



Investor Update

6 October 2022

Steve McKnight

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 Product Disclosure Statement issued by Plantation Capital Limited (ACN 133 678 029 AFSL 339481) in respect to your investment in the Passive Income (USA Commercial Property) Fund. Past performance is not a guarantee of future performance. No earnings estimates are made.

Any discussion of forecast profitability, distributions, redemptions, 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.



Agenda

- Hurricane Ian
- Fund Performance
- Property Sales
- Half year Audited Financials
- Updated Investing Strategy
- New fund & new book
- Q & A + Wrap up





Part 1

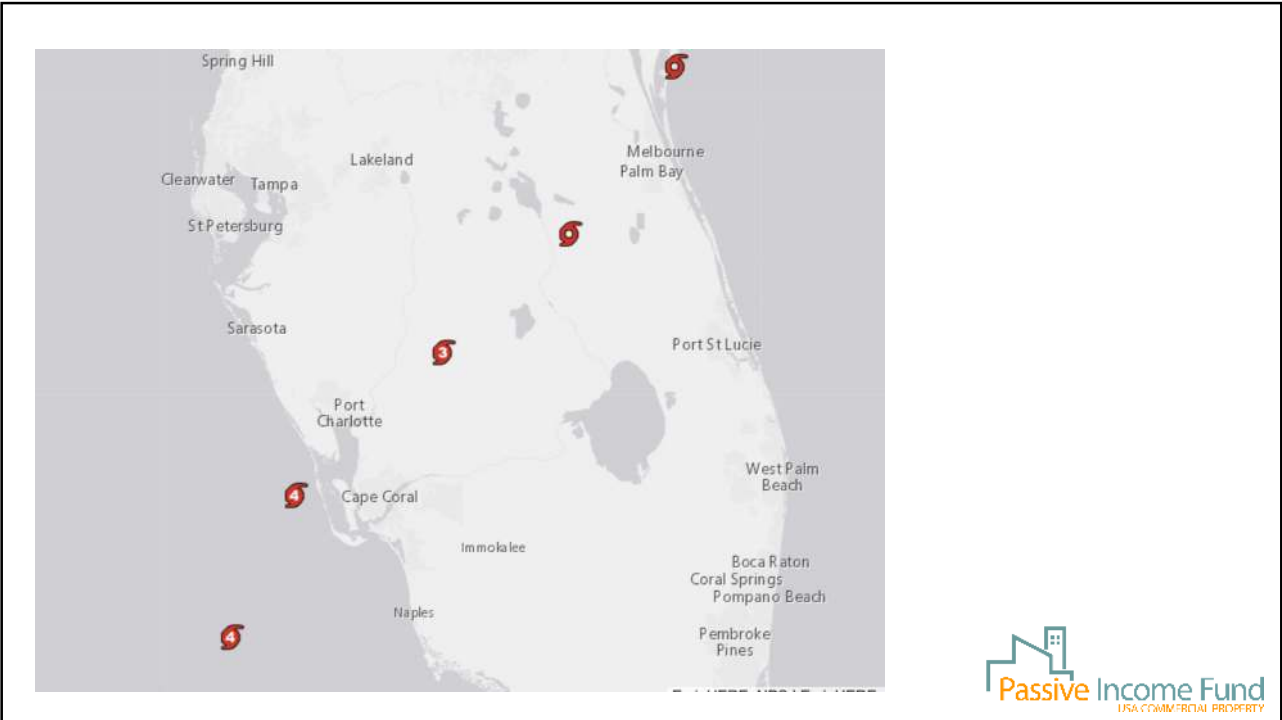
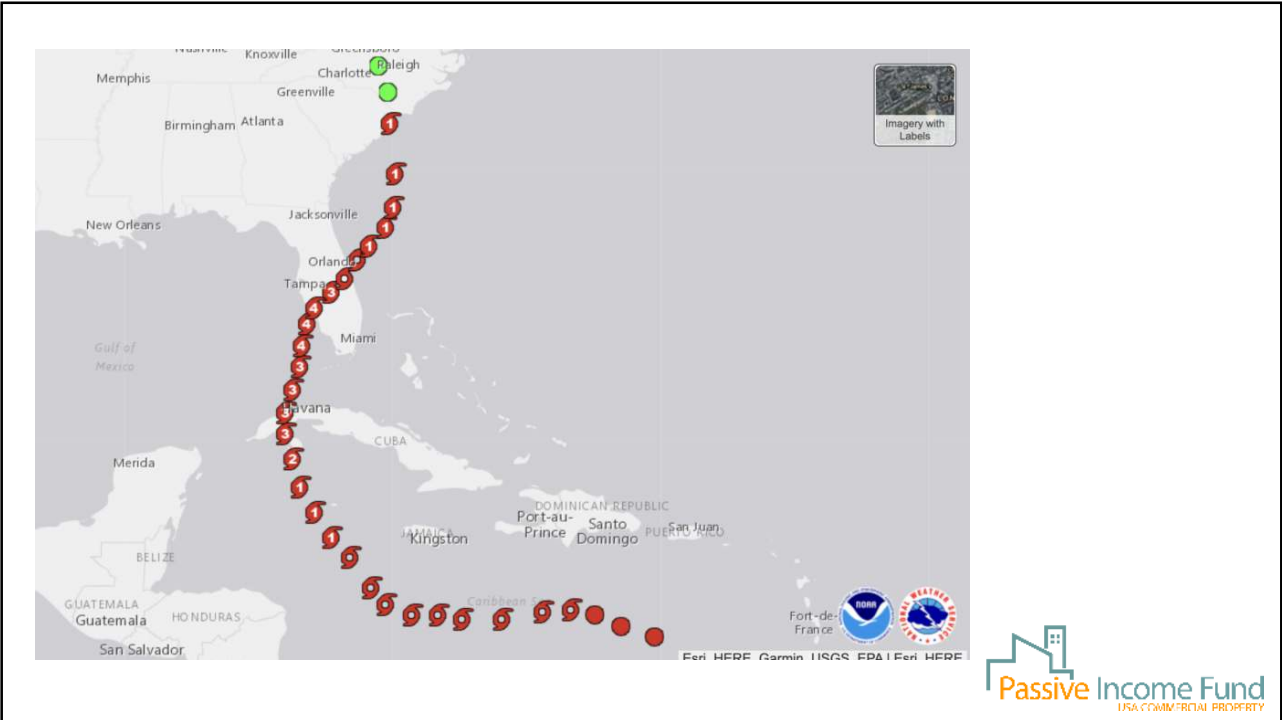
Hurricane Ian

