



PropertyInvesting.com

Investor Update Slide Deck

Wednesday 27th November 2024



PropertyInvesting.com

Part 1 Investing In Unpredictable Times

What We Crave

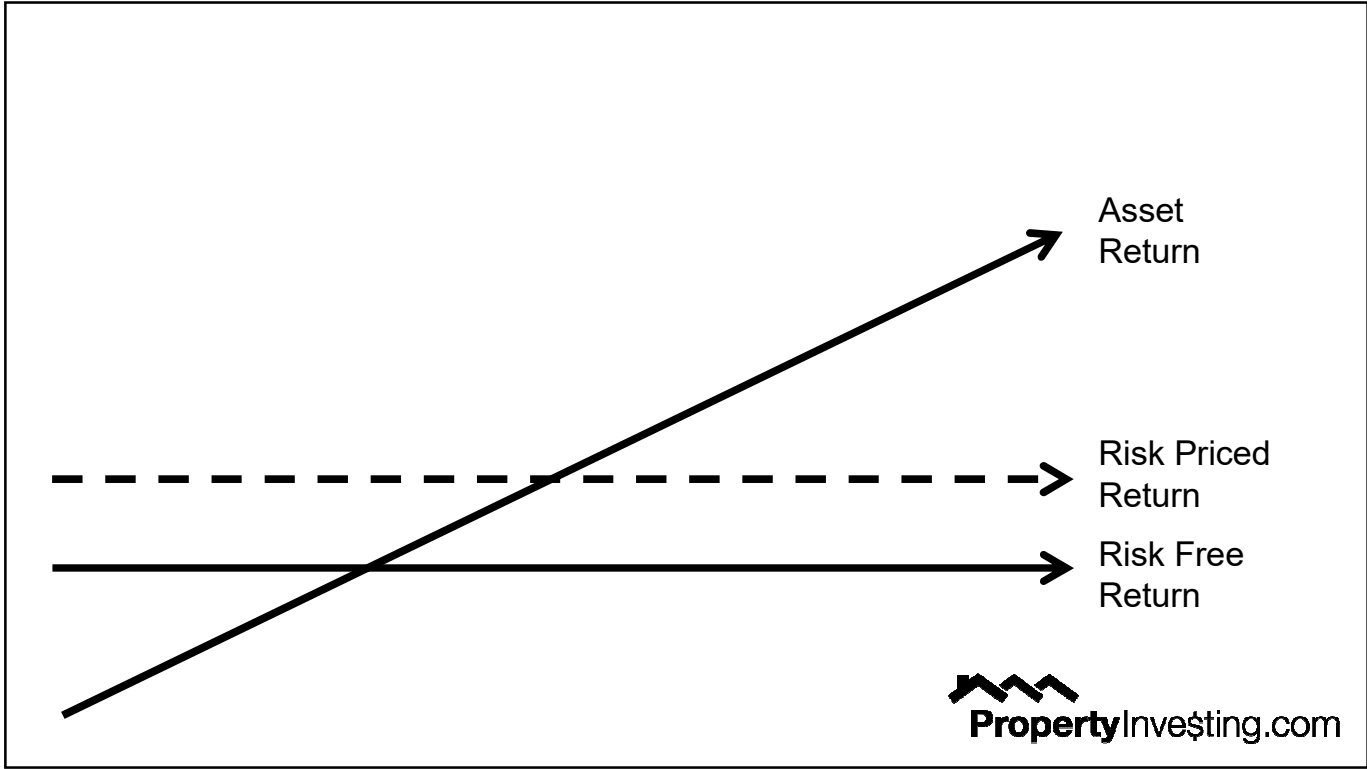
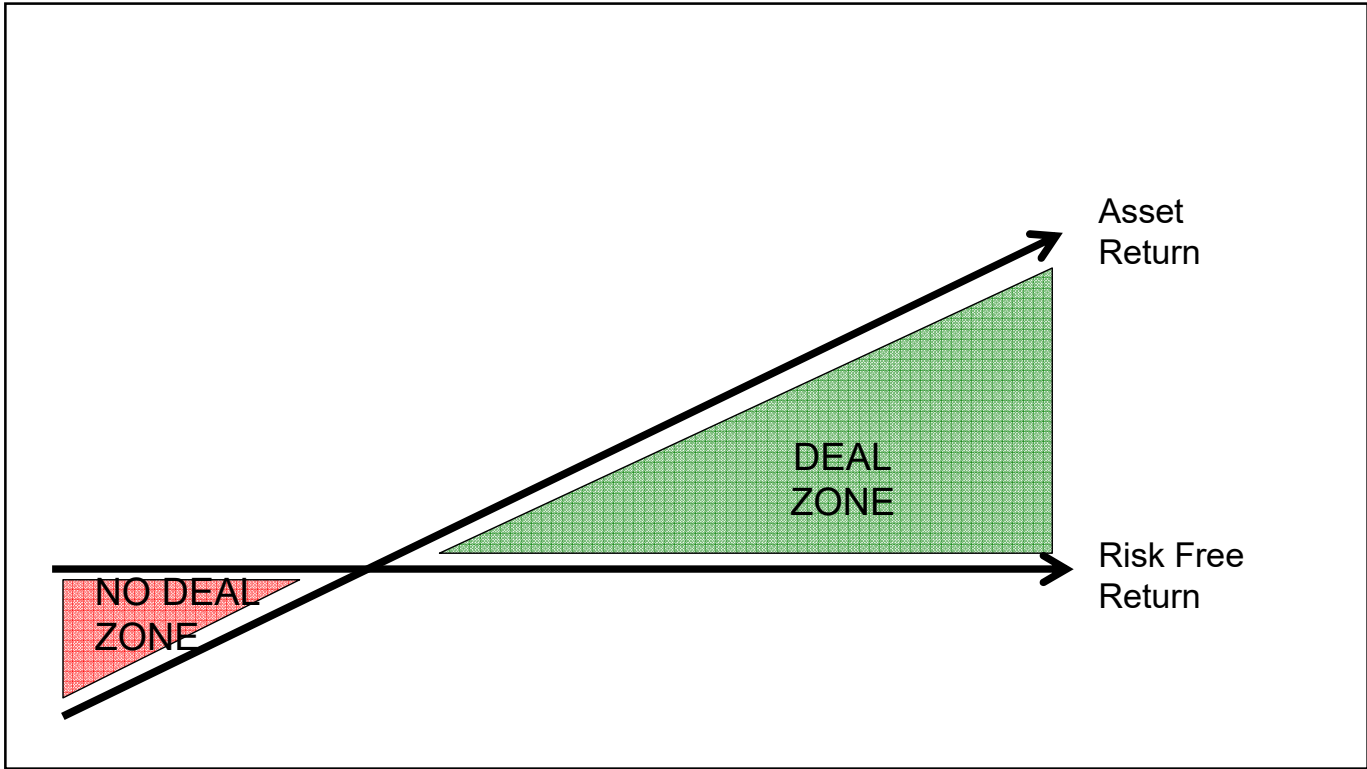
“Certainty in uncertain times”

