

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

**ARSN 155 770 095**

**INTERIM FINANCIAL REPORT  
FOR THE HALF YEAR ENDED  
30 JUNE 2025**

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

**INTERIM FINANCIAL REPORT  
FOR THE HALF YEAR ENDED  
30 JUNE 2025**

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**TABLE OF CONTENTS**

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	<b>Page</b>
Table Of Contents	i
Directors' Report	1
Auditor's Independence Declaration	6
Interim Financial Report For The Half Year Ended 30 June 2025	
Condensed Consolidated Statement Of Profit & Loss	7
Condensed Consolidated Statement Of Financial Position	8
Condensed Consolidated Statement Of Changes In Net Assets Attributable To Unitholders	9
Condensed Consolidated Statement Of Cash Flows	10
Notes To The Consolidated Condensed Financial Statements	11
Declaration By The Directors' Of Responsible Entity	16
Independent Review Report	17

**PASSIVE INCOME (USA COMMERCIAL PROPERTY) FUND  
AND CONTROLLED ENTITIES  
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**DIRECTORS' REPORT  
FOR THE HALF YEAR ENDED  
30 JUNE 2025**

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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 2025 (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 Fund's has now disposed of all the properties owned in the REIT, and once it has resolved the outstanding dispute with the US Internal Revenue Service (IRS), it will proceed to formally winding up and making a final distribution to investors.

The Fund and REIT did not have any employees during the period.

**Directors**

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

*Stephen (Steve) McKnight – Chairman, Director & Secretary*

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

Steve, a qualified chartered accountant and experienced investor, is a recognised authority 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 commercial properties in Australia, in addition to substantial investments in the Fund and the Strategic Opportunities (Growth & Income) Fund. Steve has been the Chairman of the Fund since its inception in 2012.

Steve is the co-founder and 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.

*Paul Harper – Director*

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

For more than 25 years Paul has been assisting individuals to build wealth intelligently. He is currently a responsible manager and member of the compliance committee for a \$600m managed fund that owns direct Australian real estate.

**PASSIVE INCOME (USA COMMERCIAL PROPERTY) FUND  
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**DIRECTORS' REPORT (CONT'D)  
FOR THE HALF YEAR ENDED  
30 JUNE 2025**

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**Directors (Cont'd)**

Earlier, while Chief Executive Officer of Jeena Limited – a firm of Chartered Accountants that he co-founded in 1997, Paul chaired the investment committee of an entity that was responsible for more than \$500m of investor capital. Paul has considerable experience in setting investment strategies, making portfolio allocations to maximise investor returns, risk and compliance management, accounting, reporting, and operations / administration.

*Ewan MacDonald – Director*  
Bachelor of Arts, Diploma of Law.

Ewan has worked in the financial services sector for over 30 years. He is an experienced lawyer specialising in funds management, fund raising and financial services regulation. He is also an experienced director and external compliance committee member.

He regularly consults on regulatory and compliance issues across a broad range of financial services activities, including property funds, derivatives and equities.

**Review of Operations & Financial Results**

*Profit*

The Fund's half year loss after income tax was \$381,256 (2024: profit of \$4,459,457). A large portion of the loss was due to exchange losses arising from the appreciation of the AUD against the USD. Until recently we took the position of keeping the majority of our remaining cash in USD, pending the outcome of the IRS appeal. However, we are now gradually moving the cash back to AUD where our funds on deposit earn interest. Accordingly, our exposure to movements in the AUD:USD are expected to lessen over time.

*Units & Unit Price*

There is only one class of issued units, the rights and entitlements thereof are detailed in the Fund's PDS dated 4 July 2018, and in the Fund's Constitution. The redemption unit price as at 30 June 2025 was \$0.0483 (31 December 2024: \$0.0519).

*Distributions*

The following distributions, gross of US withholding tax, were declared during the financial period.

	Six Months Ended 30 June 2025		Six Months Ended 30 June 2024	
	\$	¢ per unit	\$	¢ per unit
Distributions Declared	-	0.00	11,642,542	16.0

**PASSIVE INCOME (USA COMMERCIAL PROPERTY) FUND  
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**DIRECTORS' REPORT (CONT'D)  
FOR THE HALF YEAR ENDED  
30 JUNE 2025**

**AUD:USD Exchange Rate**

	<b>As At / Period Ended 30 June 2025</b>	<b>As At / Period Ended 31 December 2024</b>
At Period End	\$0.6581	\$0.6193
Average Over Period	\$0.6342*	\$0.6597*

\* The average rate is for six months to 30 June 2025, and 12 months to 31 December 2024.