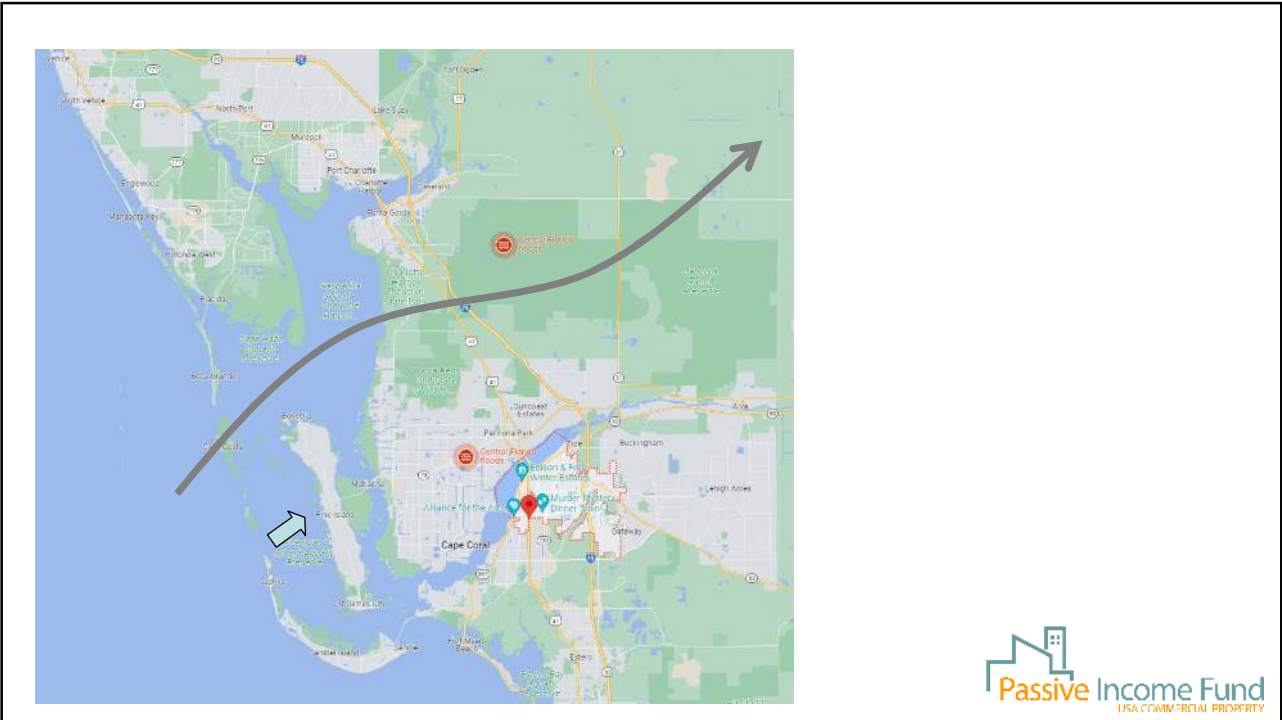
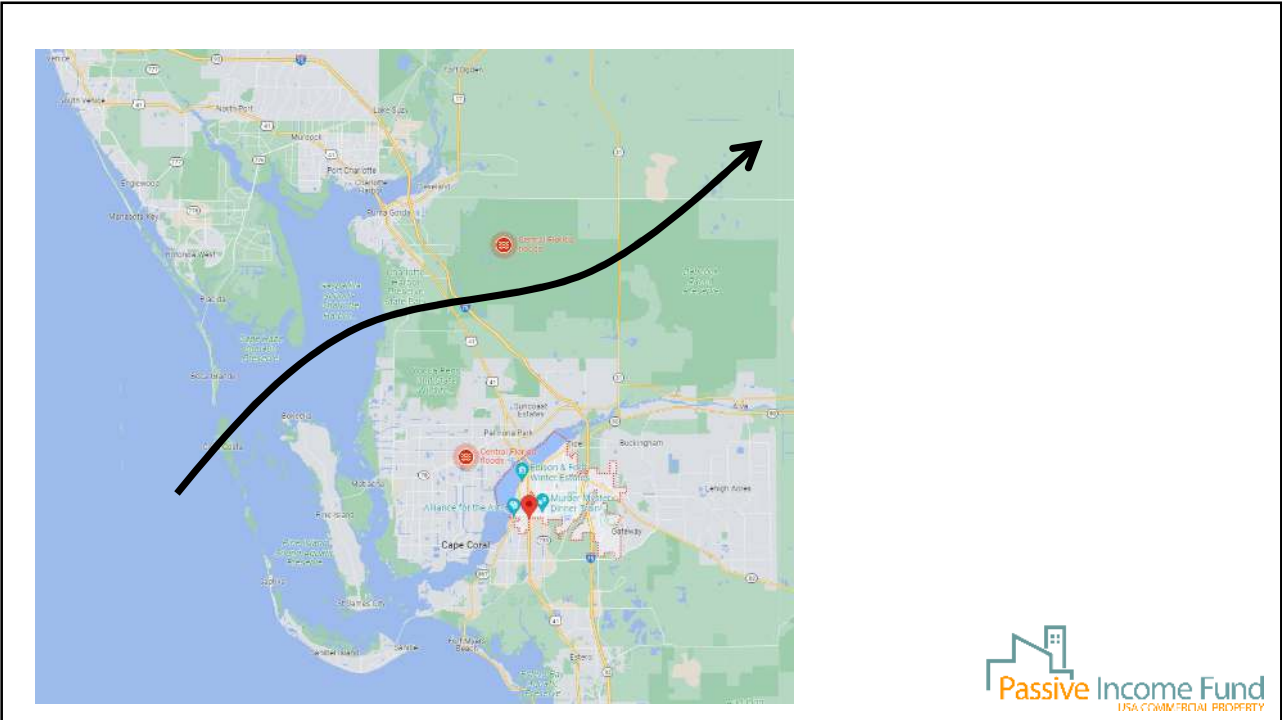


