

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

**ARSN 155 770 095**

**FINANCIAL REPORT  
FOR THE YEAR ENDED  
31 DECEMBER 2024**

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

FINANCIAL REPORT  
FOR THE YEAR ENDED  
31 DECEMBER 2024

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## DIRECTORS' REPORT

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The Directors of Plantation Capital Limited (PCL), the Responsible Entity of the Passive Income (USA Commercial Property) Fund (Fund), present their report together with the financial statements of the Fund for the year ended 31 December 2024. This financial report has been prepared in accordance with Australian Accounting Standards.

### Principal Activities

The Fund is an unlisted managed investment scheme that sought to generate passive income and growth returns via its controlling interest in Ozinus Realty, LLC, a USA-based real estate investment trust (US REIT). The US REIT has been wound up for taxation purposes, however the timing of the finalisation of the US REIT and Fund remain dependent on resolving an ongoing dispute with the US Internal Revenue Service (IRS). The IRS has not provided any guidance on the timing of the resolution of the matter, however it is hoped the REIT and Fund will be wound up before 31 December 2025. Once the outcome of the dispute with the IRS is determined, any remaining capital will be distributed to unitholders via a final distribution.

The Fund did not have any employees during the period. The REIT had one employee.

### Directors

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

*Stephen (Steve) McKnight – 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 a substantial investment in the Fund.

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.

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## DIRECTORS' REPORT

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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, operations and administration.

Paul has made a profound contribution to the success of the Fund, initially as a non-executive director (2012 – 2023), and more recently as an executive director.

#### *Ewan MacDonald – Director (Appointed 1 January 2024)*

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.

Ewan was appointed as a director of Plantation Capital Limited on 1 January 2024.

### Review of Operations & Financial Results

A detailed review of operations and the financial results thereof is as follows:

#### *Going Concern Basis*

As the Fund is winding up it is no longer considered a going concern as defined by accounting standard AASB 101. 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. Furthermore, there is no question about the Fund being able to meet its debt requirements or make capital returns to investors.

#### *Profit*

The Fund's consolidated net operating profit after tax, but before distributions, attributable to Unitholders for the year was \$4,320,857 (2023: \$11,774,892). The decrease in the profit reflects the lower net rental income now that all the properties have now been sold, and that we do not hold as much US dollars or US dollar assets. Future income will be limited to interest on money on deposit and foreign exchange gains, if any.

The parent entity recorded a net operating profit (after tax but before distributions and consolidation of US operations) of \$9,039,074 (2023: \$70,858,173).

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**DIRECTORS' REPORT**

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

The Fund's performance is derived from three components: net rental income, capital growth, and movements in the AUD:USD foreign currency exchange rate. A summary of each component's contribution to overall profit is as follows:

Net Rental Income

As the final US REIT owned property was sold during the year, net rental income declined compared to the prior year, as expected. With no more properties in the portfolio, there will not be any future net rental income.

Capital Gains (Losses)

Capital gains (losses) comprise three components: movements in fair market value as a result of periodic revaluations, when a property's sales price differs from its carrying value, and as the Fund realises its investment in its US REIT. A summary of the components of capital gains is as follows:

	<b>2024</b>	<b>2023</b>
Movement in Fair Market Value from periodic revaluations	\$993,317	(\$5,602,168)
Capital gains from sales prices in excess of carrying values	\$1,415,697	\$1,565,302
Capital gains from investments in the US REIT	\$1,973,917	\$13,419,159
<b>Total</b>	<b>\$4,382,928</b>	<b>\$9,382,293</b>

Foreign Exchange

Some of the Fund's assets are held in US dollars, so a falling AUD:USD resulted in a foreign exchange gain to Unitholders since the Fund's USD assets convert to comparatively more equivalent AUD assets.

	<b>2024</b>	<b>2023</b>
At Beginning Of The Year	0.6823	0.6815
At End Of The Year	0.6193	0.6823
Movement	(0.0630)	(0.0008)
Movement %	(9.2335%)	(0.1174%)
 At Date Of This Report	 0.6382	 0.6568

The rate disclosed above is the rate applicable on the Fund's foreign currency transactions, which is the wholesale bank rate, plus 10 basis points.

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**DIRECTORS' REPORT**

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

*Distributions*

As shown in the table below, the Fund paid the following distributions (gross of US withholding tax) during the year:

	<b>Twelve Months Ended 31 December 2024</b>		<b>Twelve Months Ended 31 December 2023</b>	
	<b>\$</b>	<b>Cents Per Unit</b>	<b>\$</b>	<b>Cents Per Unit</b>
Interim Distributions Paid	11,642,542	16.00	54,574,416	75.00
Final Distribution Payable	-	-	14,553,178	20.00
<b>Total Distribution</b>	<b>11,642,542</b>	<b>16.00</b>	<b>69,127,594</b>	<b>95.00</b>

No distributions in the current or prior financial period were reinvested by Unitholders as all distributions were paid out in cash with no reinvestments permitted.

*Applications & Redemptions*

No application money was received as the Fund was closed to new and top-up investments. No redemptions occurred in 2024 (2023: \$2,725,210).

*Redemption Price*

The ex-distribution redemption unit price as at 31 December 2024 was \$0.0519 (31 December 2023: \$0.2018). The reduction in the redemption price is not a reflection of poor performance, rather the effect of the capital distributions remitted to investors during the year.

