

**PASSIVE INCOME  
(USA COMMERCIAL PROPERTY) FUND  
AND CONTROLLED ENTITIES**

**ARSN 155 770 095**

**INTERIM FINANCIAL REPORT  
FOR THE HALF YEAR ENDED  
30 JUNE 2020**

**PASSIVE INCOME (USA COMMERCIAL PROPERTY) FUND  
AND CONTROLLED ENTITIES  
ARSN: 155 770 095**

**INTERIM FINANCIAL REPORT  
FOR THE HALF YEAR ENDED  
30 JUNE 2020**

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**DIRECTORS' REPORT**

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The Directors of Plantation Capital Ltd - the Responsible Entity of the Passive Income (USA Commercial Property) Fund (the Fund), a Managed Investment Scheme, present their report together with the interim financial statements of the Fund for the half year ended 30 June 2020 (financial period). This financial report has been prepared in accordance with Australian Accounting Standards.

**Principal Activities**

The Fund is an unlisted property fund that seeks to generate passive income and growth returns via its controlling interest in Ozinus Realty, LLC (REIT) - a USA-based real estate investment trust that controls a diversified portfolio of commercial properties located in the United States of America (US).

The investment activities of the Fund continued to be in accordance with the investment policy of the Fund as outlined in the Product Disclosure Statement (PDS) dated 4 July 2018. The Fund, via its controlled subsidiaries, has primarily invested in USA based commercial properties.

The Fund did not have any employees during the period; however Sunizo, LLC – a wholly owned subsidiary of the REIT, and hence the Fund, and that manages the property portfolio, had ten employees.

**Directors**

The Directors of the Responsible Entity during the period or since the end of the financial period are:

*Stephen (Steve) McKnight – Director & Secretary*

Chartered Accountant, Bachelor of Business (Accounting), Diploma Financial Services

Steve, a qualified chartered accountant and experienced investor, is recognised as one of Australia's foremost authorities on property investment as a means of creating personal wealth.

Since buying his first investment property in May 1999, Steve has completed hundreds of property transactions. Presently, his real estate portfolio includes residential and commercial properties in Australia and the USA, together with a substantial investment in the Fund.

Steve is the co-founder and current Chief Executive Officer of PropertyInvesting.com, a website that is committed to educating investors on how to successfully use real estate to create wealth. His first book, *From 0 to 130 Properties in 3.5 Years*, has sold over 200,000 copies. Steve has been featured as an expert investor in the print media, on television and on radio. He has contributed keynote addresses on real estate investing in Australia, New Zealand, Asia, Canada and the USA.

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**DIRECTORS' REPORT (CONT'D)**

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*Paul Harper – Director*

Chartered Accountant, Master of Entrepreneurship and Innovation, Bachelor of Business (Accounting)

Paul has worked in the finance and accounting industry for more than 27 years, including 15 years as a partner at Jeena Limited, a Melbourne-based firm of Chartered Accountants that provided taxation, accounting and investment services to high-net wealth clients and families.

Recently Paul has been pursuing real estate acquisition and development opportunities in regional and rural markets. Paul also continues to hold a number of board and advisory positions within the financial sector.

In addition to holding a Masters in Entrepreneurship and Innovation and a Bachelor of Business (Accounting), Paul is a Fellow of the Institute of Chartered Accountants.

*Keith Woodhead – Director*

Master of Business Administration, Bachelor of Surveying, Graduate Diploma (Town Planning), licensed Estate Agent.

Keith is a highly experienced property professional with specific expertise in numerous property aspects, including acquisitions, disposals, subdivision, leasing, construction, and project and development management. His property-based experience also includes direct property assets and listed and unlisted property trusts across a range of property sectors including rural, residential, retail, industrial and commercial.

Much of Keith's work has been within the property funds management sector, where he has been largely responsible for debt and equity raisings, offer document preparation, product management, corporate governance, compliance and transaction management.

**Review of Operations & Financial Results**

*Profit*

The Fund's half year profit before tax was \$4,699,549, a significant increase above the corresponding period (2019: \$2,499,398). As rental income was lower, which is to be expected given the Fund owned less properties than the corresponding period, the increase in profit is primarily due to the actual (i.e. realised) and estimated (i.e. unrealised) capital appreciation of the Fund's investment properties during the financial period. This increase in fair market value is notwithstanding the fact that the retail properties owned by the Fund were written down during the year by 10% due to the effects of the COVID-19 pandemic (C-19).

The employees of Sunizo LLC, our in-house management team, have worked extremely hard in difficult circumstances, as they manage the effects that C-19 has had on the REIT's tenants. Where necessary, concessions have been negotiated, with rent deferred and/or abated as appropriate. This is an ongoing and fluid situation, with retail tenants seemingly more affected than industrial tenants. The management team in Australia is in regular dialogue with the team in the US, and pleasingly the number and amount of rental delinquencies so far is less than was expected.

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**DIRECTORS' REPORT (CONT'D)**

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**Review of Operations & Financial Results (Cont'd)**

*Profit (cont'd)*

In an effort to lower the Fund's exposure to the possible effects of C-19, the Directors resolved to seek to sell selected properties, retire debt, and return a portion of the realised after-US tax profit, together with capital, to Unitholders. As at the date of this report five properties totalling US\$16,040,000 had been sold. A special distribution to Unitholders is expected to be paid once the amount and timing of US capital gains tax has been ascertained.

*Units & Unit Price*

There is only one class of issued units, the rights and entitlements thereof are detailed in the PDS dated 4 July 2018, and in the Fund's Constitution.

The unit price as at 30 June 2020 was \$1.5314 (31 December 2019: \$1.5331).

*Distributions*

A special distribution of 7.5 cents per unit (cpu) was made on 30 April 2020. The next distribution is expected to be declared and paid once the amount of US capital gains tax resulting from the recent disposal of properties has been calculated and finalised.