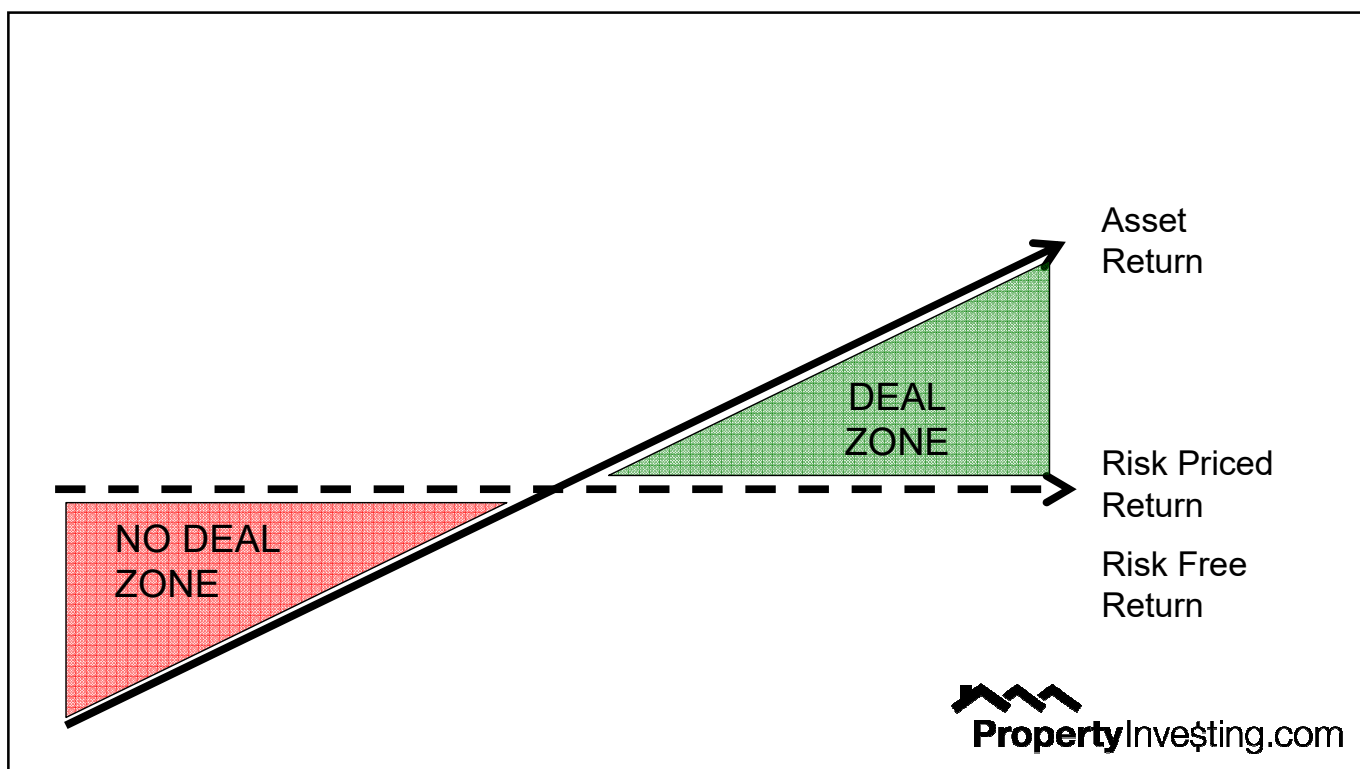
- Withdraw
- Hot Spotting
- Buyers Agents
- Other experts