**Performance Fee**

As the Fund is being wound up no performance fee was payable in the current or prior financial period.

**Units on Issue**

	<b>Number As At 31 December 2024</b>	<b>Number As At 31 December 2023</b>
Opening Balance	74,899,460	74,899,460
Units redeemed under the redemption offer	-	(2,133,571)
<b>Number of units on issue at period end</b>	<b>74,899,460</b>	<b>72,765,889</b>

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**DIRECTORS' REPORT**

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

**Dividends Received**

During the year the US REIT paid gross dividends (ordinary and capital gains) to the Fund totalling AUD\$1,637,294 (2023: AUD\$44,213,713).

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

The following fees (net of GST) were due to the Responsible Entity out of the Fund assets during the financial period:

	<b>12 Months Ended 31 December 2024</b>	<b>12 Months Ended 31 December 2023</b>
	<b>\$</b>	<b>\$</b>
Management Fees	230,758	1,565,471
Performance Fees	-	-
<b>Total fees</b>	<b>230,758</b>	<b>1,565,471</b>
Other Expense Reimbursements	5,516	11,245

Management fees decreased in line with less funds under management following distributions of returns of capital and profit. Expense reimbursements relate to Fund costs that are paid for by the Responsible Entity and reimbursed by the Fund.

**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.

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 31 December 2024, the Fund held cash in Australian Dollars (AUD) and United States Dollars (USD).

**Likely Developments and Expected Results of Operations**

*Fund Life*

As mentioned earlier, once the dispute with the IRS is resolved, the Fund will be wound up and a final distribution made to investors. Unfortunately, as the IRS has not given any indication as to when the appeal will be processed, no definite wind up date can currently be provided. That said, the Board remains optimistic that the Fund will be wound up before 31 December 2025.

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**DIRECTORS' REPORT**

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

*Future Distributions*

A final distribution will be paid once the IRS dispute has been resolved. The redemption unit price at year end (i.e. 5.19¢ per unit) provides an indication of how much would have been distributed had the Fund been wound up on 31 December 2024, assuming no payment was required to be made for contingent liabilities (see Note 20).

**Significant Changes in State of Affairs**

Other than what has been already mentioned, there have not been any significant changes to the state of affairs during the year.

**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:

	<b># of Units Held at 31 December 2024</b>	<b># of Units Held at 31 December 2023</b>
Stephen McKnight ( <i>Director</i> ) & Associated Parties	2,115,522	2,115,522
Plantation Capital Limited (PCL)	1,459,436	1,459,436
	<b>3,574,958</b>	<b>3,574,958</b>

The number of units held had not changed during the year as no distribution reinvestments were available to all investors.

	<b>Value of Units Held at 31 December 2024</b>	<b>Value of Units Held at 31 December 2023</b>
Stephen McKnight ( <i>Director</i> ) & Associated Parties	\$109,796	\$452,933
Plantation Capital Limited (PCL)	\$75,745	\$312,465
	<b>\$185,541</b>	<b>\$765,398</b>

Related party entities received gross distributions from the Fund of \$571,993 (2023: \$3,396,210). Fees paid to Plantation Capital Limited were disclosed earlier in this report.

**Environmental Regulation**

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



**DIRECTORS' REPORT**

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**Indemnification and Insurance of Officers and Auditors**

The Fund has entered into an insurance policy to indemnify all Directors and Officers of the Responsible Entity, against 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 current insurance policy expires in April 2025 and is expected to be renewed. 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

Dated at Melbourne on 19 March 2025

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

As lead engagement partner for the audit of Passive Income (USA Commercial Property) Fund for the year ended 31 December 2024, I declare that, to the best of my knowledge and belief, there have been:

- i. no contraventions of the 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  
19 March 2025



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

**PASSIVE INCOME (USA COMMERCIAL PROPERTY) FUND  
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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Note	2024 \$	2023 \$
<b>Income</b>			
Fair Value Gain (Loss) On Investment Properties	1(h)	993,317	(5,602,168)
Foreign Currency Gain		848,895	203,101
Gain On Sale Of Property & Investment in US REIT		3,389,614	14,984,461
Interest Income		166,607	436,717
Other Income		146,422	376,463
Rental Income		721,520	5,666,832
<b>Total Income</b>		<b>6,266,375</b>	<b>16,065,406</b>
<b>Expenses</b>			
Accounting & Audit Fees		38,550	59,826
Amortisation of Set Up Costs		198,465	-
Compliance Costs		23,901	23,614
Consulting & Professional Fees		380,647	163,943
Custodian Fees		12,149	17,701
Doubtful Debts		223,407	-
Finance Costs		223,322	719,712
Insurance (Non-Property)		19,449	46,952
Other Operating Expenses		217,904	66,553
Property Expenses		206,825	4,834,550
Responsible Entity's Fees	18	230,758	1,565,471
<b>Total Expenses</b>		<b>1,775,377</b>	<b>7,498,322</b>
Profit Before Tax		4,490,998	8,567,084
Tax Expense	1(m)	(170,141)	3,207,808
<b>Profit After Tax</b>		<b>4,320,857</b>	<b>11,774,892</b>
Other Comprehensive Income		-	-
<b>Total Comprehensive Income</b>		<b>4,320,857</b>	<b>11,774,892</b>