**Dividends Received**

For the six months ended 30 June 2025, the REIT paid the Fund a gross dividend of \$Nil (2024: 1,153,551).

**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 2025</b>	<b>Six Months Ended 30 June 2024</b>
	<b>\$</b>	<b>\$</b>
Management fees	25,795	189,581

Management fees are paid to the Responsible Entity to execute the investment strategy as outlined in the Fund's PDS dated 4 July 2018, and as later updated via various disclosures to reflect the Fund's wind up. In an effort to preserve investor capital, during the period the Responsible Entity resolved to reduce its fees to \$2,000 per month, plus GST.

**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 2025</b>	<b># Units Held At 31 December 2024</b>
Stephen McKnight's (Director)		
Related Parties	2,115,522	2,115,522
Plantation Capital Limited	1,459,436	1,459,436
	3,574,958	3,574,958

**PASSIVE INCOME (USA COMMERCIAL PROPERTY) FUND  
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**DIRECTORS' REPORT (CONT'D)  
FOR THE HALF YEAR ENDED  
30 JUNE 2025**

**Related Party Transactions (Cont'd)**

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

	<b>Value of Units Held At 30 June 2025</b>	<b>Value of Units Held At 31 December 2024</b>
Stephen McKnight's (Director)		
Related Parties	\$102,180	\$109,796
Plantation Capital Limited	\$70,491	\$75,745
	\$172,671	\$185,541

The value of units is calculated using the ex-distribution redemption unit price of \$0.0483 (31 December 2024: \$0.0519).

*Gross Distributions Paid During The Financial Period (or Payable At Period End).*

	<b>Six Months to 30 June 2025</b>	<b>Six Months to 30 June 2024</b>
Stephen McKnight's (Director)		
Related Parties	\$-	\$338,484
Plantation Capital Limited	\$-	\$233,510
	\$-	\$571,994

**Derivatives & Other Financial Instruments**

The Fund's USD cash on deposit exposes 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.

**Likely Developments and Expected Results of Operations**

*Fund Target Return & Remaining Life*

The REIT will be wound up once its dispute with the IRS is resolved. That dispute relates to a notice the REIT received from the IRS claiming that it failed to file a return, and failed to pay tax, in respect to withholding tax on capital gains dividends in 2020. The penalties and interest levied totalled US\$1,226,948. The Responsible Entity vehemently disagrees with the IRS' position, contending that the return was filed on time, and the right amount of tax owing was paid. As at the date of these financial statements US REIT continues to wait for the IRS to schedule an appeals hearing.

**PASSIVE INCOME (USA COMMERCIAL PROPERTY) FUND  
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**DIRECTORS' REPORT (CONT'D)  
FOR THE HALF YEAR ENDED  
30 JUNE 2025**

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**Likely Developments and Expected Results of Operations (Cont'd)**

*Fund Target Return & Remaining Life (Cont'd)*

It may be that the US REIT, following the advice given to it by its external tax advisers, incorrectly completed the IRS form, but even if this was the case, the maximum fine in that situation is US\$485. The US REIT has engaged KPMG, LLC to appeal the IRS' notice. As the Responsible Entity believes there is a reasonable likelihood of the appeal being successful, it has not included the penalties and interest in the financial statements as a liability.

As mentioned, once the IRS dispute is resolved it is expected the REIT will be wound up. At the same time, procedures will be implemented to wind up the Fund too. While it is impossible to know when the IRS will respond, it is hoped the REIT and Fund will be wound up before 31 December 2025.

**Significant Changes in State of Affairs**

Other than what has been outlined about the orderly wind up of the REIT and Fund, there has not been any other significant changes in the state of affairs.

**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: 25th August 2025

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**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER S 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF PASSIVE INCOME (USA COMMERCIAL PROPERTY) FUND**

As lead auditor for the review of the financial report of Passive Income (USA Commercial Property) Fund for the half-year ended 30 June 2025, I declare that, to the best of my knowledge and belief, there have been:

- i. no contraventions of the auditor independence requirements of 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.