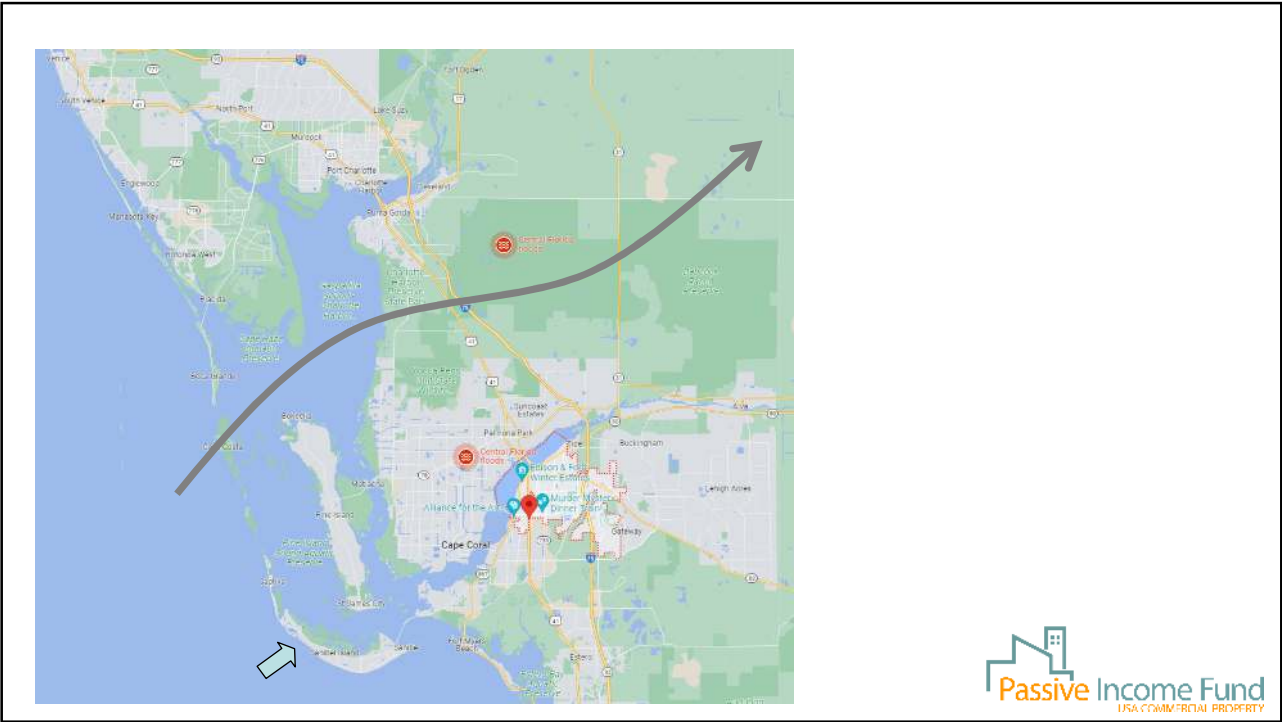
Summary

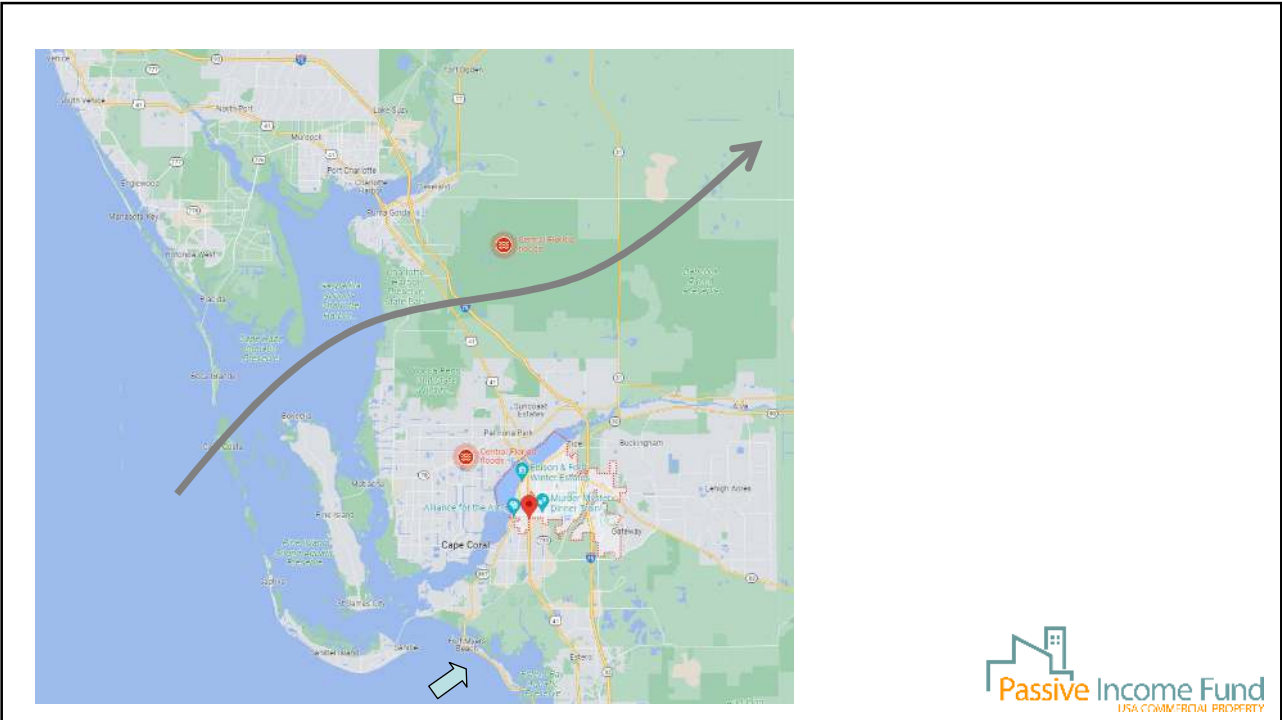
- Staff are all safe and well
- Power and water restored
- No property flooding
- Some wind damage (roof, panels)
- Properties being inspected and assessed
- Insurance / deductible

