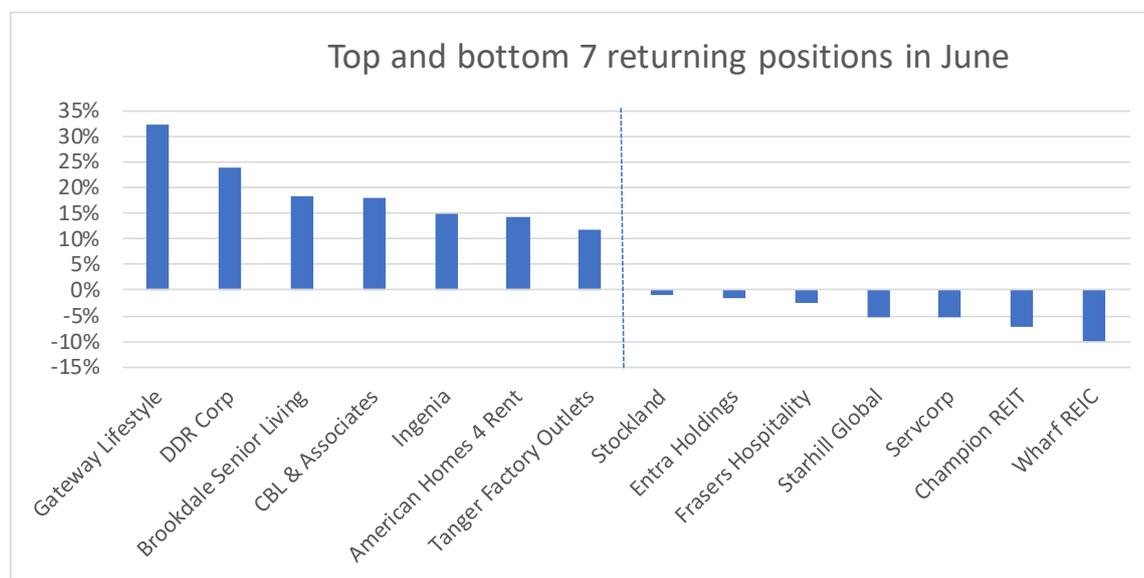
Currency had a positive impact on the Fund during the month with the value of the US dollar relative to the A\$ (AUD/USD) declining from 75.57 to 74.03 during the month. The Australian Dollar also weakened during the month relative to the Euro.



The Fund continues to hold around 50 investment positions. Top holdings in the Fund as at the end of June are summarised in the following chart. A number of Australian holdings dominate the top 5 currently. The largest overall investment stake is now in GGP Inc ahead of its proposed takeover. The largest Australian position is in Charter Hall Retail REIT (CQR.AX) giving exposure to Coles and Woolworths based convenience shopping centres around Australia. We expect a lot of the upside has been arbitrated out of CQR with the stock price now trading slightly above NTA per unit. International major holdings include Extra Space Storage in the US where we continue to have strong conviction, Mitsui Fudosan in Japan, Land Securities in the UK and we hold US multifamily residential exposure through Avalon Bay.



The top contributing investment to performance in June was Gateway Lifestyle, reflecting the takeover approaches. Deep value US REITs including DDR, Brookdale and CBL have seen a significant rebound in their stock prices and were the next best contributors. Ingenia which has a similar business model to Gateway also rallied on takeover speculation. The two weakest performing investments in the Fund were the two Hong Kong investments held, reflecting weakness in China. Two holdings in Singapore were also amongst the Funds top 5 weakest investments.



The focus for the Fund in the next couple of months will be around reporting season for the stocks owned by the Fund, and opportunities which may arise through reporting season.

Fat Prophets Global Property Fund

Chief Investment Officer

Simon Wheatley

10 July 2018

About Fat Prophet 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.

ⁱ Fat Prophets Funds Management Pty Limited (FPPM) (ACN 615 545 536) has prepared the information in this announcement. One Managed Investment Funds Limited (ACN 117 400 987) (AFSL 297042) (OMIFL) is the Responsible Entity of the Fund. While OMIFL has no reason to believe that the information is inaccurate, the truth or accuracy of the information in this document cannot be warranted or guaranteed by OMIFL. This announcement has been prepared for the purposes of providing general information only and does not constitute an offer, solicitation or recommendation with respect to the purchase or sale of any units in the Fund nor does it constitute financial product advice and does not take into account your investment objectives, tax or financial situation or needs.

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