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

**PASSIVE INCOME (USA COMMERCIAL PROPERTY) FUND  
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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2024**

	<b>Note</b>	<b>2024 \$</b>	<b>2023 \$</b>
<b>Current Assets</b>			
Cash & Cash Equivalents	4	4,427,979	25,458,289
Sundry Debtors	5	4,172	50,133
Other Current Assets	6	2,500	369,719
<b>Total Current Assets</b>		<b>4,434,651</b>	<b>25,878,141</b>
<b>Non-Current Assets</b>			
Investment Properties	7	-	11,065,514
Equipment		-	49
Other Non-Current Assets	6	-	6,742
<b>Total Non-Current Assets</b>		<b>-</b>	<b>11,072,305</b>
<b>Total Assets</b>		<b>4,434,651</b>	<b>36,950,446</b>
<b>Current Liabilities</b>			
Distributions Payable	13	-	14,522,494
Other Current Liabilities		-	496,139
Provisions	9	16,198	30,476
Trade & Other Payables	10	275,756	830,620
<b>Total Current Liabilities</b>		<b>291,954</b>	<b>15,879,729</b>
<b>Non-Current Liabilities</b>			
Borrowings	11	-	5,411,842
Deferred Tax Liability	12	-	135,942
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>5,547,784</b>
<b>Total Liabilities</b>		<b>291,954</b>	<b>21,427,513</b>
<b>Net Assets</b>		<b>4,142,697</b>	<b>15,522,933</b>
<b>Net Assets Attributable To Unitholders</b>			
Unitholders' Funds	17	82,403,732	82,205,267
Distributions Paid / Payable		(78,261,035)	(70,939,348)
Foreign Currency Reserve Account		-	4,257,014
<b>Total Net Assets Attributable To Unitholders</b>		<b>4,142,697</b>	<b>15,522,933</b>

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

**PASSIVE INCOME (USA COMMERCIAL PROPERTY) FUND  
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**CONSOLIDATED STATEMENT OF CHANGES IN  
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS  
FOR THE YEAR ENDED 31 DECEMBER 2024**

<b>31 December 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>
Total Comprehensive Income For The Year		-	4,320,857	-	4,320,857
<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	13	-	(11,642,544)	-	(11,642,544)
Units Redeemed	17	-	-	-	-
Total Transactions With Unitholders In Their Capacity As Unitholders		82,403,732	82,581,892	-	(178,160)
<b>Balance As At 31 December 2024</b>		<b>82,403,732</b>	<b>(78,261,035)</b>	<b>-</b>	<b>4,142,697</b>
<b>31 December 2023</b>					
<b>Consolidated Entity</b>	<b>Note</b>	<b>Unitholders' Funds \$</b>	<b>Distributions Paid/Payable \$</b>	<b>Foreign Currency Reserves \$</b>	<b>Total Equity \$</b>
Total Comprehensive Income For The Year		-	11,774,892	-	11,774,892
<b>Transactions With Unitholders In Their Capacity As Unitholders:</b>					
Balance At 31 December 2022		84,930,477	(20,395,875)	22,115,043	86,649,645
Foreign Currency Reserve		-	-	(11,048,800)	(11,048,800)
Distributions	13	-	(69,127,594)	-	(69,127,594)
Units Redeemed	17	(2,725,210)	-	-	(2,725,210)
Transfer to/from FCTR and Distributions Paid / Payable		-	6,809,229	(6,809,229)	-
Total Transactions With Unitholders In Their Capacity As Unitholders		(2,725,210)	(62,318,365)	(17,858,029)	(82,901,604)
<b>Balance As At 31 December 2023</b>		<b>82,205,267</b>	<b>(70,939,348)</b>	<b>4,257,014</b>	<b>15,522,933</b>

\* Applications and reinvestments

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

**PASSIVE INCOME (USA COMMERCIAL PROPERTY) FUND  
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**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Note	2024 \$	2023 \$
<b>Cash Flows From Operating Activities</b>			
Receipts from Customers		483,925	7,219,671
Payments To Suppliers		(2,188,113)	(12,583,777)
Fees Paid To Responsible Entity		(230,758)	(1,565,471)
Interest Received		166,607	436,717
Finance Costs		(223,322)	(719,712)
Net Cash Provided By Operating Activities Before Taxes Paid		(1,991,661)	(7,212,572)
Taxes Paid		(306,034)	(11,688,940)
Net Cash Provided By Operating Activities After Taxes Paid	14	(2,297,695)	(18,901,512)
<b>Cash Flows From Investing Activities</b>			
Capital Expenditure On Properties		-	(1,131,584)
Sale Of Investment Properties		12,481,211	85,886,534
Net Cash From Investing Activities		12,481,211	84,754,950
<b>Cash Flows From Financing Activities</b>			
Repayment Of Borrowings		(5,411,842)	(5,593,422)
Redemptions Paid To Unitholders		-	(2,725,210)
Distributions Paid		(26,165,038)	(56,924,045)
Net Cash From Financing Activities		(31,576,880)	(65,242,677)
Net Increase / (Decrease) In Cash And Cash Equivalents		(21,393,364)	610,761
Cash At Beginning Of The Financial Year		25,458,289	24,644,427
Effect Of Exchange Rate On Cash And Cash Equivalents		363,054	203,101
<b>Cash At The End Of The Financial Year</b>	4	<u>4,427,979</u>	<u>25,458,289</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 CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024**