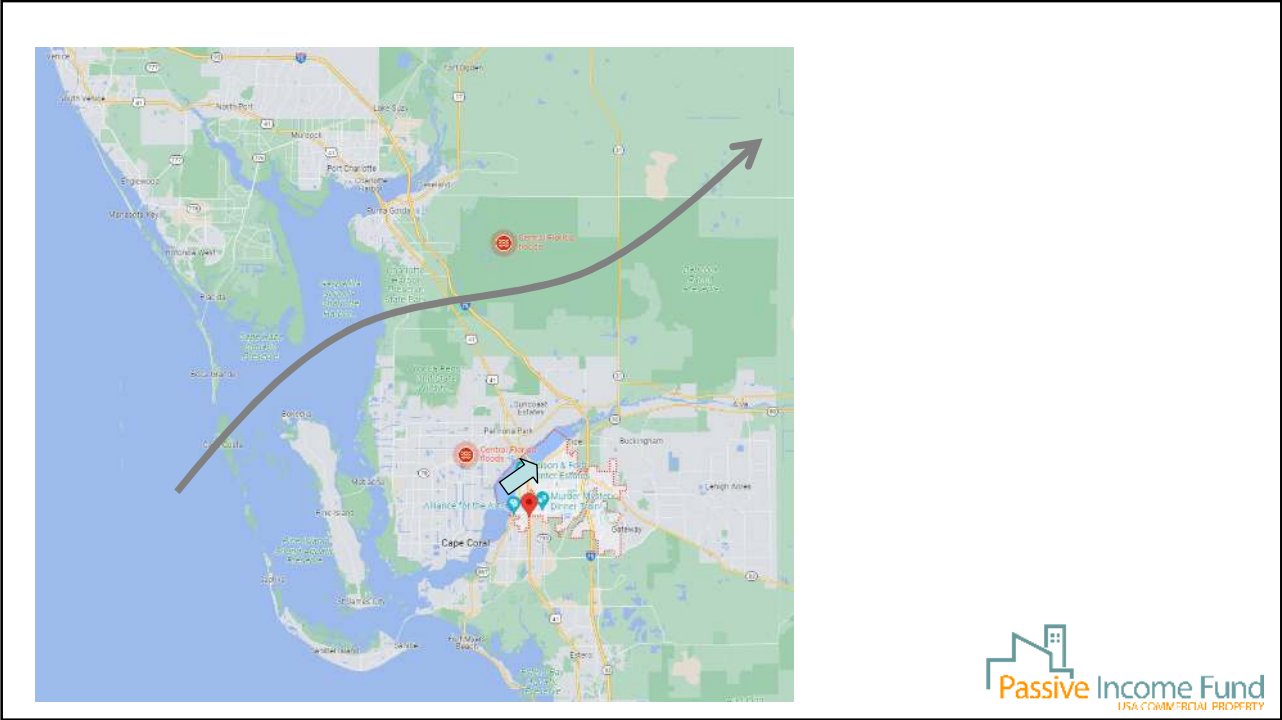


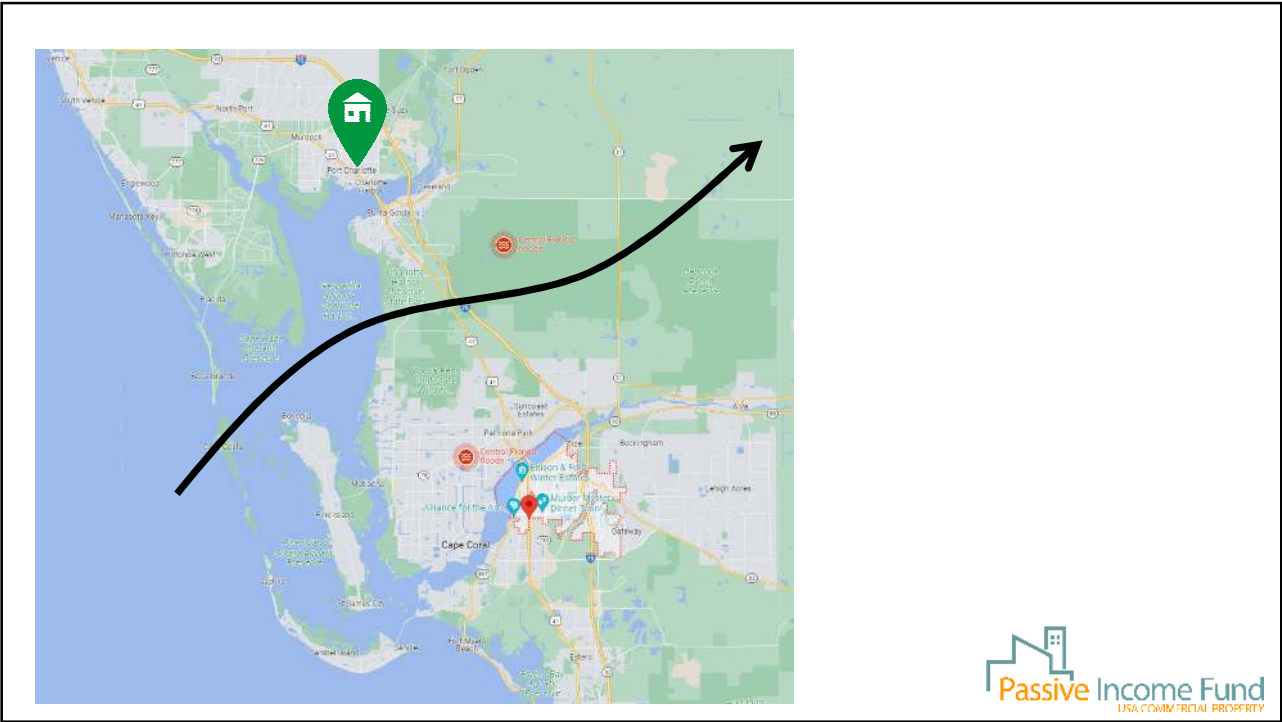


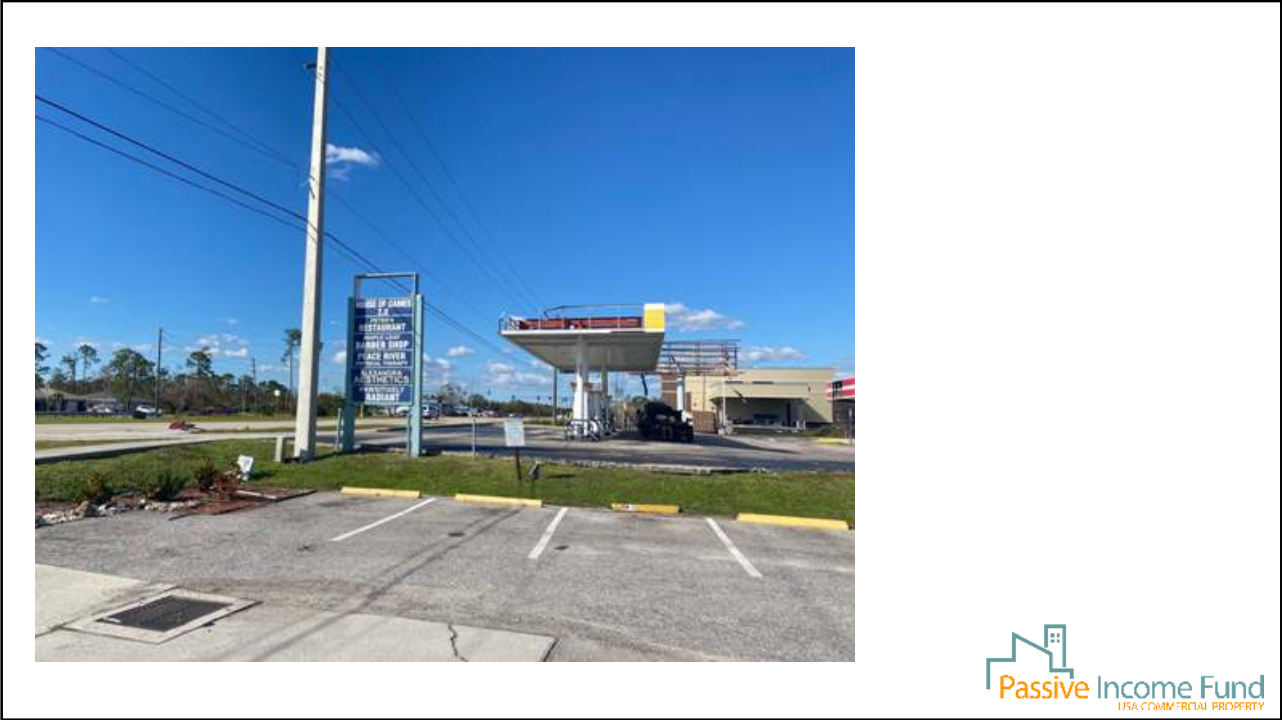








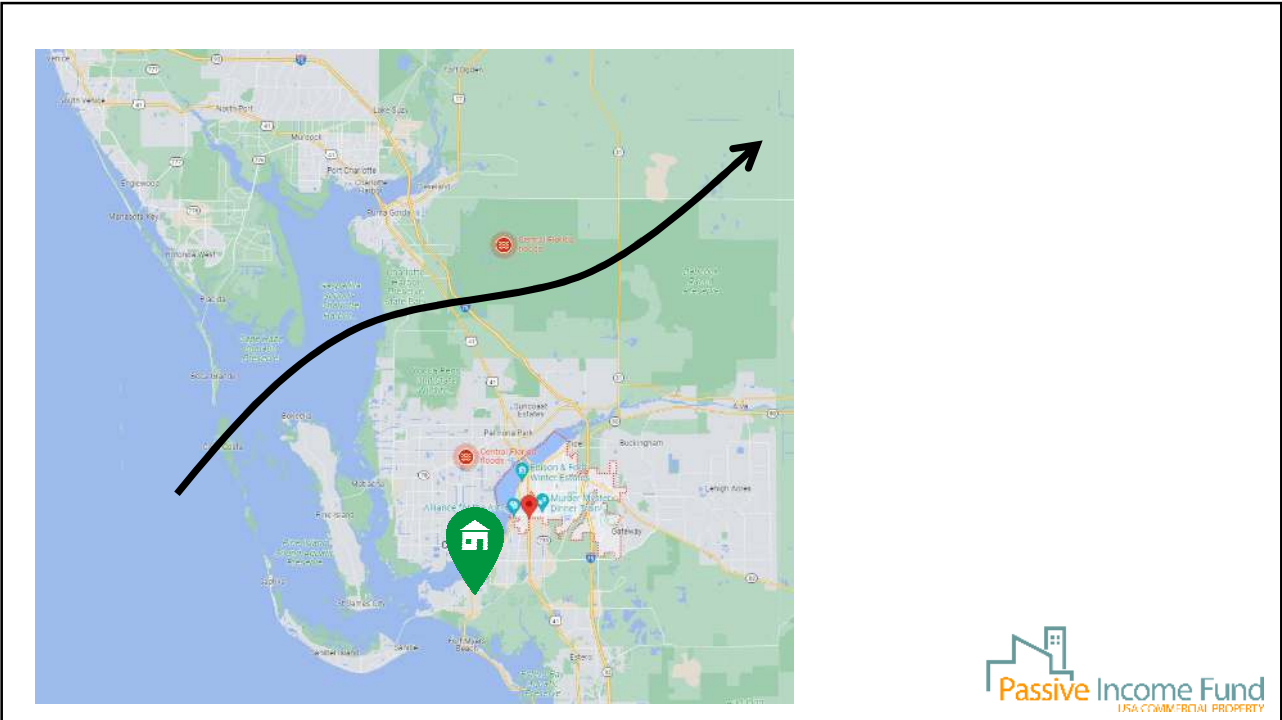
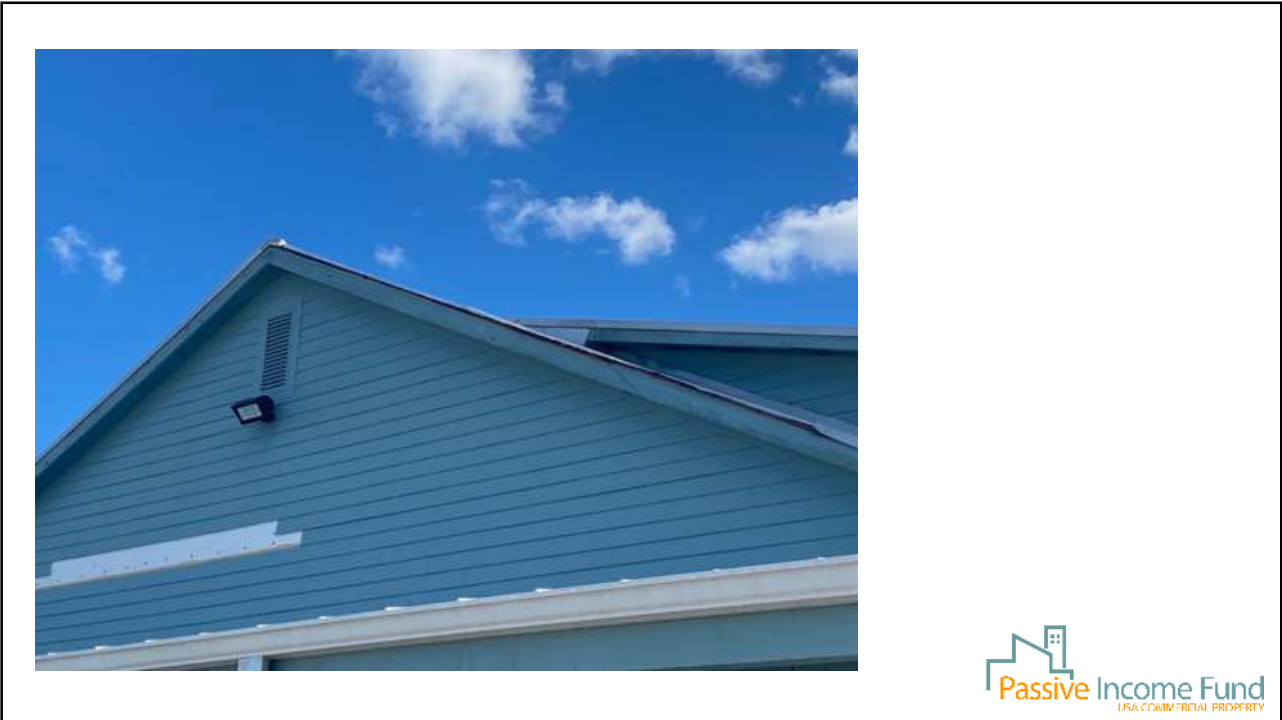