**G S DAKIS**  
Partner – Audit and Assurance  
[Moore Australia Audit \(VIC\)](#)  
Melbourne, Victoria  
25 August 2025



Moore Australia Audit (VIC)  
ABN 16 847 721 257  
Chartered Accountants



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

**CONDENSED CONSOLIDATED  
STATEMENT OF PROFIT & LOSS  
FOR THE HALF YEAR ENDED 30 JUNE 2025**

	Note	Six Months To 30 June 2025 \$	Six Months To 30 June 2024 \$
<b>Revenue</b>			
Disposed Foreign Operation		-	1,989,516
Fair Value Gain On Investment Properties		-	995,127
Foreign Exchange Gains		-	516,722
Interest Income		1,417	145,882
Other Income		910	140,827
Realised Gain on Sale of Properties		-	1,418,277
Rental Income		-	722,835
<b>Total Income</b>		<u>2,327</u>	<u>5,929,186</u>
<b>Expenses</b>			
Accounting & Audit Fees		11,938	13,014
Compliance Costs		12,162	14,701
Custodian Fees		7,983	4,568
Foreign Exchange Losses		226,489	-
Finance Costs		-	188,286
Insurance		4,345	14,450
Legal & Due Diligence		-	13,690
Other Operating Expenses		93,227	338,749
Property Expenses		1,644	443,287
Responsible Entity's Fees	6	25,795	189,581
<b>Total Expenses</b>		<u>383,583</u>	<u>1,220,326</u>
Profit / (Loss) Before Tax		(381,256)	4,708,860
Income Tax Expense		-	(249,403)
<b>Profit After Tax</b>		<u><u>(381,256)</u></u>	<u><u>4,459,457</u></u>

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

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

**CONDENSED CONSOLIDATED  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2025**

	Note	30 June 2025 \$	31 December 2024 \$
<b>Current Assets</b>			
Cash And Cash Equivalents		4,018,577	4,427,979
Receivables	3	-	4,172
Other Current Assets		3,946	2,500
Total Current Assets		4,022,523	4,434,651
 Total Assets		 4,022,523	 4,434,651
<b>Current Liabilities</b>			
Provisions		9,325	16,198
Trade & Other Payables	4	251,757	275,756
Total Current Liabilities		261,082	291,954
 Total Liabilities		 261,082	 291,954
 <b>Net Assets</b>		 <b>3,761,441</b>	 <b>4,142,697</b>
 <b>Net Assets Attributable To Unitholders</b>			
Unitholders' Funds		82,403,732	82,403,732
Distributions Paid/Payable		(78,642,291)	(78,261,035)
<b>Total Net Assets Attributable To Unitholders</b>		<b>3,761,441</b>	<b>4,142,697</b>

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

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

**CONDENSED CONSOLIDATED  
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS  
FOR THE HALF YEAR ENDED 30 JUNE 2025**

<b>30 June 2025 Consolidated Entity</b>	<b>Note</b>	<b>Unitholders' Funds \$</b>	<b>Distributions Paid/Payable \$</b>	<b>Foreign Currency Reserves \$</b>	<b>Total Equity \$</b>
(Loss) For The Year		-	(381,256)	-	(381,256)
<b>Transactions With Unitholders In Their Capacity As Unitholders:</b>					
Balance At					
31 December 2024		82,403,732	(78,261,035)	-	4,142,697
Total Transactions With Unitholders In Their Capacity As Unitholders		82,403,732	(78,261,035)	-	4,142,697
<b>Balance At 30 June 2025</b>		<b>82,403,732</b>	<b>(78,642,291)</b>	<b>-</b>	<b>3,761,441</b>