	<b>Six Months Ended 30 June 2020</b>		<b>Six Months Ended 30 June 2019</b>	
	\$	¢ per unit	\$	¢ per unit
Interim Distribution Paid	5,933,245	7.5*	4,176,426	5.0*

\*Gross of US withholding tax

**AUD:USD Exchange Rate**

	<b>As At / Period Ended 30 June 2020</b>	<b>As At / Period Ended 31 December 2019</b>
At Period End	\$0.6901	\$0.7040
Average Over Period	\$0.6581*	\$0.6954*

\* The average rate is for six months to 30 June 2020, and 12 months to 31 December 2019.

**Fund Performance (Net Of Fees)**

One method of performance evaluation is the number of cents per unit (cpu) that has accrued to Unitholders, paid as a cash distribution, and reflected in the movement in the Fund's unit price.

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**DIRECTORS' REPORT (CONT'D)**

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**Fund Performance (Net Of Fees) (Cont'd)**

A summary of the Fund's cents per unit performance is:

	<b>Cents Per Unit Six Months Ended 30 June 2020</b>	<b>Cents Per Unit Six Months Ended 30 June 2019</b>
Unit Price Movement	(0.17) <sup>#</sup>	(0.98) <sup>#</sup>
Cash Distribution	7.50 <sup>*</sup>	5.00 <sup>*</sup>
<b>Total Return</b>	<b>7.33<sup>*</sup></b>	<b>4.02<sup>*</sup></b>

\* Gross of US withholding tax

# Unit price movement includes net appreciation across the property portfolio and the effects of movement in exchange rates.

**Dividends Received**

For the six months ended 30 June 2020, the REIT paid the Fund a gross dividend of \$6,394,296 (2019: \$2,913,627). This dividend included net rental income and realised capital gains.

**Redemption**

An amount of \$5.0m was allocated to the redemption offer in March 2020 however the Fund received redemption requests amounting to \$13.8m. The redemptions were scaled down on a pro-rata basis in accordance with the redemption offer and total redemptions of \$5,073,743 were paid at the redemption price of \$1.5614 per unit. The balance of received redemption requests have been cancelled.

**Fees Paid To and Interests Held By the Responsible Entity**

The following fees were paid to the Responsible Entity out of Fund property during the financial period:

	<b>Six Months Ended 30 June 2020</b>	<b>Six Months Ended 30 June 2019</b>
	<b>\$</b>	<b>\$</b>
Management fees	1,400,114	1,434,008
Other expense reimbursements	50,136	62,865
<b>Total Fees &amp; Reimbursements</b>	<b>1,450,250</b>	<b>1,496,873</b>

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**DIRECTORS' REPORT (CONT'D)**

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**Fees Paid To and Interests Held By the Responsible Entity (Cont'd)**

Management fees are paid to the Responsible Entity to execute the investment strategy as outlined in the PDS dated 4 July 2018. Expense reimbursements relate to costs incurred by the Fund but paid by the Responsible Entity and later reimbursed to the Responsible Entity. Most expenses attributable to the Fund are paid directly by the Fund. Performance fees are payable to the Responsible Entity where specific performance criteria is met.

During the financial period, performance of the Fund did not exceed the target hurdle (including any shortfall from prior period(s) if any) and therefore the Responsible Entity was not entitled to a performance fee for this period.

**Related Party Transactions**

Details of holdings in the Fund by the Responsible Entity, directors, key personnel and their related entities are set out as below:

*Units In The Fund Held By Related Parties*

Details of holdings in the Fund by the Responsible Entity, Directors, key personnel and their related entities are set out as below:

	<b># Units Held At 30 June 2020</b>	<b># Units Held At 31 December 2019</b>
Stephen McKnight (Director) & Associated Parties	2,030,401	1,980,054
Plantation Capital Limited	1,392,814	1,353,408
	<u>3,423,215</u>	<u>3,333,462</u>
	<b>Value of Units Held At 30 June 2020</b>	<b>Value of Units Held At 31 December 2019</b>
Stephen McKnight (Director) & Associated Parties	\$3,109,356	\$3,035,621
Plantation Capital Limited	\$2,132,955	\$2,074,910
	<u>\$5,242,311</u>	<u>\$5,110,531</u>

In April 2020, Stephen McKnight engaged Sunizo LLC to sell one of his personal properties located in Fort Myers, Florida and he paid an arm's length sales commission for their services.

**Derivatives & Other Financial Instruments**

The Fund's investments expose it to changes in interest rates and foreign currency variations, as well as credit and liquidity risk. The Directors have approved policies and procedures in each of these areas to manage these exposures. The Fund does not speculatively trade derivatives and only utilises derivatives to manage the risk and return of the Fund's investments.

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**DIRECTORS' REPORT (CONT'D)**

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**Derivatives & Other Financial Instruments (Cont'd)**

The Fund has not entered into any derivative contracts to date. It purchases US dollars at market price based on prevailing advice and board policy. As at 30 June 2020, the Fund held cash in Australian Dollars (AUD) and United States Dollars (USD).

**Likely Developments and Expected Results of Operations**

Broadly, the Director's expect that the Fund will continue to operate in accordance with its investment policy as detailed in the PDS issued 4 July 2018.

Furthermore, considerable effort and attention will be allocated to ongoing planning, supervising and strategizing. This activity is required to maximise returns for Unitholders whilst also minimising, as much as possible, the effects of C-19 on the Fund's assets and REIT's activities.

It may be that the Fund seeks to sell more properties, or else it may be better to retain the balance of the portfolio and trade through the pandemic, with stronger properties supporting weaker ones. Another possibility is that the AUD appreciates against the USD, and the prices of US commercial property fall, in which case the Fund could re-open and raise capital so that the REIT could purchase more commercial property. Decisions related to the above will be made during the forthcoming months as economic and pandemic related conditions become clearer.