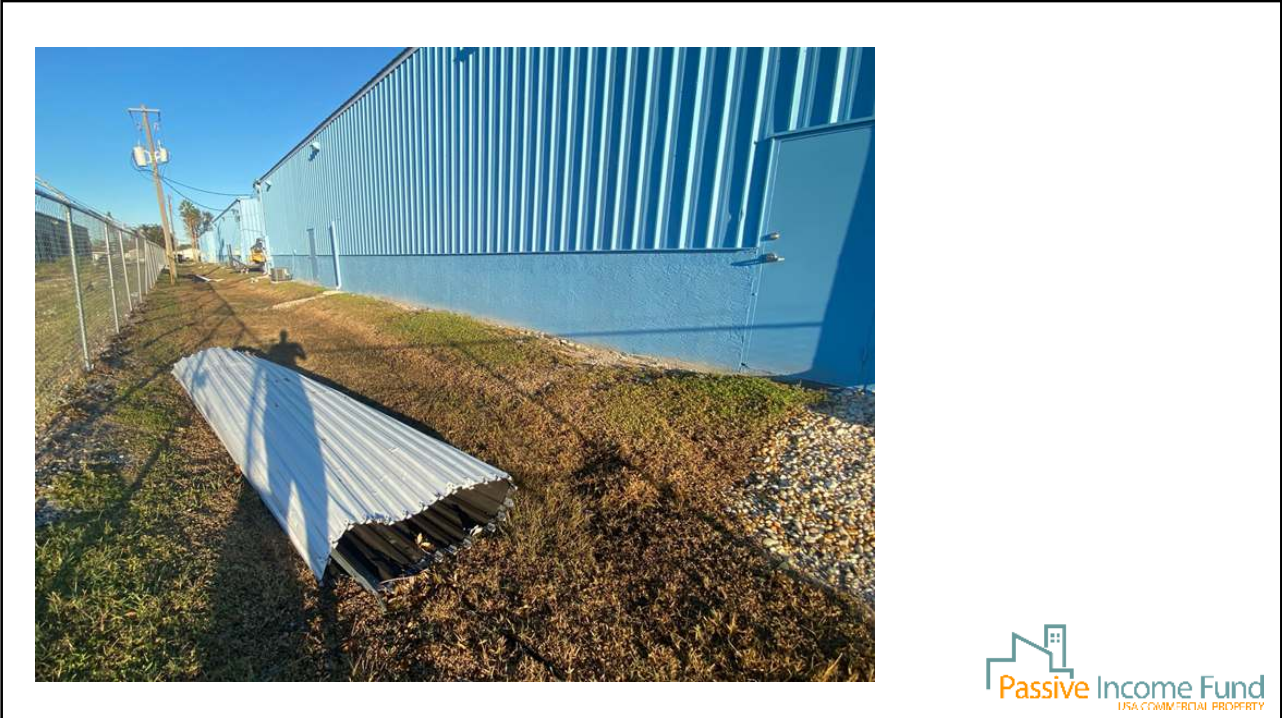


















Next Steps

- Site safety assessments
- Debris cleanup
- Roof and panel fixes
- Insurance assessments



Expected Impact

- Tenant assistance
- Vacancy / tenant loss
- 1% deductibles
 - Pay for costs up to deductible
 - Deductible
- Current ballpark estimate ≈\$100k





Part 2a

Performance

(Based on performance fee calc)

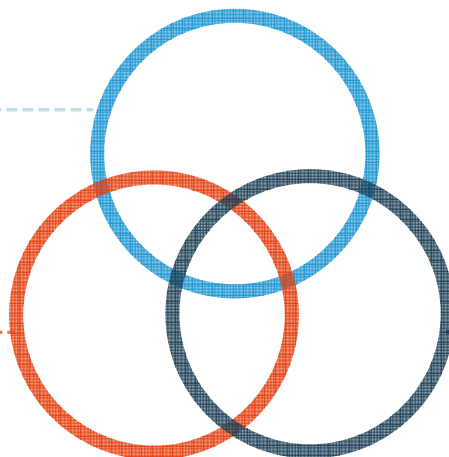


Positive Cashflow

From leasing activities

Capital Gains

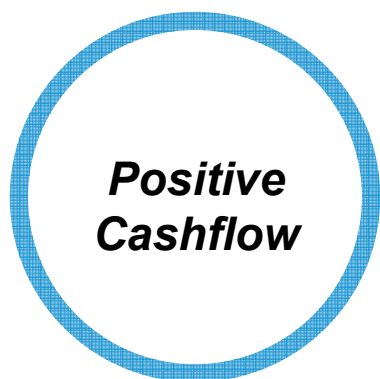
From capital appreciation & value add activities



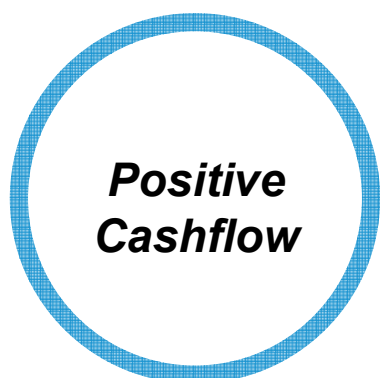
FX

From the USD appreciating against the AUD





- Portfolio diminishing but still +ve cashflow
- Vacancy is 0%
- Very strong rental demand



As we sell down:

- +ve cashflow will ↓
- We have fixed and semi-fixed costs
- May enter into a period of -ve cashflow





- Continue to achieving at or above appraised sales prices
- Market remains hot with multiple immediate offers and no discounting