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**NOTE 1: STATEMENT OF MATERIAL ACCOUNTING POLICIES**

The following is a summary of material accounting policies adopted by the Fund in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**(a) Basis Of Preparation Of The Financial Report**

This financial report is a general purpose financial report prepared in accordance with Australian Accounting Standards, interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

This financial report has been prepared for the Fund as a consolidated Group. The Fund is a for-profit entity for the purpose of preparing this financial report. The Responsible Entity of the Fund is Plantation Capital Limited (PCL or the Responsible Entity). Unless otherwise noted, the financial report is presented in Australian currency.

The Fund's objective was to generate passive income and growth returns via its controlling interest in the US REIT in accordance with the objectives disclosed in the PDS. However, the Fund is now being wound up with the objective to return the remaining capital to investors as soon as possible.

The financial report was authorised for issue by the Directors of the Responsible Entity as at the date of the Directors' report.

*Going Concern Status*

As the Fund is being wound up, it is no longer considered a going concern as defined by AASB 101. This is an accounting definition only. There is no material change to solvency or in the application of accounting policies, including recognition, measurement and fair market value assumptions.

*Compliance with IFRS*

The financial report of the Fund complies with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

*Historical cost convention*

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

*Critical accounting estimates*

The preparation of the financial report requires the use of certain estimates and judgements in applying the Fund's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2.

**PASSIVE INCOME (USA COMMERCIAL PROPERTY) FUND  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024**

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

**(b) Principles Of Consolidation**

A controlled entity is any entity controlled by the Fund. Control exists where the Fund has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with the Fund to achieve the objectives of the Group.

The Fund and its controlled entities together are referred to in this financial report as the consolidated entity and the Fund. All inter-group balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Transactions, balances and unrealised gains on transactions between group entities are eliminated on consolidation. Where control of an entity is obtained during a financial period, its results are included in the consolidated income statement from the date on which control commences. Where control of an entity ceases during a financial period its results are included for that part of the period where control existed.

**(c) Investments In Subsidiaries**

The Fund's indirect property investments were held via its controlling interest in Ozinus Realty, LLC – a limited liability company registered in Delaware that elected to be treated as a REIT for US tax purposes. In turn, Ozinus Realty, LLC owned 100% of all the Limited Liability Companies that have been established to acquire the US properties purchased as at the date of this report. All the subsidiaries of Ozinus Realty, LLC had be terminated at year end, and Ozinus Realty, LLC had made its final liquidating distribution for US income tax purposes.

**(d) Income And Expenses**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Specific revenues and expenses are recognised as follows. Income from cash deposits is recognised at the time of receipt and interest is accrued on term deposits. Property income and expenses from US investment properties are recognised on an accruals basis. Non-property income and expenses are also recognised on an accruals basis.

**(e) Finance Costs**

Finance costs are recognised as expenses in the period in which they are incurred. Borrowing costs for long term borrowings are capitalised and amortised over the period of the loan.



**PASSIVE INCOME (USA COMMERCIAL PROPERTY) FUND  
AND CONTROLLED ENTITIES  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024**

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

**(f) Distributions**

Provision is made for the amount of any distribution declared, determined or publicly recommended by the Directors on or before the end of the period but not distributed at reporting date. The distribution amount payable to Unitholders as at period end is recognised separately on the statement of financial position.

**(g) Cash And Cash Equivalents**

Cash and cash equivalents include cash on hand and at deposit taking institutions including short-term deposits with an original maturity of three months or less which are held at call. The Responsible Entity uses this for day to day management of the Fund's cash requirements.

**(h) Investment Property**

Investment properties are properties that are held either to earn rental income, for capital appreciation, or both. Investment properties are stated at fair value.

External, independent appraisers, having an appropriate recognised professional qualification and relevant experience in the location and category of property, valued the US REIT's property portfolio in accordance with the Responsible Entity's valuation policy. External valuations were taken into consideration when determining fair value. Recent transactions for similar assets and investors required return (property capitalisation rate) were considered when adopting a valuation. Unless noted otherwise, the Directors believed a property's fair value was either: (i) its purchase cost plus any capital expenditure, or (ii) independent appraiser's assessment of fair market value plus any capital expenditure post the valuation date, ignoring transaction costs. Any gain or loss was recognised in the income statement.

**(i) Interest Bearing Liabilities**

Interest bearing liabilities are initially recognised at fair value and subsequently at amortised cost. Any difference between the proceeds (net of transaction costs) and redemption amount is recognised in the income statement over the period of the interest bearing liability using the effective interest method. Interest bearing liabilities are classified as current liabilities unless the Fund has an unconditional right to defer settlement of the liability for at least 12 months after balance date. Interest bearing liabilities are derecognised from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 1: STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONT'D)**

**(j) Financial Instruments**

*Loans and Receivables*

Loans and receivables are financial assets held in a business model where the objective is to hold the assets in order to collect contractual cashflows. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured either at amortised cost using the effective interest method, fair value through other comprehensive income or fair value through profit or loss.