The Directors will make every attempt to periodically update and advise Unitholders as circumstances change and evolve.

**Significant Changes in State of Affairs**

The effects of C-19 have been a significant change in the state of affairs, the impact of which remains fluid and evolving.

**Subsequent Events**

*Subsequent Sale of REIT Properties*

Subsequent to year end, the following properties have been sold:

<u>Property Address</u>	<u>Sales Price (USD)</u>	<u>31 December 2019 Fair Market Value (USD)</u>
830 NE 24th Lane, Cape Coral, FL	1,950,000	1,804,363
2621 NE 9th Ave, Cape Coral, FL	1,340,000	1,244,768
932 NE 24th Lane, Cape Coral, FL	1,300,000	1,187,355
13584 49th St Nth, Clearwater, FL	4,100,000	3,892,530
6205-15 Shiloh Crossing, Alpharetta, GA	7,350,000	7,100,000
	<u>16,040,000</u>	<u>15,229,016</u>



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**DIRECTORS' REPORT (CONT'D)**

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**Subsequent Events (Cont'd)**

*Rise in Value Of AUD:USD*

Between 1 July 2020 and 2 September 2020 the AUD rose from 69.01 US cents to 73.33 US cents, a rise of 6.3%. This will reduce the value of the Fund's unit price, given the USD equivalent of US assets will purchase less AUD.

*COVID-19*

Subsequent to year end the Victorian government introduced a Stage 4 Lockdown to control the spread of C-19. Staff of the Responsible Entity are working from home, and, using the systems and policies in place, have been able to continue on in their roles with minimum interruption and inconvenience. There is still uncertainty around the impact of C-19 on property valuations. As at the date of these financial statements, an estimate of the future effects of C-19 on the financial performance and the financial position cannot be made, as any impact will depend on the magnitude and duration of the economic downturn.

**Environmental Regulation**

The Fund's operations are not subject to any significant environmental regulations under Australian Commonwealth, State or Territory Legislation.

**Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under s307C of the Corporations Act 2001 is included in this report. No officer of the Company is or has been a partner/director of any auditor of the Company.

**Indemnification and Insurance of Officers and Auditors**

The Responsible Entity has entered into an insurance policy to indemnify all directors and officers of the Responsible Entity, to an amount of \$5,000,000, against any liability arising from a claim brought against the company and the directors by a third party for the supply of inappropriate services or advice. The agreement provides for the insurer to pay all damages and costs which may be brought against the directors.

The Fund has not indemnified any auditor of the Fund.

The report is made in accordance with a resolution of the Directors.



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Stephen McKnight

Chairman

Melbourne: 8th September 2020

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER S 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF PLANTATION CAPITAL LTD, THE RESPONSIBLE ENTITY**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



**MOORE AUSTRALIA AUDIT (VIC)  
ABN 16 847 721 257**



**GEORGE DAKIS  
Partner  
Audit and Assurance**

Melbourne, Victoria

08 September 2020

**PASSIVE INCOME (USA COMMERCIAL PROPERTY) FUND  
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**CONDENSED CONSOLIDATED  
STATEMENT OF PROFIT & LOSS  
FOR THE HALF YEAR ENDED 30 JUNE 2020**

	<b>Note</b>	<b>Six Months To 30 June 2020 \$</b>	<b>Six Months To 30 June 2019 \$</b>
<b>Revenue</b>			
Fair Value Gain On			
Investment Properties		2,680,746	658,148
Rental Income		7,066,821	8,030,161
Realised Gain on Sale of			
Properties		389,420	-
Foreign Currency Gain/(Loss)		18,506	(398,371)
Other Income		173,105	165,780
<b>Total Income</b>		<b>10,328,598</b>	<b>8,455,718</b>
<b>Operating Expenses</b>			
Accounting And Audit Fees		24,838	27,522
Responsible Entity's Fees	9	1,400,114	1,434,008
Compliance Costs		22,253	35,165
Custodian Fees		6,406	15,574
Insurance		17,422	15,355
Finance Costs		641,261	636,979
Legal & Due Diligence		37,631	37,218
Property Expenses		3,428,635	3,694,754
Other Operating Expenses		50,489	59,745
<b>Total Operating Expenses</b>		<b>5,629,049</b>	<b>5,956,320</b>
Operating Profit Before Tax		4,699,549	2,499,398
Tax Expense		(1,336,528)	(114,652)
<b>Operating Profit After Tax</b>		<b>3,363,021</b>	<b>2,384,746</b>
Other Comprehensive Income		-	-
<b>Total Profit After Tax &amp; Other Comprehensive Income</b>		<b>3,363,021</b>	<b>2,384,746</b>

The above statement should be read in conjunction with the accompanying notes

**PASSIVE INCOME (USA COMMERCIAL PROPERTY) FUND  
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**CONDENSED CONSOLIDATED  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2020**