<b>30 June 2024 Consolidated Entity</b>	<b>Note</b>	<b>Unitholders' Funds \$</b>	<b>Distributions Paid/Payable \$</b>	<b>Foreign Currency Reserves \$</b>	<b>Total Equity \$</b>
Profit For The Year		-	4,459,457	-	4,459,457
<b>Transactions With Unitholders In Their Capacity As Unitholders:</b>					
Balance At					
31 December 2023		82,205,267	(70,939,348)	4,257,014	15,522,933
Set Up Costs		198,465	-	-	198,465
Foreign Currency Reserve		-	-	(4,257,014)	(4,257,014)
Distributions		-	(11,642,542)	-	(11,642,542)
Total Transactions With Unitholders In Their Capacity As Unitholders		198,465	(11,642,542)	(4,257,014)	(15,701,091)
<b>Balance At 30 June 2024</b>		<b>82,403,732</b>	<b>(78,122,433)</b>	<b>-</b>	<b>4,281,299</b>

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

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

**CONDENSED CONSOLIDATED  
STATEMENT OF CASH FLOWS  
FOR THE HALF YEAR ENDED 30 JUNE 2025**

	Six Months To 30 June 2025 \$	Six Months To 30 June 2024 \$
<b>Cash Flows From Operating Activities</b>		
Receipts From Customers	-	1,522,196
Payments To Suppliers & Employees	(367,715)	(1,160,036)
Management Fee	(25,795)	(189,581)
Interest Received	1,417	145,882
Interest Paid	-	(188,286)
Other Income	3,636	-
Tax Paid	-	(462,664)
Net Cash Provided By Operating Activities	<u>(388,457)</u>	<u>(332,489)</u>
<b>Cash Flows From Investing Activities</b>		
Sale Of Investment Properties	-	11,211,420
Net Cash Provided By Investing Activities	<u>-</u>	<u>11,211,420</u>
<b>Cash Flows From Financing Activities</b>		
Payment of Unclaimed Money	(20,945)	(5,273,844)
Distributions Paid	-	(18,888,472)
Net Cash Provided By Financing Activities	<u>(20,945)</u>	<u>(24,162,316)</u>
Net Decrease In Cash And Cash Equivalents	(409,402)	(13,283,385)
Cash At Beginning Of The Financial Period	<u>4,427,979</u>	<u>25,458,289</u>
<b>Cash At The End Of The Financial Period</b>	<u><b>4,018,577</b></u>	<u><b>12,174,904</b></u>

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

**PASSIVE INCOME (USA COMMERCIAL PROPERTY) FUND  
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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2025**

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**NOTE 1: MATERIAL 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 Interim Financial Reporting. Compliance* 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.

*Going Concern Status*

As the Fund has begun winding up it is no longer considered a going concern as defined by *AASB 101 Presentation of Financial Statements*. This is an accounting definition only. There is no material change in the application of accounting policies, including recognition, measurement and fair market value assumptions.

**(c) 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.

**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 2025 (CONT'D)**

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

**(c) Critical Accounting Estimates and Judgements (cont'd)**

**Key Judgements**

*Provision for writing down of receivables*

Included in trade receivables at the end of the reporting period is an amount receivable from the US Internal Revenue Service. While there is always inherent uncertainty about repayment of monies owed, 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.

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 Financial Instruments*. 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.

	<b>30 June 2025</b>	<b>31 December 2024</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 3: RECEIVABLES</b>		
GST refund	-	4,172
Refund due from IRS	223,407	223,407
Provision for doubtful debts	(223,407)	(223,407)
	<u>-</u>	<u>4,172</u>

**NOTE 4: TRADE & OTHER PAYABLES**

Trade Creditors	11,451	14,505
Unclaimed money	240,306	261,251
	<u>251,757</u>	<u>275,756</u>

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2025 (CONT'D)**

**NOTE 5: CONTROLLED ENTITIES**

	As At 30 June 2025	
	Country of Incorporation	% Owned
Subsidiaries controlled by the Fund during the period were: Ozinus Realty, LLC (acquired 30 November 2012)	USA	100%

Ozinus Realty LLC has been wound up for US tax purposes, however the entity still exists while the dispute with the IRS remains unresolved.

**NOTE 6: 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  
Ewan MacDonald

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.

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

**Management Fees**

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

	Six Months To 30 June 2025 \$	Six Months To 30 June 2024 \$
Management Fees	25,795	189,581

Management fees are paid to the Responsible Entity to execute the investment strategy as outlined in the Fund's PDS dated 4 July 2018, and as later updated via various disclosures to reflect the Fund's wind up. In an effort to preserve investor capital, during the period the Responsible Entity resolved to reduce its fees to \$2,000 per month, plus GST.