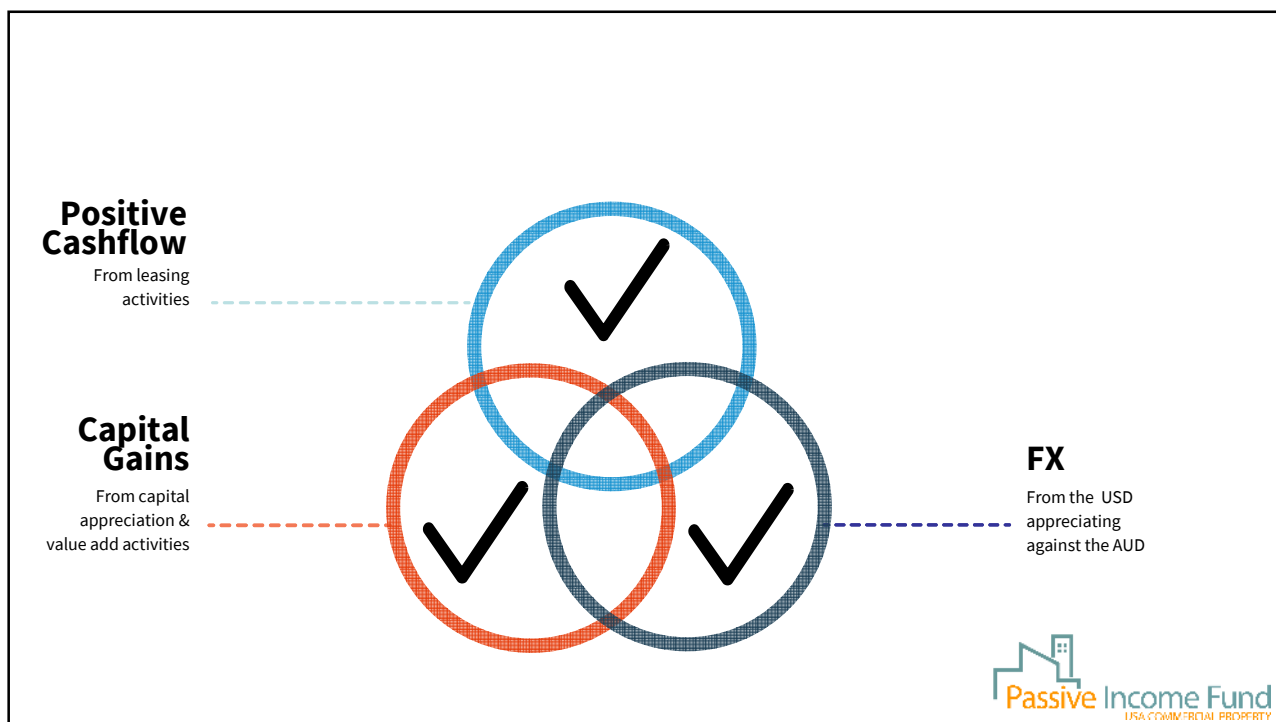
- AUD has softened significantly against the USD
- Below the US 70¢ threshold



AUD:USD

	9/2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Start	72.7 ¢	77.1 ¢	70.2¢	70.4¢	78.1¢	71.8¢	72.9¢	81.7¢	89.2¢	103.8¢
End	64.0 ¢	72.7 ¢	77.1¢	70.2¢	70.4¢	78.1¢	71.8¢	72.9¢	81.7¢	89.2¢
Mvt ¢	8.7 ¢	4.4 ¢	-6.9¢	0.2¢	7.7¢	-6.3¢	1.1¢	8.8¢	7.5¢	14.6¢
Mvt %	12.0%	5.7%	-9.8%	0.3%	9.9%	-8.8%	1.5%	10.8%	8.4%	14.1%





Performance Fee

	6/2022	2021	2020	2019	2018	2017
Return	21.56%	13.40%	(0.45%)	6.57%	19.88%	4.57%
Hurdle	6.00%	12.00%	12.00%	12.00%	12.00%	12.00%
Surplus/ (Shortfall)	15.56%	1.40%	(12.45%)	(5.43%)	7.88%	(7.43%)
Acc Shortfall	(0.92%)	(16.48%)	(17.88%)	(5.43%)	0.00%	(7.70%)

Performance Fee

	8/2022	2021	2020	2019	2018	2017
Return	25.91%	13.40%	(0.45%)	6.57%	19.88%	4.57%
Hurdle	8.00%	12.00%	12.00%	12.00%	12.00%	12.00%
Surplus/ (Shortfall)	17.91%	1.40%	(12.45%)	(5.43%)	7.88%	(7.43%)
Performance Fee \$ / (Acc Shortfall %)	+\$348k	(16.48%)	(17.88%)	(5.43%)	\$0	(7.70%)



Part 2b

Performance

(Based on cents per unit calc)



Remember...

From here on in distributions
contain a mix of:

- Rent
- Capital gain
- Capital



Remember...

- As capital is returned,
the Fund's unit price will ↓
- This is **not** necessarily a
reflection of poor performance



Understanding Performance

- Property sold 30 June X2
- Rental income \$3
- \$10 capital gain from sale
- Distribution of \$20 paid
(includes \$7 capital returned)



Understanding Performance

	Year 3
Profit	\$3+\$10=\$13
Distribution	(\$20)
Assets	(\$7)
÷ Units	100
= Unit Price	(0.07)

Understanding Performance

	Year 3
Profit	\$3+\$10=\$13
Distribution	(\$20)
Assets	(\$7)
÷ Units	100
= Unit Price	(0.07)

Profit ↑

Unit Price ↓

Remember...

- The amount of capital returned to you for tax purposes is included in your annual tax statement
- Remember the Fund's tax year runs 1 Jan to 31 Dec (not 1 July to 30 June)

Reminder...

You can access the most recent
and all previous tax statements
on the Investor Portal at

www.PassiveIncomeFund.com

Net Return (cents per unit since 1/1/2013)

	½ Yr 2022	2021	2020	2019	2018	2017	All Time
Distributions	10.00	16.00	21.00	21.00	10.00	10.00	107.35
Unit Price [^]	14.04	(1.58)	(2.00)	(2.00)	(2.00)	(3.32)	37.58
Total	24.04	14.42	(6.44)	(2.00)	24.38	6.68	144.93

**All Time
Annualised Return
14.49%
net of fees**

* Gross of US withholding tax ^ Including effect of FX



FY 22 Summary

- Profit from
 - Net rental income
 - Realised capital gains
 - Unrealised non-fx capital gains
 - **Was entirely distributed, plus...**
- Some capital as well



Part 3a

Property Reappraisals



Property		Appraised Price	12/21 CMV	+/-%
Pitney	6/22	\$5,750,000	\$5,076,782	+13.3%
East View	6/22	\$3,600,000	\$2,300,000	+56.5%
Hamlin	6/22	\$6,700,000	\$4,415,408	+51.7%
Hanson	6/22	\$2,370,000	\$1,606,442	+47.5%
OBT	6/22	\$4,050,000	\$2,881,776	+40.5%



Property		Appraised Price	12/21 CMV	+/-%
Palmetto	9/22	\$6,320,000	\$4,792,318	+31.9%
Eagle	9/22	\$6,800,000	\$5,181,301	+31.2%
Northland	9/22	\$1,800,000	\$1,547,200	+16.3%
5636YQ	9/22	\$1,400,000	\$1,010,000	+38.6%
5760YQ	9/22	\$1,830,000	\$1,490,789	+22.8%
Maple	9/22	\$2,980,000	\$2,777,913	+7.3%
358 McD	9/22	\$1,750,000	\$1,918,217	-8.8%

Summary

- US +10.3m (AUD \$15.85m)
- Approx 29.6%↑
- I think values are now more representative of market
- Still scope for better results upon sale



Still to appraise

- Giron & Westlake
- Expectation is there will be value increases on both.