	<b>Note</b>	<b>30 June 2020 \$</b>	<b>31 December 2019 \$</b>
<b>Current Assets</b>			
Cash And Cash Equivalents		17,958,984	14,361,342
Sundry Debtors		210,243	214,678
Investment Properties			
Held for Sale	3	22,185,691	21,632,125
Other Current Assets		1,117,391	1,079,099
<b>Total Current Assets</b>		<b>41,472,309</b>	<b>37,287,244</b>
<b>Non - Current Asset</b>			
Investment Properties			
Held for Investment	4	103,951,780	116,003,942
Equipment		8,243	48,777
Right of Use Assets		24,787	-
Other Non-Current Assets		316,663	393,093
<b>Total Non - Current Asset</b>		<b>104,301,473</b>	<b>116,445,812</b>
<b>Total Assets</b>		<b>145,773,782</b>	<b>153,733,056</b>
<b>Current Liabilities</b>			
Provisions		27,522	21,510
Trade And Other Payables	5	2,399,832	2,367,014
Distributions Payable	6	10,587	3,360,071
Lease Liability		17,761	-
Other Current Liabilities		1,646,521	1,078,794
<b>Total Current Liabilities</b>		<b>4,102,223</b>	<b>6,827,389</b>
<b>Non - Current Liabilities</b>			
Borrowings	7	20,474,079	23,242,187
Deferred Tax Liability		11,596,982	11,934,176
<b>Total Non – Current Liabilities</b>		<b>32,071,061</b>	<b>35,176,363</b>
<b>Total Liabilities</b>		<b>36,173,284</b>	<b>42,003,752</b>
<b>Net Assets</b>		<b>109,600,498</b>	<b>111,729,304</b>
<b>Net Assets Attributable To Unitholders</b>			
Unitholders' Funds		90,079,284	92,677,765
Distributions Paid/Payable		(3,632,684)	(1,062,460)
Foreign Currency Reserve Account		23,153,888	20,113,999
<b>Total Net Assets Attributable To Unitholders</b>		<b>109,600,498</b>	<b>111,729,304</b>

The above statement should be read in conjunction with the accompanying notes

**PASSIVE INCOME (USA COMMERCIAL PROPERTY) FUND  
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**CONDENSED CONSOLIDATED  
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS  
FOR THE HALF YEAR ENDED 30 JUNE 2020**

<b>30 June 2020 Consolidated Entity</b>	<b>Note</b>	<b>Unitholders' Funds \$</b>	<b>Distributions Paid/Payable \$</b>	<b>Other Reserves \$</b>	<b>Total Equity \$</b>
Total Profit After Tax & Other Comprehensive Income			3,363,021	-	3,363,201
<b>Transactions With Unitholders In Their Capacity As Unitholders:</b>					
Balance At 31 December 2019		92,677,765	(1,062,460)	20,113,999	111,729,304
Foreign Currency Reserve		-	-	3,039,899	3,039,899
Distributions	6	-	(5,933,245)	-	(5,933,245)
Units Issued – Applications And Reinvestments		2,475,262	-	-	2,475,262
Units Redeemed		(5,073,743)	-	-	(5,073,743)
Total Transactions With Unitholders In Their Capacity As Unitholders		(2,598,481)	(5,933,245)	3,039,899	(6,756,774)
<b>Balance As At 30 June 2020</b>		<b>90,079,284</b>	<b>(3,632,684)</b>	<b>23,153,898</b>	<b>109,600,498</b>
<b>30 June 2019</b>					
<b>Consolidated Entity</b>	<b>Note</b>	<b>Unitholders' Funds \$</b>	<b>Distributions Paid/Payable \$</b>	<b>Other Reserves \$</b>	<b>Total Equity \$</b>
Total Profit After Tax & Other Comprehensive Income		-	2,384,746	-	2,384,746
<b>Transactions With Unitholders In Their Capacity As Unitholders:</b>					
Balance At 31 December 2018		94,527,205	237,012	20,700,834	115,465,051
Foreign Currency Reserve		-	-	463,900	463,900
Distributions	6	-	(4,176,426)	-	(4,176,426)
Units Issued – Applications And Reinvestments		2,456,232	-	-	2,456,232
Total Transactions With Unitholders In Their Capacity As Unitholders		2,456,232	(4,176,426)	463,900	(1,256,294)
<b>Balance As At 30 June 2019</b>		<b>96,983,437</b>	<b>(1,554,668)</b>	<b>21,164,734</b>	<b>116,593,503</b>

The above statement should be read in conjunction with the accompanying notes

**PASSIVE INCOME (USA COMMERCIAL PROPERTY) FUND  
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**CONDENSED CONSOLIDATED  
STATEMENT OF CASH FLOWS  
FOR THE HALF YEAR ENDED 30 JUNE 2020**

	Six Months To 30 June 2020 \$	Six Months To 30 June 2019 \$
<b>Cash Flows From Operating Activities</b>		
Receipts From Customers	6,954,949	7,635,675
Payments To Suppliers & Employees	(2,480,262)	(2,481,721)
Management Fee	(1,574,705)	(1,398,902)
Interest Paid	(485,163)	(597,603)
Tax Paid	(967,348)	(862,811)
Other Income	171,452	165,780
Net Cash Provided By Operating Activities	<u>1,618,923</u>	<u>2,460,418</u>
<b>Cash Flows From Investing Activities</b>		
Sale Of Investment Properties	18,279,456	-
Investment Property Purchase and Capital Expenditure	<u>(1,039,664)</u>	<u>(4,657,708)</u>
Net Cash Provided By/(Used In) Investing Activities	<u>17,239,792</u>	<u>(4,657,708)</u>
<b>Cash Flows From Financing Activities</b>		
Loan Repayments	(3,236,253)	(1,539,860)
Redemptions Paid To Unitholders	(5,073,743)	-
Distributions Paid	<u>(6,807,466)</u>	<u>(1,174,871)</u>
Net Cash Provided By Financing Activities	<u>(15,117,462)</u>	<u>(2,714,731)</u>
Net Increase/(Decrease) In Cash And Cash Equivalents	3,741,253	(4,912,021)
Cash At Beginning Of The Financial Period	14,361,342	18,537,412
Effect Of Exchange Rate On Cash And Cash Equivalents	<u>(143,611)</u>	<u>(860,288)</u>
<b>Cash At The End Of The Financial Period</b>	<b><u>17,958,984</u></b>	<b><u>12,765,103</u></b>

The above statement should be read in conjunction with the accompanying notes

**PASSIVE INCOME (USA COMMERCIAL PROPERTY) FUND  
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ARSN: 155 770 095**

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2020 (CONT'D)**

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**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES**

**(a) Statement of compliance**

This interim financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

**(b) Basis of preparation**

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations instrument amounts in the directors' report and the financial statements are rounded off, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the financial report for the last reporting period, except for the impact of the Standards and Interpretations described below.