Measurement methods are selected depending on the Fund's business model for managing financial assets and contractual cash flow characteristics of the financial asset. All loans and receivables are measured at amortised cost.

A simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit losses is used for trade receivables and lease receivables. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial (or, where appropriate, a shorter period) to the carrying amount of the financial asset. When calculating effective interest rate, the Fund estimates future cash flows considering all contractual terms of the financial instrument, but no future credit losses.

The calculation of the effective interest rate includes all fees paid or received are an integral part of the effective interest rate. The transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset.

Loans and receivables comprise trade and other receivables.

*Financial Liabilities*

Financial liabilities include trade payables, other creditors and loans from third parties including amounts due to Direct-related entities.

Non-derivative financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

**(k) Provisions (Liabilities)**

Provisions are recognised when there is a present obligation from past events and it is probable that an outflow of resources will be required to settle the obligation when it can be reliably estimated.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 1: STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONT'D)**

**(l) Unitholder Funds**

Units issued by the Fund are redeemable at the option of the unit holder (“puttable”) per the procedure outlined in the PDS dated 4 July 2018. As units satisfy all criteria for recognition as puttable financial instruments under paras 16A and 16B of AASB 132: Financial Instrument: Presentation, Unitholders’ funds are classified as equity.

**(m) Distributions & Taxation**

Under current Australian income tax legislation, the Fund is not subject to income tax provided it attributes the entirety of its taxable income to its Unitholders. The Fund’s constitution requires that all taxable income be attributed to Unitholders each year.

The Fund’s US subsidiary (Ozinus Realty, LLC) had elected to be taxed as a real estate investment trust (REIT) under US Federal taxation law, and on this basis will generally not be subject to US income tax on that portion of taxable income which is distributed to shareholders, provided it complies with the requirements of the US Tax Code and maintains its REIT status. The US REIT may ultimately realise a capital gain or loss on disposal of property which may result in a US income tax liability. If the capital gain is realised, it may give rise to a foreign income tax offset which would be available to Unitholders upon distribution. A deferred tax liability was recognised at 21% of the temporary difference between the carrying amount of the assets and their US tax cost bases. A current tax liability was recognised for any realised taxable gain upon disposal of US investment properties if included in the dividends.

Section 9 of the PDS provides a summary of the Australian and US taxation laws and expected taxation treatment of the various returns in the hands of the US REIT, the Fund and its investors (including how investors may be able to claim Foreign Income Tax Offsets for any tax paid on their behalf).

**(n) Determination Of Application (Issue) & Redemption Unit Prices**

Application (Issue) and redemption unit prices are determined by the value of net tangible assets attributable to Unitholders, (redemption unit price reached after adjusting for estimated transaction and other relevant costs), divided by the number of units on issue.

**(o) Goods & Services Tax (GST)**

Management fees and other expenses are recognised net of goods and services tax (GST), adjusted for reduced input tax credits as applicable, recoverable from the Australian Taxation Office (ATO). The net amount of GST recoverable from, or payable to, the ATO is included in the statement of financial position.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 1: STATEMENT OF MATERIAL ACCOUNTING POLICIES (cont'd)**

**(p) Foreign Currencies**

*Functional and presentation currency*

The Fund's financial report is measured using its functional currency. The financial report is presented in Australian dollars, which is the Fund's functional and presentation currency.

*Transactions and balances*

Transactions in foreign currencies are translated into functional currency at the rate of exchange at the date of the transaction. Foreign currency monetary items that are outstanding at reporting date (other than monetary items arising under foreign currency contracts where exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial period adjusted for any brokerage margin. Resulting exchange differences arising on settlement or re-statement are recognised as income and expenses for the financial period.

*Consolidated Entities*

The results and financial position of foreign subsidiaries which have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at balance date;
- income and expenses in the income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of Unitholders' Funds under a Foreign Currency Reserve Account.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to Unitholders' Funds. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the income statement as part of the gain or loss on sale.

**(q) Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation of the current financial year.

**NOTE 2: 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.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)**

Items where estimates and judgements are made include:

*Income Tax*

Under current legislation the Fund is not subject to income tax as its taxable income is distributed fully to Unitholders. Continued consistent treatment by the ATO is assumed.

*Investment Property*

The Directors assessed valuations 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.

The fair values of investment properties were reviewed periodically with reference to the property's purchase price, capital expenditure during the period and latest external independent property appraiser's report, excluding transaction costs. The critical assumptions underlying the Responsible Entity's estimates of fair values related to the receipt of contractual rents, expected future market rentals, maintenance requirements and discount rates that reflect current market uncertainties. If there was any change in these assumptions or regional or national economic conditions, the fair value of investment properties may differ from the actual value.

**NOTE 3: FINANCIAL RISK MANAGEMENT**

The Fund may be exposed to a variety of financial risks comprising:

- (a) Currency Risk
- (b) Interest Rate Risk

The Board of Directors of the Responsible Entity has the overall responsibility for identifying and managing operational and financial risks. The Fund held the following financial instruments at balance date:

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>		
Cash and Cash Equivalents	4,427,979	25,458,289
Sundry Debtors	4,172	50,133
Prepayments	-	63,736
Borrowing Costs	-	13,488
Other Financial Assets	2,500	299,236
	4,434,651	25,884,882

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 3: FINANCIAL RISK MANAGEMENT (CONT'D)**

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>Financial Liabilities</b>		
(excluding net assets attributable to Unitholders)		
Payables & Other Financial Liabilities	275,756	1,357,235
Distributions Payable	-	14,522,494
Long Term Loans	-	5,276,271
USA REIT Funding	-	135,571
	<u>275,756</u>	<u>21,291,571</u>

**(a) Currency Risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate with changing exchange rates. At year end the Fund held cash in a US Dollars (USD or US\$) account with the Commonwealth Bank of Australia.