Part 3b

FY 22 Property Sales



Property		Sales Price	12/21 CMV	+/-%
Keystone	3/22	\$2,550,000	\$1,867,426	+36.5%
NSB	4/22	\$2,572,000	\$2,564,794	+0.5%
SOT	7/22	\$9,250,000	\$7,223,711	+28.1%
Towne Crest	4/10	\$5,689,323	\$3,803,324	+49.6%
East View	*	\$3,595,000	CMV \$3,600,000	-0.1%
OBT	**	\$4,250,000	CMV \$4,050,000	+4.9%



Part 4

Half year Audited Financial Statements



Profit & Loss



INCOME	6/2022	6/2021
Rental Income	\$5,973	\$5,070
FV Capital Gains	\$14,040	\$-
Realised Capital Gains	\$727	\$-
All Other Income	\$292	\$1,169
Total Income	\$21,032	\$6,239

Dollars in thousands



Insight

- Revenue ↑ 237%
 - Weaker AUD offset less property rent
 - FMV bump from higher property prices and weaker AUD



Profit & Loss

EXPENSES	6/2022	6/2021
Property	\$2,591	\$3,253
Finance	\$355	\$322
RE Fees	\$1,037	\$1,039
Other	\$132	\$126
Total Expenses	\$4,115	\$4,740

Dollars in thousands



Insight

- Expenses ↓ 13%
- Fewer properties:
 - Less property expenses
 - Offset by weaker AUD

Profit & Loss

BEFORE TAX	6/2022	6/2021
Income	\$21,032	\$6,239
Expenses	(\$4,115)	(\$4,740)
Operating Profit Before Tax	\$16,917	\$1,499

Dollars in thousands



Profit & Loss

AFTER TAX	6/2022	6/2021
Operating Profit Before Tax	\$16,917	\$1,499
Taxation	(\$4,589)	(\$442)
Operating Profit After Tax	\$12,328	\$1,057

Dollars in thousands



Insight

- Op Profit pre tax ↑1028%
- Don't expect this again!
- Catch up on value
and big sale bumps



Balance Sheet

ASSETS	6/2022	12/2021
Property	\$109,285	\$95,890
Cash	\$18,709	\$21,091
Other	\$1,863	\$1,336
Total Assets	\$129,857	\$118,317

Dollars in thousands



Balance Sheet

LIABILITIES	6/2022	12/2021
Borrowings (Property)	\$13,451	\$12,794
Deferred Tax Liability	\$13,890	\$9,929
Other	\$9,906	\$10,134
Total Liabilities	\$37,247	\$32,857

Dollars in thousands



Balance Sheet

EQUITY	6/2022	12/2021
Unitholder Funds	\$84,930	\$87,583
FCTR	\$20,831	\$15,864
Distributions (Paid/Payable)	(\$13,152)	(\$17,990)
Total Equity	\$92,609	\$85,457

Dollars in thousands



Insight

- Weaker AUD \uparrow asset and liability values
- Debt levels low
 - LVR at CMV 12.3%
- Less equity after \$2.6m redemption



Steve's Total Investment

	6/2022	6/2021
Units	3,574,958	3,574,958
Value	\$4,918,427	\$4,416,503

Per Related Party Transactions



Heads Up

Some of my holding may need to be **compulsory redeemed** at the next redemption to keep my holding <10% of the Fund's equity



Overall...

Considering other assets markets...

- An extremely pleasing result
- Appraisals and sale providing a big value bump
- Market conditions remained strong



Part 5

Investing Strategy



The Big 3

- Inflation
- Interest rates
- Recession



The Conundrum

- I know we want perfect timing, but...
- Would you rather:
 - **Undercook**
and leave profit on the table
 - **Overcook**
and give profit back



Strategy

OLD

- Hold until 12/23
- Sell down by 12/25
- Wrap up 12/26

NEW

- Sell down by 3/24
- Wrap up REIT 12/24
- Wrap up Fund 6/25

Why?

- Take advantage of weak AUD
- Take advantage of strong market conditions while they exist
- Be cashed up ahead of possible buying opportunities

Redemption & Distributions

- Final redemption of AUD\$5m, expected to be in 3/2023
- Distributions in
2022: 9/22 & 12/22
2023: 6/23, 9/23 & 12/23,
2024: 3/24, 6/24 & 12/24
2025: Before 30/6/25



Part 6

Investor Portal

PASSIVE INCOME FUND
USA COMMERCIAL PROPERTY

HOME NEWS CONTACT US **INVESTOR PORTAL**

Unit Price At 31 August 2022 **\$1.4096**
The Fund is currently closed
View All Performance Data

Quick Navigation

- About the Fund
- How To Invest
- Videos
- KPIs
- Performance
- Disclosures

About The Fund

An unlisted property fund, capped at 100 million issued units (excluding reinvestment of distributions and units issued to the Responsible Entity in lieu of management fees), that seeks to generate passive income and growth returns via its wholly-owned USA-based REIT structure that owns a diversified portfolio of commercial properties located in the United States of America.

Highlights of Investing

PASSIVE INCOME FUND
USA COMMERCIAL PROPERTY

INVESTOR ACCESS

Account Number (starts with alpha capital 'I' as in 'Indigo')