These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

**(c) New And Revised Accounting Standards For Application In Current And Future Periods**

The Australian Accounting Standards Board has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for current and future reporting periods. The Responsible Entity has assessed the impact of the new and revised standards that are relevant to the Fund. The impact of adopted new or revised Standards and Interpretations is discussed below.

**Amendments to Accounting Standards that are mandatorily effective for the current reporting period: AASB 16 Leases**

This standard became effective and was implemented for the annual period beginning on 1 January 2019. Under AASB16, Lessees now bring to account a right-to-use asset and lease liability onto the Statement of Financial Position for all leases.

In accordance with AASB 16, Right-of-Use (ROU) asset and associated lease liability are now recognised in the Statement of Financial Position for all leases. The current standard impacts one leased asset – office premises of Sunizo LLC. Depreciation on the ROU asset and interest on lease liability have been recognised in the Statement of Financial Performance.

**PASSIVE INCOME (USA COMMERCIAL PROPERTY) FUND  
AND CONTROLLED ENTITIES  
ARSN: 155 770 095**

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2020 (CONT'D)**

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**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Critical Accounting Estimates and Judgements**

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

**Key estimates**

*Valuations*

The Directors assess valuations on an ongoing basis and at the end of each reporting period by evaluating the conditions and events specific to the Funds properties that may be indicative of significant changes in valuations or triggers thereof. Recoverable amounts of relevant assets are reassessed which incorporate various key assumptions. The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

**Key judgements**

*Provision for writing down of receivables*

Included in trade receivables at the end of the reporting period is an amount receivable from rent from tenants for the current financial year. The impact on tenants as seen so far is not material. While there is inherent uncertainty, the directors understand that adequate provisions have been provided and the full amount of the debt as accrued at the end of the financial period is likely to be recoverable.

**NOTE 2: FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

All property valuations are carried out by a third party independent valuer or Directors' valuations.

The investments are reported at fair value and any gains/(losses) recognised through the profit and loss means the method of reporting is already in compliance with the requirements of AASB 9. Receivables were assessed for impairment under the new expected credit loss model. However given that receivables are expected to be short term and usually settled within a month, these changes will not have a material impact.

The Directors reviewed and assessed the existing financial instruments as at the reporting date, based on the facts and circumstances that existed at that date have concluded that there is no material impact on the financial position and/or financial performance of the Fund for the current period.



**PASSIVE INCOME (USA COMMERCIAL PROPERTY) FUND  
AND CONTROLLED ENTITIES  
ARSN: 155 770 095**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2020 (CONT'D)**

**NOTE 2: FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)**

*Impact of COVID-19.*

The global outbreak of COVID-19 (C-19) has been officially declared a pandemic by the World Health Organization and has created considerable uncertainty. It is currently extremely difficult to determine what direct or indirect effect, if any, that C-19 may have on the economy or the markets where the Fund properties are located.

Based on available data about real estate prices and trends, as at 31st March 2020 the Director's resolved to write down the value of the REIT's industrial properties by 5%, and retail properties by 10%, and at the same time the Directors commissioned independent valuations on four properties – two industrial and two retail.

Following the receipt of those independent valuations, and with the experience of selling properties, the Director's observed an improvement in real estate prices and prospects as at 30 June, particularly in respect to industrial properties. Accordingly, the Directors reversed the 5% write down of the industrial properties, however due to the uncertainty surrounding the C-19 crisis and the greater impact on the retail sector, the 10% write-down on retail properties was retained. This view was confirmed by market observations noted by the independent valuers. The long-term ramifications of the pandemic on the tenants and their businesses remains unknown, however the REIT's property manager has had discussions with tenants on a case by case basis about the need for any temporary relief.

If C-19 has a more severe or prolonged effect than anticipated, this may impact the financial position of the REIT and Fund. As at the date of these Financial Statements, an estimate of the future effects of C-19 on the Fund's financial performance and/or financial position cannot be made, as the impact will depend on the magnitude and duration of any economic downturn.

**NOTE 3: INVESTMENT PROPERTIES HELD FOR SALE**

	<b>30 June 2020</b>		<b>31 December 2019</b>	
	<b>Fair Value</b>		<b>Fair Value</b>	
	<b>AUD</b>	<b>USD</b>	<b>AUD</b>	<b>USD</b>
<b>Georgia Properties</b>				
6205-15 Shiloh Crossing, Alpharetta	10,224,605	7,056,000	10,085,227	7,100,000
<b>Florida Properties</b>				
13584 49th St Nth, Clearwater	5,644,110	3,895,000	5,529,162	3,892,530
830 NE 24th Lane, Cape Coral	2,681,258	1,850,336	2,563,015	1,804,363
2621 NE 9th Ave, Cape Coral	1,845,659	1,273,689	1,768,137	1,244,768
932 NE 24th Lane, Cape Coral	1,790,059	1,235,320	1,686,584	1,187,355
Total Florida Property	11,961,086	8,254,345	11,546,898	8,129,016
<b>Total Properties Held for Sale</b>	<b>22,185,691</b>	<b>15,310,345</b>	<b>21,632,125</b>	<b>15,229,016</b>

**PASSIVE INCOME (USA COMMERCIAL PROPERTY) FUND  
AND CONTROLLED ENTITIES  
ARSN: 155 770 095**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2020 (CONT'D)**