What We Need

- Proper perspective
- Fortitude
- Strategy
- Skill

“the antidote to risk is skill”





Unpredictability

- ↑ uncertainty
- ↑ risk
- ↑ our required risk priced return
- Difference between speculation and investing

Investing 101

Never take a risk
without being (adequately)
compensated for it.



Question

Looking ahead
to 2025, do we
think there will
be more, or less,
unpredictability?



If We Think...

- ↑ unpredictability
- We need to either:
 - ↓ risk
 - ↑ return



Six De-risking Strategies

1. Look to investing
in areas where the
demographics align
positively with momentum



Six De-risking Strategies

- 2. Add a buffer** or
extra margin to
your investing variables
(especially reno & development)



Six De-risking Strategies

- 3. Re-weight Your portfolio**
 - No risk
 - Defensive assets
 - Low risk
 - Moderate risk
 - High risk



Six De-risking Strategies

4. ↑ Tenant Term & Quality

- Consider sacrificing
some return for certainty



Six De-risking Strategies

5. ↑ Investing Skill

- The less things you leave
to chance, the less chance
things will go wrong.
- But how?



Six De-risking Strategies

6. ↑ Reserves

- Consider use of credit / debt management
- Ensure you have access to emergency cash



Summary

1. Is your portfolio prepared for unpredictability?
2. Prepare / review your strategy
3. Invest congruently with it
4. Adapt as conditions change





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Part 2 Real Life Case Studies



Some Lessons

- Return for **capital**
- Return for **risk**
- Return for **time**
- Return for **aggravation**





Do I Regret Selling?

- No
- Carrying costs
- Aggravation
- Opportunity cost

Steve's Mantra

- **MOST** money
- **QUICKEST** time
- **LEAST** risk
- **LOWEST** aggravation

What I Focus On Today

- Positive cash flow
- Strategic opportunity
- Low aggravation
- “Unpredictable Proof”
- ‘De-risked’ as much as possible

Where I Focus

- Commercial property
- Net leases
- Middle market (\$5 to \$15m)
- Strategic opportunity areas
- Strong tenant story

How I Focus

- I still own two direct property investments
- Prefer the pooled investment model to access diversity to spread property and tenant risk

General Advice Warning:

This information is of a general nature only and does not take into account your objectives, financial situation or needs.