At balance date, the carrying value of the Fund's net financial assets and liabilities held in foreign currencies expressed in AUD and as a percentage of its net assets were as follows:

	<b>2024</b>		<b>2023</b>	
	<b>\$</b>		<b>\$</b>	
	<b>\$</b>	<b>% of net assets</b>	<b>\$</b>	<b>% of net assets</b>
Cash Held In USD	4,356,423	98.24	8,437,985	54.36

  

	<b>2024</b>		<b>2023</b>	
	<b>\$</b>		<b>\$</b>	
	<b>Year End</b>	<b>Average</b>	<b>Year End</b>	<b>Average</b>
AUD:USD exchange rates	0.6193	0.6597	0.6823	0.6644

*Market Derivatives*

The Fund had not at year end, but may, utilise forward exchange contracts to mitigate foreign currency risk for transactions undertaken in foreign currencies.

*Sensitivity*

If foreign exchange rates were to increase/decrease by 10% from rates as at the reporting date, assuming all other variables that might impact on fair value remain constant, then the impact on profit for the period and net assets attributable to Unitholders is as follows:

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 3: FINANCIAL RISK MANAGEMENT (CONT'D)**

**(a) Currency Risk (cont'd)**

*Sensitivity (cont'd)*

	2024		2023	
	+10%	-10%	+10%	-10%
Impact on profit allocated to Unitholders	(396,038)	484,047	5,368,267	(6,560,413)
Impact on net assets attributable to Unitholders	(396,038)	484,047	(951,096)	1,162,347

**(b) Interest Rate Risk**

The Fund's exposure to interest rate risk in relation to future cash flows and the effective weighted average interest rates on classes of financial assets and liabilities at balance date is:

31 December 2024	Interest Bearing \$'000	Non-Interest Bearing \$'000	Total Carrying Amount \$'000	Weighted Average Effective Interest Rate	Fixed / Variable Rate
<b>Financial Assets</b>					
Cash & Cash					
Equivalents	69	-	69	4.15%	Variable
Sundry Debtors	-	4	4		
Other Financial Assets	-	3	3		
<b>Total Financial Assets</b>	<b>69</b>	<b>7</b>	<b>76</b>		
<b>Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>Net Financial Assets</b>	<b>69</b>	<b>7</b>	<b>76</b>		
31 December 2023	Interest Bearing \$'000	Non-Interest Bearing \$'000	Total Carrying Amount \$'000	Weighted Average Effective Interest Rate	Fixed / Variable Rate
<b>Financial Assets</b>					
Cash & Cash					
Equivalents	25,458	-	25,458	3.60%	Variable
Sundry Debtors	-	50	50		
Other Financial Assets	-	376	376		
<b>Total Financial Assets</b>	<b>25,458</b>	<b>426</b>	<b>25,884</b>		

These accompanying notes form part of these financial statements

**PASSIVE INCOME (USA COMMERCIAL PROPERTY) FUND  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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<b>31 December 2023</b>	<b>Interest Bearing</b>	<b>Non- Interest Bearing</b>	<b>Total Carrying Amount</b>	<b>Weighted Average Effective Interest Rate</b>	<b>Fixed / Variable Rate</b>
<b>Financial Liabilities</b>					
Trade Creditors	-	(861)	(861)		
Distribution Payable	-	(14,522)	(14,522)		
USA REIT Funding	(136)	-	(136)		
Borrowings	(5,276)	-	(5,276)	4.50%	Fixed
Other Liabilities	-	(496)	(496)		
<b>Total Financial Liabilities</b>	<b>(5,412)</b>	<b>(15,879)</b>	<b>(21,291)</b>		
<b>Net Financial Assets</b>	<b>20,046</b>	<b>(15,453)</b>	<b>4,593</b>		

*Sensitivity*

The impact of an increase or decrease in interest rates by 100 basis points (a decrease would mean effective interest rate is zero) is as follows:

	<b>2024 \$'000</b>		<b>2023 \$'000</b>	
	<b>+100bps</b>	<b>-100bps</b>	<b>+100bps</b>	<b>-100bps</b>
Impact on profit before finance costs allocated to Unitholders	1	(1)	255	(246)
Impact on net assets attributable to Unitholders	1	(1)	255	(246)
	<b>2024 \$</b>		<b>2023 \$</b>	

**NOTE 4: CASH & CASH EQUIVALENTS**

Cash In Bank – AUD	69,456	17,020,305
Cash In Bank – USD*	4,358,523	8,437,984
	<u>4,427,979</u>	<u>25,458,289</u>