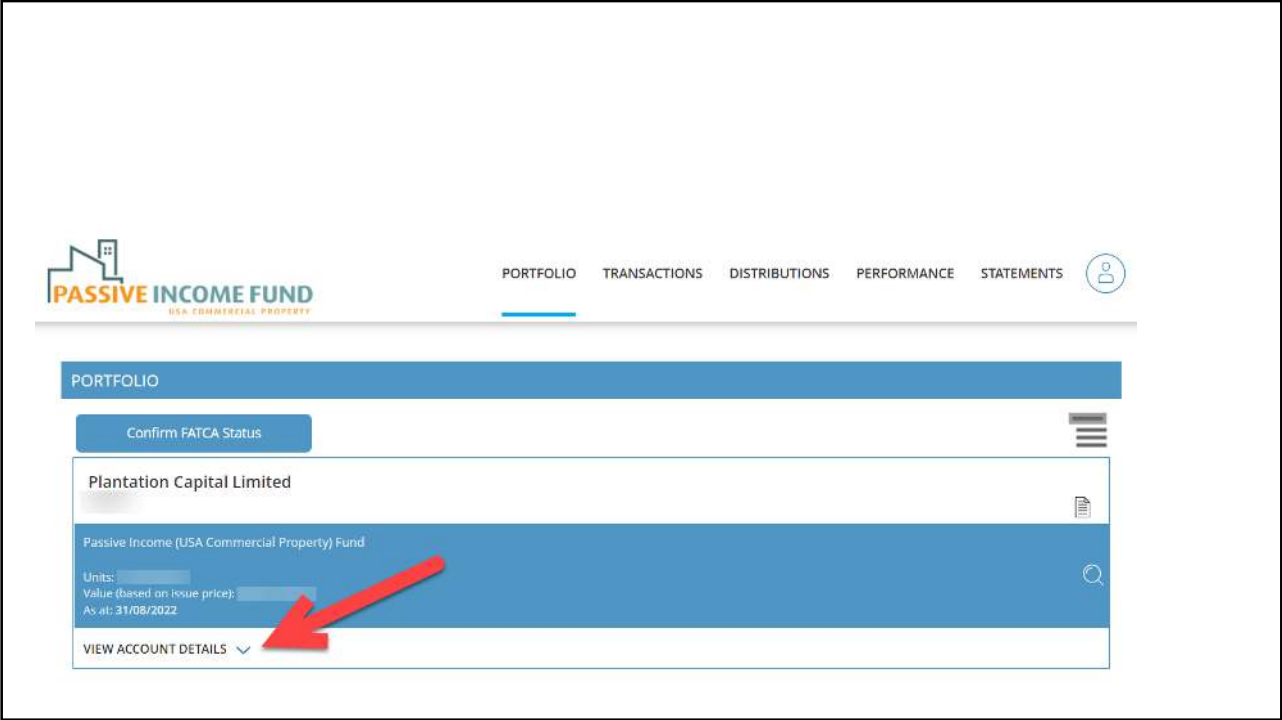
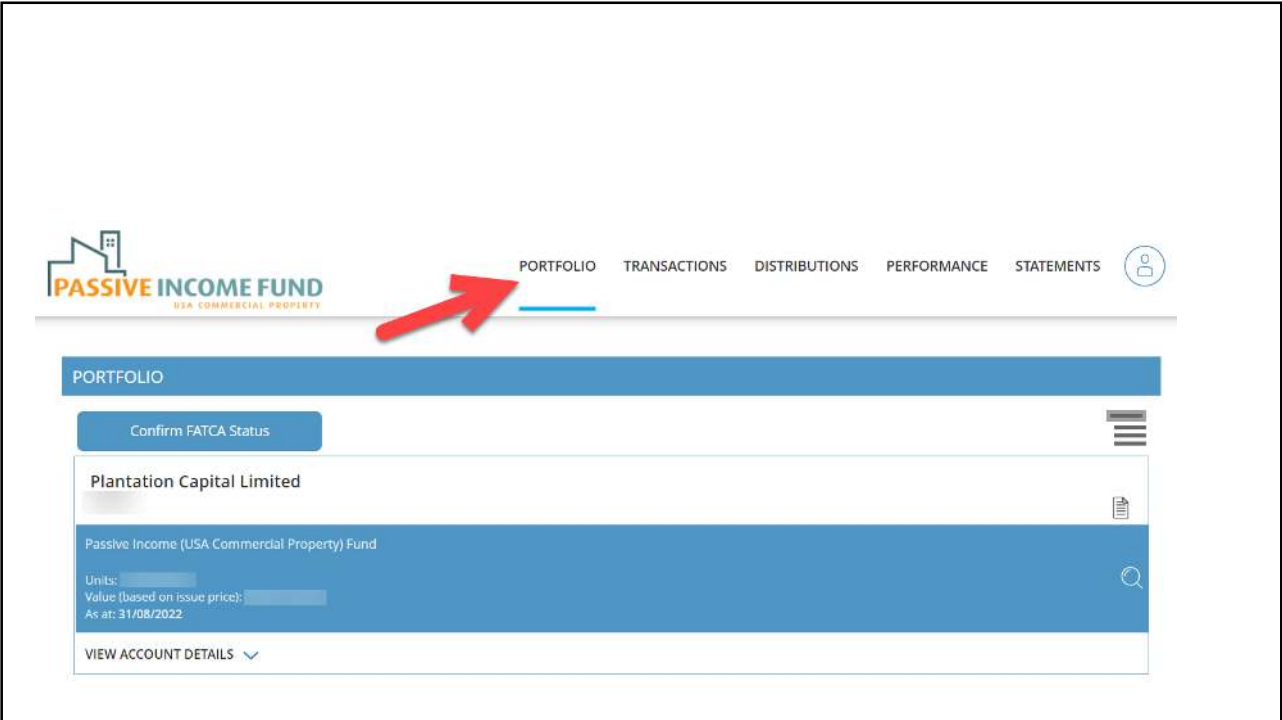
Email Address

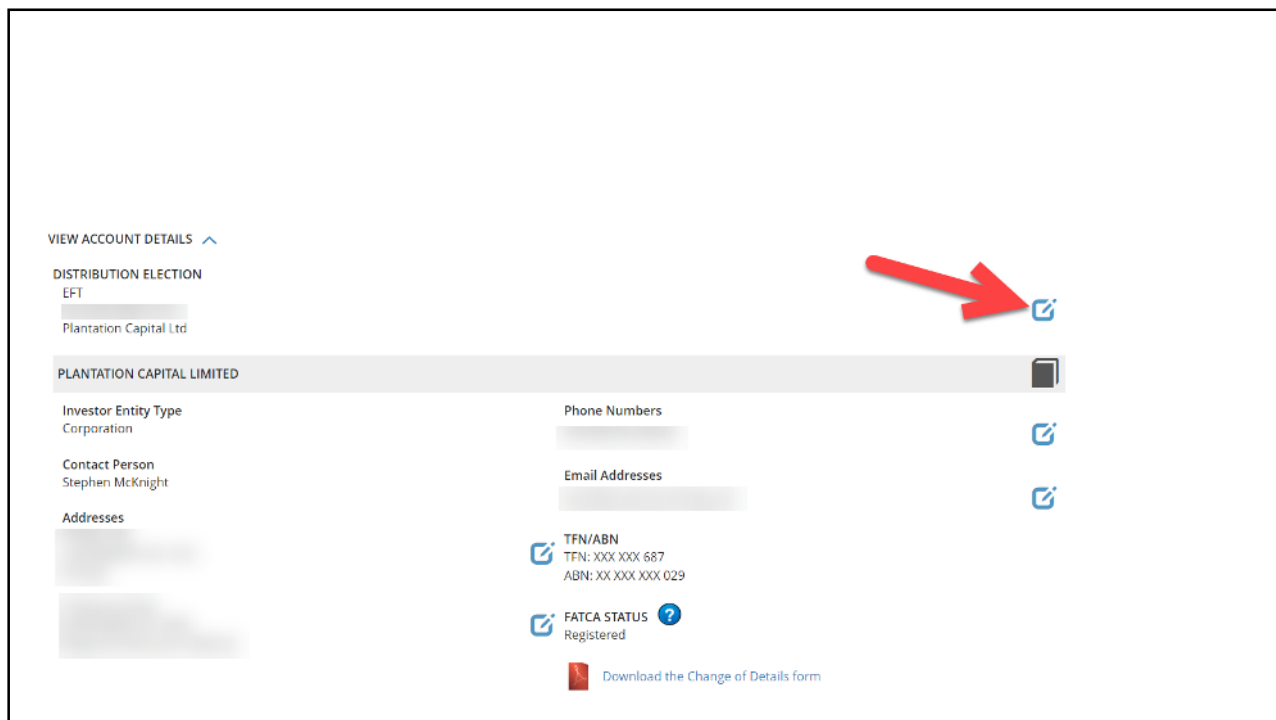
Post Code

I have read the [Privacy Policy](#) and [Disclaimer](#)

Verify Details

[Forgot My Details](#)





Update

- Email and phone and mail address
- Bank account info
- Distribution election
- **NOT:** account name, TFN, FATCA.
(Need change of details form)

Reports

- Holding report
- Transaction report
- Distribution
- Performance (issue or redemption price)
- Statements (historical)

Second Reminder

- Taxation statements are from
1 January to 31 December.
- There are no tax statements
for 1 July to 30 June.

SMSF Audits

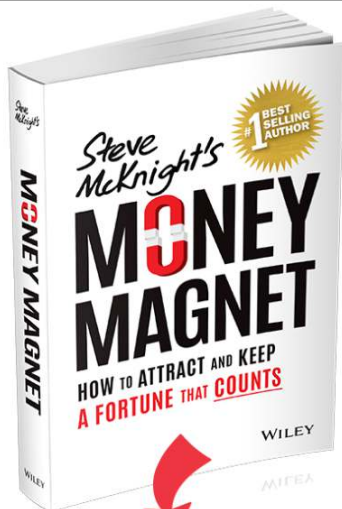
- Print your own holding report for your desired date
- Print your own distribution statements / transaction reports.
- Your choice of issue or redemption price



Part 6 Wrapping Up...



Strategic Opportunities (Growth & Income) Fund



GRAB YOUR COPY HERE

[booktopia](#) [amazon](#) [DYMUCKS](#)

or wherever good books are sold.





Part 7

Q&A



Thanks