You should consider the PDS issued by Plantation Capital Limited ACN 133 678 029 AFSL 339481 in deciding whether to acquire an interest in the Strategic Opportunities (Growth & Income) Fund. Past performance is not a reliable indicator of future performance. No earnings estimates are made.



Any discussion of forecast profitability, distributions, returns, etc. are derived from unaudited financial projections. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Responsible Entity.



The Responsible Entity cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.





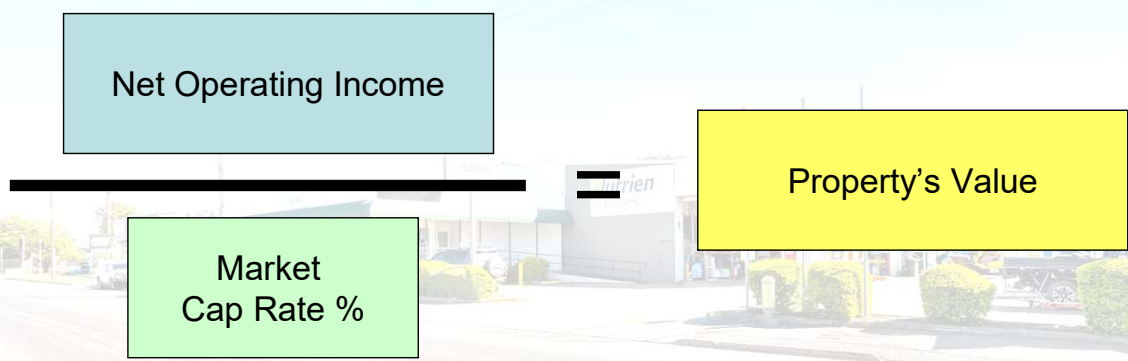
Deal Details

- 3 year NNN lease
- Starting rent: \$200,000 rent
- Annual CPI increases (say 3%)
- Purchase price: \$2,000,000

Σ Cash Flow

Year 1	\$200,000
Year 2	\$206,000
Year 3	\$212,180
Σ Rent	\$616,180

Future Value



Net Operating Income

Rent (End Year 3)	\$212,180
Expenses	\$-
Net Operating Income	\$212,180

Market Cap Rate

- Don't know what it will be in three years time
- Assume it is the same as your purchase cap rate