\* AUD equivalent



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	<b>2024</b>	<b>2023</b>		
	<b>\$</b>	<b>\$</b>		
<b>NOTE 5: SUNDRY DEBTORS</b>				
GST Refund	4,172	23,457		
Rent Receivable	-	26,676		
	<u>4,172</u>	<u>50,133</u>		
<b>NOTE 6: OTHER ASSETS</b>				
<b>Current Assets</b>				
Security Deposits	-	12,275		
Prepaid Insurance	-	51,786		
Prepaid Expenses	2,500	11,950		
Borrowing Costs	-	6,746		
Other Current Assets	-	286,962		
	<u>2,500</u>	<u>369,719</u>		
<b>Non-Current Assets</b>				
Borrowing Costs	-	6,742		
Office Set-Up Costs	-	-		
	<u>-</u>	<u>6,742</u>		
<b>NOTE 7: INVESTMENT PROPERTIES</b>				
	<b>AUD</b>	<b>USD</b>	<b>AUD</b>	<b>USD</b>
	<b>('000)</b>	<b>('000)</b>	<b>('000)</b>	<b>('000)</b>
400 Tech Pkway, Peachtree Corners	-	-	11,065	7,550
	<u>-</u>	<u>-</u>	<u>11,065</u>	<u>7,550</u>
<b>NOTE 8: AUDITORS REMUNERATION</b>				
Amounts Paid & Payable to the Auditors	<u>38,550</u>	<u>59,826</u>		
<b>NOTE 9: PROVISIONS</b>				
Provision for Audit Fees	<u>16,198</u>	<u>30,476</u>		
<b>NOTE 10: TRADE &amp; OTHER PAYABLES</b>				
Accrued Property Taxes	-	33,170		
Unclaimed Monies	261,251	223,335		
Security Deposits Held	-	99,130		
Trade Creditors	14,505	474,985		
	<u>275,756</u>	<u>830,620</u>		

These accompanying notes form part of these financial statements

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	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 11: NON-CURRENT BORROWINGS</b>		
USA REIT Funding	-	135,571
Long Term Loans	-	5,276,271
	<u>-</u>	<u>5,411,842</u>
<b>NOTE 12: DEFERRED TAX LIABILITY</b>		
Opening Balance	135,942	15,032,690
Movement From Change in Fair Value of Properties	(135,942)	(14,896,748)
Closing Balance	<u>-</u>	<u>135,942</u>
<b>NOTE 13: DISTRIBUTIONS PAID &amp; PAYABLE</b>		
Interim	11,642,544	54,574,416
Final	-	14,553,178
	<u>11,642,544</u>	<u>69,127,594</u>
Payable At Year End	<u>-</u>	<u>14,522,494</u>
<b>NOTE 14: CASH FLOW INFORMATION</b>		
Reconciliation of net cash used in operating activities to net operating profit		
Net Operating Profit	4,320,857	11,774,892
Add / (Less) Non-Cash Items:		
Asset write off	49	148
Unrealised (Gains)	(6,035,765)	(12,458,961)
Write off of set up costs	198,465	-
(Increase) / Decrease in Sundry Debtors	45,961	431,058
Decrease in Other Current Assets	367,219	651,913
Decrease in Other Non-Current Assets	6,742	93,405
(Decrease) in Trade Payables & Other Liabilities	(554,864)	(4,167,340)
(Decrease) in Other Current Liabilities	(496,139)	(329,879)
(Decrease) in Provisions	(14,278)	-
(Decrease) in Deferred Tax Liability	(135,942)	(14,896,748)
Net Cash (Used In) Operating Activities	<u>(2,297,695)</u>	<u>(18,901,512)</u>

These accompanying notes form part of these financial statements

**PASSIVE INCOME (USA COMMERCIAL PROPERTY) FUND  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 15: PARENT ENTITY INFORMATION**

**(a) Parent Entity**

The parent entity of the Group is the Passive Income (USA Commercial Property) Fund.

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>(b) Financial Information</b>		
<b>Income Statement Information</b>		
Net profit (after tax) attributable to Unitholders of the parent entity	9,039,074	70,858,173
<b>Comprehensive Income Information</b>		
Total comprehensive income (after tax) attributable to Unitholders of the parent entity	9,039,074	70,858,173
<b>Statement of Financial Position Information</b>		
Current Assets	4,432,551	21,538,423
Non-Current Assets	-	-
Current Liabilities	(291,954)	(14,856,880)
Net Assets	4,140,597	6,681,543
Unitholders Funds	82,403,732	82,403,732
Undistributed Profits	(78,263,135)	(75,722,189)
Total Equity	4,140,597	6,681,543

**NOTE 16: CONTROLLED ENTITIES**

	<b>Country of Incorporation</b>	<b>% Owned</b>
Ozinus Realty LLC <i>(acquired 30 November 2012)</i>	USA	100%
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>

**NOTE 17: UNITHOLDERS' FUNDS**

Opening Balance	82,205,267	84,930,477
Set Up Fees	198,465	-
Redemptions	-	(2,725,210)
Closing Balance	82,403,732	82,205,267

**PASSIVE INCOME (USA COMMERCIAL PROPERTY) FUND  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 18: RELATED PARTY TRANSACTIONS**

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

**Key Management Personnel**

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

Stephen McKnight  
Paul Harper  
Ewan MacDonald (appointed 1 January 2024)

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. Ewan MacDonald, as Compliance Director was remunerated \$9,343 for providing compliance services for twelve months to 31 December 2024 (2023: \$Nil).