**NOTE 4: INVESTMENT PROPERTIES HELD FOR INVESTMENT**

	30 June 2020		31 December 2019	
	Fair Value		Fair Value	
	AUD	USD	AUD	USD
<b>Texas Properties</b>				
1205 Texas Parkway, Euless	-	-	7,759,224	5,462,494
<b>Georgia Properties</b>				
6620 Tara Blvd, Jonesboro	6,384,325	4,405,822	6,858,250	4,828,208
1461 HWY 20 W, McDonough	-	-	8,263,495	5,817,500
2081 Jonesboro Rd, McDonough	5,433,995	3,750,000	5,997,398	4,222,168
270 Scientific Drive, Norcross	7,746,715	5,346,008	7,527,871	5,299,621
358 McDonough Pkway, McDonough	1,698,261	1,171,970	1,661,932	1,170,000
2192 Eastview Parkway, Conyers	3,513,247	2,424,492	3,443,880	2,424,492
400 Tech Pkway, Peachtree Corners	11,665,854	8,050,606	11,387,440	8,016,758
350 Tech Pkway, Peachtree Corners	7,362,077	5,080,569	7,204,644	5,072,069
6564 Tara Blvd, Jonesboro	3,314,611	2,287,413	3,369,023	2,371,792
Total Georgia Property	47,119,085	32,516,880	55,713,933	39,222,608
<b>Florida Properties</b>				
3350 Hanson St, Fort Myers	2,084,997	1,438,857	1,994,185	1,403,906
4700 110th Ave Nth, Pinellas Park	2,640,261	1,822,044	2,354,401	1,657,498
2853 Work Dve, Fort Myers	6,883,060	4,750,000	4,994,094	3,515,842
1408 & 1424 Hamlin Ave & 2013 Murcott Dve, St Cloud	6,375,888	4,400,000	4,169,041	2,935,005
1904 Oak Grove Blvd, Lutz	7,462,687	5,150,000	6,840,574	4,815,764
5250 Giron Circle, Kissimmee	3,610,649	2,621,018	3,516,517	2,475,628
720 S. Dixie Fwy, New Smyrna Beach	3,798,027	2,491,709	4,078,054	2,870,950
2634 N. Orange Blossom Trail, Kissimmee	3,194,761	2,204,705	3,458,594	2,434,850
5961 Northland Rd, Fort Myers	1,934,232	1,334,813	1,892,878	1,332,586
16151 Pine Ridge Rd, Fort Myers	1,949,796	1,345,554	1,899,970	1,337,579
12050 49th St Nth, Clearwater	7,451,950	5,142,590	7,296,151	5,136,490
1221 SE 9th Ter, Cape Coral	-	-	1,491,477	1,050,000
5636 Youngquist Rd, Fort Myers	1,042,620	719,512	1,022,034	719,512
5760 Youngquist Rd, Fort Myers	1,664,153	1,148,432	1,601,865	1,127,713
3419 Westview Drive, Naples	3,259,306	2,249,247	3,181,338	2,239,662
2200 Kings Highway, Port Charlotte	3,480,308	2,401,761	2,739,612	1,928,689
Total Florida Property	56,832,695	39,220,242	52,530,785	36,981,674
<b>Total Properties Held for Investment</b>	<b>103,951,780</b>	<b>71,737,122</b>	<b>116,003,942</b>	<b>81,666,776</b>

**PASSIVE INCOME (USA COMMERCIAL PROPERTY) FUND  
AND CONTROLLED ENTITIES  
ARSN: 155 770 095**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2020 (CONT'D)**

	30 June 2020 \$	31 December 2019 \$
<b>NOTE 5: TRADE AND OTHER PAYABLES</b>		
Trade Creditors	824,321	1,125,365
Accrued Property Taxes	715,528	118,263
Security Deposits Held	859,983	1,123,386
	2,399,832	2,367,014

**NOTE 6: DISTRIBUTIONS PAID  
& PAYABLE**

Six Months Ended 30 June 2020:		
Final Distribution Paid	5,933,245	4,176,426
As At 30 June 2020:		
Distributions Payable	10,587	3,360,071

**NOTE 7: BORROWINGS**

USA REIT Funding	134,039	131,392
Long Term Loans	20,134,763	23,110,795
Other Loans	205,277	-
Total Borrowings	20,474,079	23,242,187

Borrowing costs totalling \$341,870 (2019: \$426,701) relating to the then USD 15.11m refinance are being amortised over 10 years. The current portion is \$68,742 (2019: \$78,016) and the non-current portion is \$273,127 (2019: \$348,394). The other loans relate to C-19 support offered by the US government to Sunizo, LLC. Provided certain criteria are met, this loan will be forgiven. As those criteria are yet to be met in full, the loan is shown in these financial statements.

	30 June 2020 \$(‘000)		31 December 2019 \$(‘000)	
	Loan AUD	Loan USD	Loan AUD	Loan USD
Wells Fargo				
5.145% pa interest-only				
Due June 2025	13,237	9,135	16,349	11,510
RGA				
4.500% pa interest-only				
Due January 2026	5,217	3,600	5,114	3,600
MMFB Funding, LLC				
5.000% pa interest-only				
Due April 2023	1,681	1,160	1,648	1,160

**PASSIVE INCOME (USA COMMERCIAL PROPERTY) FUND  
AND CONTROLLED ENTITIES  
ARSN: 155 770 095**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2020 (CONT'D)**

**NOTE 7: BORROWINGS (CONT'D)**

	30 June 2020 \$( '000)		31 December 2019 \$( '000)	
	Loan AUD	Loan USD	Loan AUD	Loan USD
USA REIT Funding				
12.500% pa interest-only				
No maturity. Unsecured.	134	92	131	92
Other Loans				
1.000% pa interest				
No maturity. Unsecured.	205	142	-	-
	20,474	14,129	23,242	16,362

*Wells Fargo Loan*

This loan is secured by the following properties: 2081 Jonesboro Rd, McDonough, GA; 6205- 15 Shiloh Crossing, Alpharetta, GA; 2853 Work Dve, Fort Myers, FL; 1904 Oak Grove Blvd, Lutz, FL; 12050 49th St Nth, Clearwater, FL; and 1408-24 Hamlin Ave & 2013 Murcott Dve, St Cloud, FL. It was also secured by 1205 Texas Parkway, Euless, TX. however this property was sold on 3 April 2020, and the principal amount of US\$2.375m was repaid from the sale proceeds.