Purchase Cap Rate

\$200,000



\$2,000,000

× 100 =

10%

Future Value

\$212,180



10%

=

\$2,120,180

Future Growth

Future Value	\$2,120,180
- Purchase Price	\$2,000,000
= Capital Growth	\$120,180

Σ Upside

Future Cashflow	\$616,180
+ Future Growth	\$120,180
= Σ Upside	\$736,360

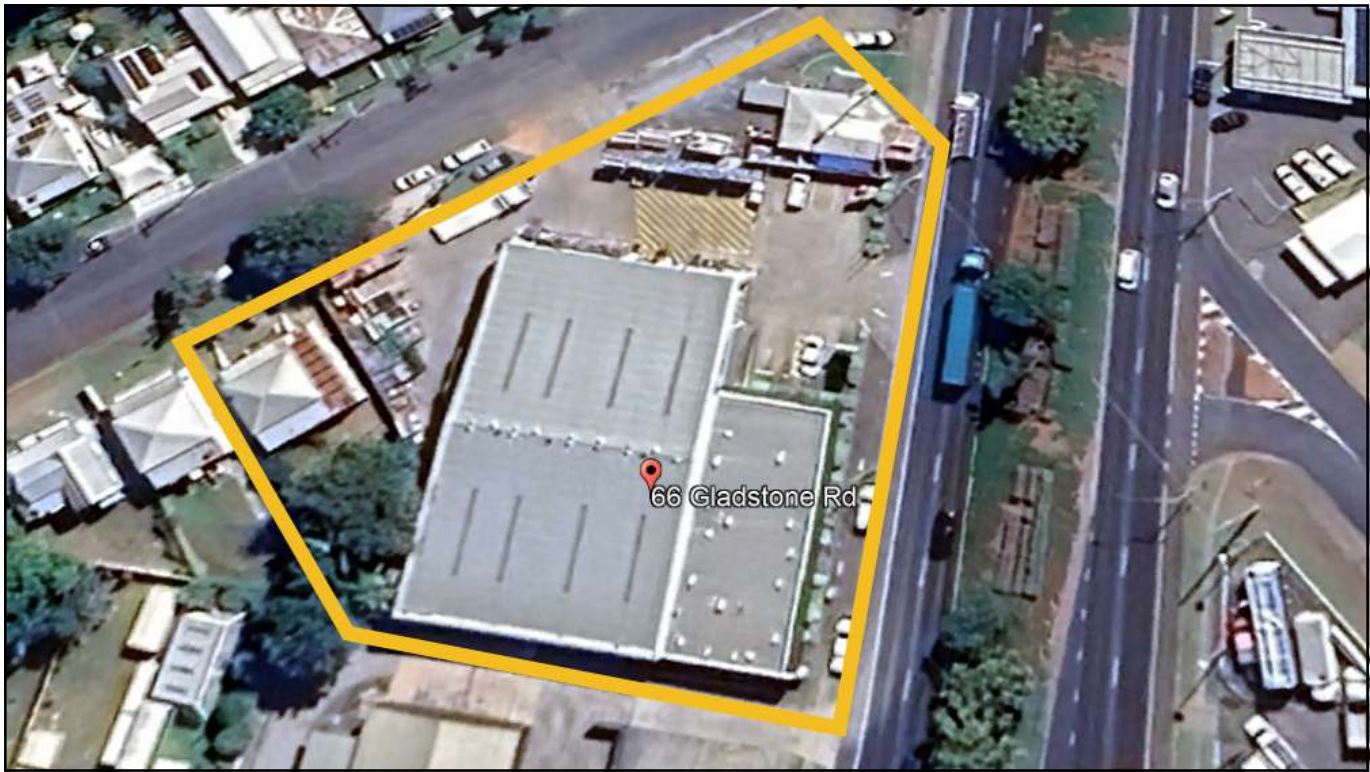
Σ Downside (Quick Sale)

10% Discount on PP	(\$200,000)
+ Costs	(\$200,000)
= "Real Risk Capital"	(\$400,000)

Simple Evaluation

- Would you be willing to **risk \$400,000**
- In order to make to **make \$616,180**
- 1.54 times return over risk
- 18% per annum gain per annum on 'risk'
 $((\$216,180 \div \$400,000) \times 100) \div 3$
- In three years?





Deal Parameters

- Signed up yesterday
- \$320,000 purchase price
- Subject to DD
- Adds to building footprint
- Extra cross over (if needed)

Question

Would you agree...

Is it worth sacrificing some
of the deal's overall yield return,
to help future proof the asset?





Deal Details

- 9 year lease
- \$472,770 rent
(tenant listed on Tokyo SX)
- All outgoings paid by tenant
- Purchase price \$7.2m

Property Maths

$$\frac{\$472,770}{\$7,200,000} \times 100 = 6.57\%$$

Risk

Remaining Rent	\$4,802,920
÷ Purchase Price	\$7,200,000
Rent In Purchase Price	67%
Land & Buildings	33%
Land & Buildings 'Value'	\$2,376,000