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2025 (CONT'D)**

**NOTE 6: RELATED PARTY TRANSACTIONS (CONT'D)**

**Unit Holdings**

	<b># Units Held At 30 June 2025</b>	<b># Units Held At 31 December 2024</b>
Stephen McKnight's (Director)		
Related Parties	2,115,522	2,115,522
Plantation Capital Limited	1,459,436	1,459,436
	3,574,958	3,574,958
	<b>Value of Units Held At 30 June 2025</b>	<b>Value of Units Held At 31 December 2024</b>
Stephen McKnight's (Director)		
Related Parties	\$102,180	\$109,796
Plantation Capital Limited	\$70,491	\$75,745
	\$172,671	\$185,541

The value of units is calculated using the ex-distribution redemption unit price of \$0.0483 (31 December 2024: \$0.0519).

*Gross Distributions Paid During The Financial Period (or Payable At Period End).*

	<b>Six Months to 30 June 2025</b>	<b>Six Months to 30 June 2024</b>
Stephen McKnight 's(Director)		
Related Parties	\$-	\$338,484
Plantation Capital Limited	\$-	\$233,510
	\$-	\$571,994

**NOTE 7: COMMITMENTS AND CONTINGENCIES**

*Contingent Liability – IRS dispute*

On 9 February 2024 the US REIT received a notice the REIT received from the IRS claiming that it failed to file a return, and failed to pay tax, in respect to withholding tax on capital gains dividends in 2020. The penalties and interest levied totalled US\$1,226,948. The Responsible Entity vehemently disagrees with the IRS' position, contending that the return was filed on time, and the right amount of tax owing was paid. It may be that the US REIT, following the advice given to it by its external tax advisers, incorrectly completed the IRS form, but even if this was the case, the maximum fine in that situation is US\$485. The US REIT has engaged KPMG, LLC to appeal the IRS' notice. As the Responsible Entity believes there is a reasonable likelihood of the appeal being successful, it has not included the penalties and interest in the financial statements as a liability. As at the date of these financial statements US REIT continues to wait for the IRS to schedule an appeals hearing.



**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 2025 (CONT'D)**

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**NOTE 7: COMMITMENTS AND CONTINGENCIES (CONT'D)**

*Contingent Liability – Public liability law suit*

The US REIT was served legal papers about a public liability matter pertaining to an incident that is alleged to have happened at a property the US REIT used to own. The US REIT has passed the matter over to its insurers. There is not presently expected to be financial implications to the Fund since the incident is covered by insurance.

**NOTE 8: RESPONSIBLE ENTITY DETAILS**

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

**Registered Office & Principal Place Of Business**

2/271 Para Road  
GREENSBOROUGH, VIC 3088  
AUSTRALIA

**Postal Address**

PO Box 532  
CANTERBURY, VIC 3126  
AUSTRALIA

**Other Details**

Phone: (03) 8592 0270  
Internet: [www.passiveincomefund.com](http://www.passiveincomefund.com)  
Email: [admin@passiveincomefund.com](mailto:admin@passiveincomefund.com)

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

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**DECLARATION BY THE DIRECTOR'S  
OF THE RESPONSIBLE ENTITY**

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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: 25th August 2025

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## **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 statement of financial position as at 30 June 2025, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity, the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of material accounting policy information 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 fund does not comply with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the fund's financial position as at 30 June 2025 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*.

#### **Emphasis of Matter – Orderly Windup**

Without modifying our opinion, as the Passive Income (USA Commercial Property) Fund has an expected life of less than a year remaining, we draw attention to Note 1 of the financial report, which discloses that the Responsible Entity has initiated the winding-up of the Passive Income (USA Commercial Property) Fund. As such, the Scheme is no longer regarded a going concern.

#### **Basis of Conclusion**

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report.

We are independent of the fund in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

## Responsibility of the Directors for the Financial Report

The directors of the fund are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 giving a true and fair view of the Company's financial position as at 30 June 2025 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. 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 other 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.



**G S DAKIS**  
Partner – Audit and Assurance  
Moore Australia Audit (VIC)  
Melbourne, Victoria  
25 August 2025



Moore Australia Audit (VIC)  
ABN 16 847 721 257  
Chartered Accountants