*RGA Loan*

This loan is secured by 400 Technology Parkway, GA.

*MMFB Funding, LLC Loan*

This loan is secured by 13584 49th St Nth, Clearwater, FL.

*Covenants*

The Wells Fargo and RGA loans have covenants attached to them and are monitored and reported to comply with loan obligations. Interest expense is not capitalised for any loan facility of the scheme.

**NOTE 8: CONTROLLED ENTITIES**

	As At 30 June 2020	
	Country of Incorporation	% Owned
Subsidiaries controlled by the Fund during the period were:		
Ozinus Realty, LLC <i>(acquired 30 November 2012)</i>	USA	100%
Ozinus Hanson, LLC <i>(acquired 13 March 2013 )</i>	USA	100%
Ozinus Pinellas Park, LLC <i>(acquired 12 April 2013)</i>	USA	100%
Ozinus Breckinridge, LLC <i>(acquired 16 April 2013)</i>	USA	100%
Ozinus Palmetto Grove, LLC <i>(acquired 15 August 2013)</i>	USA	100%

**PASSIVE INCOME (USA COMMERCIAL PROPERTY) FUND  
AND CONTROLLED ENTITIES  
ARSN: 155 770 095**

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2020 (CONT'D)**

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**NOTE 8: CONTROLLED ENTITIES (CONT'D)**

	As At 30 June 2020	
	Country of Incorporation	% Owned
Subsidiaries controlled by the Fund during the period were:		
Ozinus Hamlin, LLC (acquired 8 October 2013)	USA	100%
Ozinus Eagle Plaza, LLC (acquired 3 December 2013)	USA	100%
Ozinus Giron, LLC (acquired 13 December 2013)	USA	100%
Ozinus Riverview Drive, LLC (acquired 26 December 2013)	USA	100%
Ozinus NSB, LLC (acquired 14 February 2014)	USA	100%
Ozinus Orange Blossom, LLC (acquired 7 March 2014)	USA	100%
Ozinus Northland, LLC (acquired 4 April 2014)	USA	100%
Ozinus Pine Ridge, LLC (acquired 15 April 2014)	USA	100%
Ozinus Cape Coral 830CC, LLC (acquired 30 April 2014)	USA	100%
Ozinus Shops of Tara, LLC (acquired 1 May 2014)	USA	100%
Ozinus Pitney, LLC (acquired 23 June 2014)	USA	100%
Ozinus NE 9th CC, LLC (acquired 27 June 2014)	USA	100%
Ozinus SE 9-CC, LLC (acquired 11 July 2014)	USA	100%
Ozinus Texas Star, LLC (acquired 16 July 2014)	USA	100%
Ozinus Shiloh, LLC (acquired 23 July 2014)	USA	100%
Ozinus 932NE24-CC, LLC (acquired 30 September 2014)	USA	100%
Ozinus McDonough, LLC (acquired 30 December 2014)	USA	100%
Sunizo, LLC (acquired 31 March 2015)	USA	100%
Ozinus Jonesboro Towne Cr, LLC (acquired 18 May 2015)	USA	100%
Ozinus Scientific, LLC (acquired 12 June 2015)	USA	100%
Ozinus 5636 Youngquist, LLC (acquired 15 July 2015)	USA	100%

**PASSIVE INCOME (USA COMMERCIAL PROPERTY) FUND  
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ARSN: 155 770 095**

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2020 (CONT'D)**

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**NOTE 8: CONTROLLED ENTITIES (CONT'D)**

	As At 30 June 2020	
	Country of Incorporation	% Owned
Subsidiaries controlled by the Fund during the period were:		
Ozinus 5760 Youngquist, LLC (acquired 15 July 2015)	USA	100%
Ozinus 358 McDonough, LLC (acquired 24 July 2015)	USA	100%
Ozinus Westview, LLC (acquired 31 August 2015)	USA	100%
Ozinus 2192 Parkway, LLC (acquired 1 October 2015)	USA	100%
Ozinus Westlake, LLC (acquired 18 December 2015)	USA	100%
Ozinus 350 Tech, LLC (acquired 6 January 2017)	USA	100%
Ozinus 6564 Tara, LLC (acquired 18 April 2017)	USA	100%
Ozinus Maple, LLC (acquired 31 January 2019)	USA	100%

**NOTE 9: RELATED PARTY TRANSACTIONS**

The Responsible Entity of the Fund is Plantation Capital Limited (ABN 65 133 678 029, AFSL 339481).

**Key Management Personnel**

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly, including any director (whether executive or otherwise) of the Responsible Entity (or its parents), are considered key management personnel of the Fund.

The Directors of the Responsible Entity during the financial period were:

Stephen McKnight  
Paul Harper  
Keith Woodhead

Key management personnel also included Mr. Davendra Prasad, Chief Financial Officer.

Remuneration of the key personnel is paid directly by the Responsible Entity. Key personnel are not provided with any remuneration by the Fund itself.

Directors are not entitled to any equity interests in the Fund, or any rights to or options for equity interests in the Fund, as a result of the remuneration provided by the Responsible Entity. One Director, as Compliance committee member was paid \$9,690 for providing compliance services for the six months to 30 June 2020 (30 June 2019: \$11,628).

**PASSIVE INCOME (USA COMMERCIAL PROPERTY) FUND  
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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2020 (CONT'D)**

**NOTE 9: RELATED PARTY TRANSACTIONS (CONT'D)**

In April 2020, Stephen McKnight engaged Sunizo LLC to sell one of his personal properties located in Fort Myers, Florida and he paid an arm's length sales commission for their services.