Future Value

$$\frac{\$598,890}{6.57\%} = \$9,115,525$$

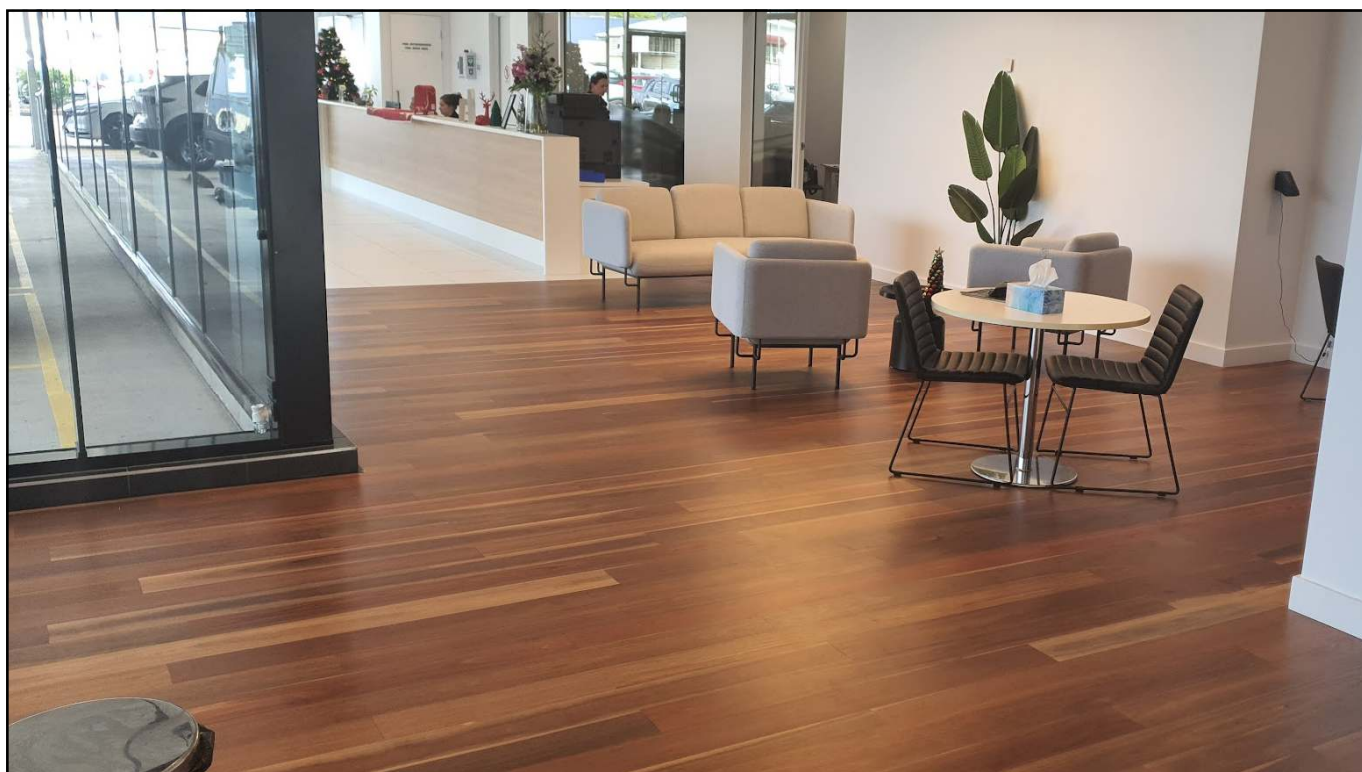
Return

Rent	\$4,802,920
Value Uplift	\$1,915,525
Return	\$6,718,445
÷ Purchase Price	\$7,200,000
Total Return	93.31%
Annualised Return	10.37%

But Wait...

- Mazda have demanded the showroom be upgraded
- >\$1m
- Entirely tenant funded





Outcome

- Improve our building at their cost
- Tenant becomes stickier
- Justification for an ↑
in FMV (in time)

INFORMATION MEMORANDUM

AUTO DEALERSHIP TRARALGON

BACKED BY MOTUS HOLDINGS (JSE:MTH)

Motus
AUSTRALIA

5535 PRINCES HIGHWAY, TRARALGON VIC



PRIVATE SALE

wilson
property

STONE
BRIDGE

Traralgon

Rent	\$746,817
Purchase Price	\$11,000,000
Return	6.79%

Return

Rent	\$2,285,558
Value Uplift	\$443,122
Return	\$2,728,680
÷ Purchase Price	\$11,000,000
Total Return	24.81%
Annualised Return	8.27%

Pipeline Deals

- \$67m
- Strategic truck stop
on 15 year lease
- Western Sydney
'off market' beauty



**Strategic
Opportunities**
(Growth & Income) Fund

Part 3

Sink Or Soar



Reminder

- General advice only
- Not earning's estimates are made
- Past performance is not a reliable indicator of future performance