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

The following fees (net of GST) were paid to the Responsible Entity out of the Fund assets during the financial period:

	<b>12 Months Ended 31 December 2024</b>	<b>12 Months Ended 31 December 2023</b>
	<b>\$</b>	<b>\$</b>
Management Fees	230,758	1,565,471
Performance Fees	-	-
<b>Total fees</b>	<b>230,758</b>	<b>1,565,471</b>
Other Expense Reimbursements	-	11,245

Management fees decreased in line with less funds under management following distributions of returns of capital and profit. Expense reimbursements relate to Fund costs that are paid for by the Responsible Entity and reimbursed by the Fund.

**Related Party Investments Held By the Fund**

The Fund has no investment in the Responsible Entity.

Except as noted above, none of the Directors, or Director related entities held units in the Fund, directly, indirectly or beneficially. Responsible Entity or its Director-related entities may invest in or withdraw from the Fund on the same terms and conditions as applicable to other investors.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 18: RELATED PARTY TRANSACTIONS (CONT'D)**

**Units In The Fund Held By Related Parties**

	<b># of Units Held at 31 December 2024</b>	<b># of Units Held at 31 December 2023</b>
Stephen McKnight ( <i>Director</i> ) & Associated Parties	2,115,522	2,115,522
Plantation Capital Limited (PCL)	1,459,436	1,459,436
	<b>3,574,958</b>	<b>3,574,958</b>

The number of units held had not changed during the year as no distribution reinvestments were available to all investors.

	<b>Value of Units Held at 31 December 2024</b>	<b>Value of Units Held at 31 December 2023</b>
Stephen McKnight ( <i>Director</i> ) & Associated Parties	\$109,796	\$452,933
Plantation Capital Limited (PCL)	\$75,745	\$312,465
	<b>\$185,541</b>	<b>\$765,398</b>

Related party entities received gross distributions from the Fund of \$571,993 (2023: \$3,396,210). Fees paid to Plantation Capital Limited were disclosed earlier in this report.

**NOTE 19: COMMITMENTS AND CONTINGENCIES**

*Contingent Liability – IRS dispute*

On 9 February 2024 the US REIT received a notice from the IRS claiming that it failed to file a income tax return, and failed to pay income 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 amount owing was paid on time and in full. It may be that the US REIT, following the advice given to it by its external tax advisers, under-reported capital gains income, however this was subsequently corrected when lodging an amended income tax return. The Fund has engaged KPMG, LLC to appeal the IRS' notice. Following guidance from KPMG, the Responsible Entity believes there is a reasonable likelihood of the appeal being successful, and as such it has not included the IRS' penalties and interest in the financial statements.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 19: 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 the US REIT's insurance policy in place at the time the alleged event occurred.

**NOTE 20: RESPONSIBLE ENTITY DETAILS**

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

<b>Registered Office</b>	<b>Postal Address</b>	<b>Other Details</b>
2 / 271 PARA RD GREENSBOROUGH VIC. 3088 AUSTRALIA	PO BOX 532 CANTERBURY VIC. 3126 AUSTRALIA	P: 03 8592 0270 F: 03 8592 0276 W: <a href="http://www.PassiveIncomeFund.com">www.PassiveIncomeFund.com</a> E: <a href="mailto:admin@passiveincomefund.com">admin@passiveincomefund.com</a>

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

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**DIRECTOR'S DECLARATION**

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In the opinion of the Directors of Plantation Capital Limited, the Responsible Entity of Passive Income Fund:

1. The financial statements and notes as set out on pages 10 to 29, are in accordance with the Corporations Act 2001 and:
  - (a) Comply with Accounting Standards in Australia and the Corporations Regulations 2001;
  - (b) As stated in Note 1(a) the consolidated financial statements also comply with International Financial Reporting Standards; and
  - (c) Give a true and fair view of the financial position of the Fund as at 31 December 2024 and of its performance, as represented by the results of its operations and its cash flows for the financial year ended on that date.
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

Dated at Melbourne on 19 March 2025

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

### **Opinion**

We have audited the accompanying financial report of Passive Income (USA Commercial Property) Fund ("the Fund") and controlled entities, which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of material accounting policy information and other explanatory notes and the directors' declaration of the Company comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion, the financial report of Passive Income (USA Commercial Property) Fund is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Fund's financial position as at 31 December 2024 and of their performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

### **Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of Passive Income (USA Commercial Property) 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of Matter – Going Concern**

Without modifying our opinion, as the Passive Income (USA Commercial Property) Fund has an expected life of less than 1 year remaining, we draw attention to Note 1 of the financial report, which discloses that the Responsible Entity has continued the winding-up of the Passive Income (USA Commercial Property) Fund. As such, the Scheme is no longer regarded a going concern under AASB 101 *Presentation of Financial Statements*.



## Other Information

The directors of the responsible entity, Plantation Capital Ltd, are responsible for the other information. The other information comprises the information included in the Fund's annual report of the year ended 31 December 2024, but does not include the financial report and our auditors report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Financial Report

The directors of the responsible entity, Plantation Capital Ltd, are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of Passive Income (USA Commercial Property) Fund's to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate Passive Income (USA Commercial Property) Fund or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Fund's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [https://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). This description forms part of our auditor's report.



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



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