Details of holdings in the Fund by the Responsible Entity, directors, key personnel and their related entities are set out as below:

*Fees Paid To And Interests Held By The Responsible Entity*

	<b>Six Months To 30 June 2020</b>	<b>Six Months To 30 June 2019</b>
	<b>\$</b>	<b>\$</b>
The following fees were paid to the Responsible Entity out of Fund property during the financial period:		
Management Fees	1,400,114	1,434,008
Other Expense Reimbursements	50,136	62,865
<b>Total Fees &amp; Reimbursements</b>	<b>1,450,250</b>	<b>1,496,873</b>

Management fees are paid to the Responsible Entity to execute the investment strategy as outlined in the PDS dated 4 July 2018. Expense reimbursements relate to costs incurred by the Fund but paid by the Responsible Entity and later reimbursed to the Responsible Entity. Most expenses attributable to the Fund are paid directly by the Fund. Performance fees are payable to the Responsible Entity where specific performance criteria is met. During the period, performance of the Fund did not exceed the target hurdle (including any shortfall from prior period(s) if any) and therefore the Responsible Entity was not entitled to a performance fee for this period.

*Units In The Fund Held By Related Parties*

	<b># Units Held At 30 June 2020</b>	<b># Units Held At 31 December 2019</b>
Stephen McKnight (Director) & Associated Parties	2,030,401	1,980,054
Plantation Capital Limited	1,392,814	1,353,408
	<b>3,423,215</b>	<b>3,333,462</b>

*Units In The Fund Held By Related Parties (cont'd)*

	<b>Value of Units Held At 30 June 2020</b>	<b>Value of Units Held At 31 December 2019</b>
Stephen McKnight (Director) & Associated Parties	\$3,109,356	\$3,035,621
Plantation Capital Limited	\$2,132,955	\$2,074,910
	<b>\$5,242,311</b>	<b>\$5,110,531</b>

**PASSIVE INCOME (USA COMMERCIAL PROPERTY) FUND  
AND CONTROLLED ENTITIES  
ARSN: 155 770 095**

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2020 (CONT'D)**

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**NOTE 10: SUBSEQUENT EVENTS**

**Subsequent Events**

*Subsequent Sale of REIT Properties*

Subsequent to year end, the following properties which were classified as investment properties held for sale, have been sold:

Property Address	Sales Price (USD)	31 December 2019 Fair Market Value (USD)
830 NE 24th Lane, Cape Coral, FL	1,950,000	1,804,363
2621 NE 9th Ave, Cape Coral, FL	1,340,000	1,244,768
932 NE 24th Lane, Cape Coral, FL	1,300,000	1,187,355
13584 49th St Nth, Clearwater, FL	4,100,000	3,892,530
6205-15 Shiloh Crossing, Alpharetta, GA	7,350,000	7,100,000
	16,040,000	15,229,016

*Rise in Value Of AUD:USD*

Between 1 July 2020 and 2 September 2020 the AUD rose from 69.01 US cents to 73.33 US cents, a rise of 6.3%. This will reduce the value of the Fund's unit price, given the USD equivalent of US assets will purchase less AUD.

*COVID-19*

Subsequent to year end the Victorian government introduced a Stage 4 Lockdown to control the spread of C-19. Staff of the Responsible Entity are working from home, and, using the systems and policies in place, have been able to continue on in their roles within minimum interruption and inconvenience. There is still uncertainty around the impact of C-19 on property valuations. As at the date of the financial statements, an estimate of the future effects of C-19 on the financial performance and the financial position cannot be made, as impact will depend on the magnitude and duration of the economic downturn with uncertainty around the full range of the impact.

**NOTE 11: COMMITMENTS AND CONTINGENCIES**

The Fund has no commitments or contingencies to report.

**NOTE 12: RESPONSIBLE ENTITY DETAILS**

Plantation Capital Limited's registered office and contact details are:

Registered Office	Postal Address	Other Details
Suite 4, 210 Canterbury Rd Canterbury, VIC 3126 AUSTRALIA	PO Box 532 Canterbury, VIC 3126 AUSTRALIA	Phone: 03 8592 0270 www.passiveincomefund.com admin@passiveincomefund.com



**PASSIVE INCOME (USA COMMERCIAL PROPERTY) FUND  
AND CONTROLLED ENTITIES  
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**DIRECTOR'S OF RESPONSIBLE ENTITY DECLARATION**

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The Directors of Plantation Capital Limited, the Responsible Entity of Passive Income Fund declare that:

1. In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and give a true and fair view of the financial position and performance of the consolidated entity (The Fund); and
2. In the Directors' opinion there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration has been made in accordance with a Resolution of the Directors of the Responsible Entity, Plantation Capital Limited.



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Stephen McKnight  
Director

Melbourne: 8th September 2020

## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PASSIVE INCOME (USA COMMERCIAL PROPERTY) FUND**

### **Report on the Half-Year Financial Report**

#### **Conclusion**

We have reviewed the accompanying half-year financial report of Passive Income (USA Commercial Property) Fund (the Fund), which comprises the condensed consolidated statement of financial position as at 30 June 2020, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in net assets attributable to unit holders, the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the company is not in accordance with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the company's financial position as at 30 June 2020 and of its performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### **Directors' Responsibility for the Half-Year Financial Report**

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410: *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including:

- a. giving a true and fair view of the company's financial position as at 30 June 2020 and its performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if provided to the directors as at the time of this auditor's review report.



**MOORE AUSTRALIA AUDIT (VIC)**  
**ABN 16 847 721 257**



**GEORGE DAKIS**  
**Partner**  
**Audit and Assurance**

Melbourne, Victoria  
08 September 2020