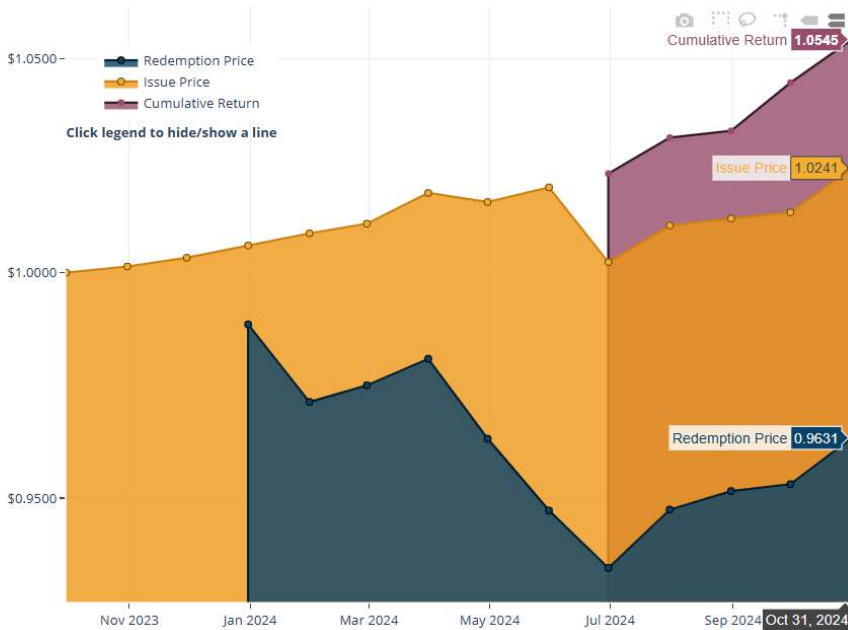
The SOGIF Story

- US Fund
- What's next?
- Passive Aussie Fund
- Acquiring 'Strategic' long-term quality assets



Performance Disclosures

For a more detailed outline of the Fund's performance please see the [key performance indicators page](#).



Portfolio



At FMV	30 October	%
Interest earning	\$17.7m	16%
Efficient	\$41.9m	38%
Inefficient	\$49.9m	45%
Other	\$1.5m	1%
Total Assets	\$111m	100%

Dollars in thousands

Efficient Asset Performance



Weighted Performance

Date	Distn	Δ FMV	Gain %
30/6	\$729k	(\$236k)	6.5%
31/7	\$729k	\$721k	14.3%
31/8	\$729k	\$741k	11.3%
30/9	\$729k	\$1,658k	14.9%
31/10	\$946k	\$1,678k	13.6%



Property Portfolio



Property Portfolio

- 8 properties
- 10 tenants
- \$3.4m net income
- \$49.4m FMV
- Portfolio wide 6.8% (income) cap rate



Crude / Simple Maths

INEFFICIENT ASSETS	
CAP RATE	6.8%
+ RENTAL INCREASE	3.0%
= ANNUALISED INCOME & GROWTH	9.8%



What's Ahead

- Great things are happening!
- Efficient assets have performed very well in November
- Annual rental increases are now kicking in resulting in
↑ rent and ↑ FMV



Want To Know More?

- Poll question
- Recording:
Email your interest to admin@sogif.au
- Visit www.sogif.au





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Part 4

Q & A



Email: admin@sogif.au

Website: www.sogif.au



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Part 5

What's Ahead For 2025

Four Key Predictions

1. Australian Election

- Before the budget
- Beware empty election bribes
- Labor returned, but with a minority government
- Less landlord rights
- More resi property aggravation

Four Key Predictions

2. Interest Rates

- ↓ Feb or March (or both)
- In line with economic contraction
- Blame it on Trump
- ↑ interest in commercial property
- Yield compression (Value increase)
- SOGIF timing will look astute in hindsight

Four Key Predictions

3. Trump

- Expect the unexpected
- Will unashamedly re-trade deals
- Tariffs will look good at first, but lead to unintended consequences
- Global uncertainty
- Nefarious global powers will test limits

Four Key Predictions

4. Technology

- Massive advances in AI
- EVs will be cheaper, but less popular
- Scams will become more prevalent and harder to detect
- Einstein will be cloned (only kidding)

