

Home Consortium

ASX RELEASE

24 February 2021

APPENDIX 4D AND HY21 FINANCIAL REPORT

Home Consortium (ASX: HMC) provides the attached Appendix 4D and HY21 Financial Report.

-ENDS-

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Authorised for release by the Home Consortium Board

About HomeCo

HomeCo is focused on the ownership, development and management of real assets. HomeCo manages a property portfolio of approximately \$1.7 billion with our tenants spanning daily needs, leisure and lifestyle, healthcare, wellness and government services enterprises across Australia. HomeCo's objective is to provide above average risk-adjusted returns for our securityholders.

1. Company details

Name of entity:	Home Consortium is a stapled group comprising Home Consortium Limited (ACN 138 990 593) and Home Consortium Developments Limited (ACN 635 859 700)
Reporting period:	For the half-year ended 31 December 2020
Previous period:	For the half-year ended 31 December 2019

2. Results for announcement to the market

This Appendix 4D should be read in conjunction with the attached directors' report which includes details of the results for the period.

	31 Dec 2020 \$m	31 Dec 2019 \$m	Change \$m	Change %
Revenues from ordinary activities	41.9	33.7	8.2	24%
Loss from ordinary activities after tax	(34.6)	(12.4)	(22.2)	179%
Loss for the half-year for owners of Home Consortium Ltd	(34.6)	(12.4)	(22.2)	179%
Loss for the half-year including Home Consortium Developments Limited that is stapled to Home Consortium Limited	(33.8)	(12.4)	(21.4)	173%

Dividends

	Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 30 June 2020 paid on 18 September 2020 to shareholders registered on 4 September 2020.	7.50	7.50
Interim dividend for the year ending 30 June 2021 will be paid on 17 March 2021 to shareholders registered on 3 March 2021.	6.00	6.00

Comments

The loss for the group after providing for income tax and non-controlling interest amounted to \$34.6 million (31 December 2019: \$12.4 million). Revenue from ordinary activities above includes revenue from the leasehold portfolio included in profit from discontinued operations in the statement of profit or loss.

Refer to the attached directors' report for detailed commentary on review of operations and financial performance

3. Net tangible assets

	31 Dec 20 \$	30 Jun 20 \$
Net tangible assets per ordinary security	2.69	3.69

The net tangible assets calculations above include deferred tax assets, right-of-use assets and lease liabilities.

4. Loss of control over entities

Name of entities (or group of entities) Home Consortium Leasehold Pty Ltd and its subsidiaries

Date control lost 20 November 2020

\$m

Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)	9.9
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) whilst controlled during the whole of the previous period (where material)	(9.7)

Refer to note 8 for further details.

5. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss)	
	Reporting period %	Previous period %	Reporting period \$m	Previous period \$m
HomeCo Daily Needs REIT (ASX: HDN)	26.6%	-	(5.9)	-
<i>Group's aggregate share of associates and joint venture entities' profit/(loss)</i>				
Profit/(loss) from ordinary activities after income tax			<u>(5.9)</u>	<u>-</u>

HomeCo Daily Needs REIT was established through the transfer of certain assets from the group followed by a distribution of units in HDN. The group holds a 26.6% interest in HomeCo Daily Needs REIT.

Refer to note 13 for further information.

6. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half Year Financial Report.


7. Attachments

Details of attachments (if any):

The Half Year Financial Report of Home Consortium for the half-year ended 31 December 2020 is attached.

8. Signed

As authorised by the Board of Directors

Signed  _____

Christopher Saxon
Chairman

Date: 23 February 2021

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Home Consortium

"Home Consortium" is a stapled group comprising Home Consortium Limited (ACN 138 990 593) and Home Consortium Developments Limited (ACN 635 859 700)

Half Year Financial Report - 31 December 2020

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The directors of Home Consortium Limited (referred to hereafter as the 'Company' or 'parent entity' or 'HCL') and Home Consortium Developments Limited ('HCDL') present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'group' or 'Home Consortium') consisting of HCL and the entities it controlled at the end of, or during, the half-year ended 31 December 2020, and the consolidated financial statements of HCDL and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

On 11 October 2019, HCL and HCDL were admitted to the official list of the Australian Securities Exchange ('ASX'). Fully paid ordinary shares in each of HCL and HCDL are stapled together to form stapled securities, and trades under the name 'Home Consortium' (ASX code: HMC).

HCDL was incorporated in Australia on 29 August 2019 as a public company limited by shares. The current period presented in the financial statements is for the period 1 July 2020 to 31 December 2020. The comparative period was from the date of incorporation 29 August 2019 to 31 December 2019, which was the notional first half-year reporting period in accordance with ASIC Instrument 19-0962.

Directors

Chris Saxon	Chairman (appointed as Chairman from 1 January 2021)
David Di Pilla	Managing Director and Chief Executive Officer (Chairman until 31 December 2020)
Zac Fried	Non-Executive Director
Greg Hayes	Non-Executive Director
Jane McAloon	Non-Executive Director
Brendon Gale	Non-Executive Director
Kelly O'Dwyer	Non-Executive Director (appointed on 18 November 2020)

Principal activity

The principal activities of the group during the period were the ownership, development and management of a property portfolio and the investment in and management of property funds.

Review of operations and financial performance

During the period, the group completed a number of strategic transactions to progress funds management initiatives via its 'Own, Develop and Manage' strategy. Such transactions included the following:

(i) On 1 July 2020, Home Consortium announced a number of strategic property acquisitions comprising the acquisition of three Woolworths anchored convenience-based neighbourhood centres for \$127.8 million and the Aurrum Erina residential aged care property ('Aurrum Erina') for \$32.6 million on a sale and lease back basis, which was subject to securityholder approval. The acquisitions were funded by a \$140.0 million fully underwritten placement on 7 July 2020 at \$2.88 per security and a non-underwritten share purchase plan which raised \$10.6 million on 28 July 2020. As part of the Aurrum Erina acquisition, Home Consortium issued to the vendor \$20.0 million of securities at \$2.88 per security and \$12.6 million cash as consideration. The issue of securities and acquisition of Aurrum Erina was approved by securityholders on 1 September 2020.

(ii) Establishment of the HomeCo Daily Needs REIT ('HDN'), a new real estate investment trust that owns a portfolio of convenience focussed assets. HDN is a standalone entity that listed on the ASX in November 2020 and is externally managed by Home Consortium via its subsidiary HMC Funds Management Limited (AFSL 237257). HDN was established through a capital reduction of Home Consortium and effected via a distribution in specie of ordinary units in HDN to Home Consortium securityholders ('Capital Distribution'). Home Consortium retained a direct investment in HDN of 26.6% as at 31 December 2020.

Following the transaction Home Consortium continues to retain an economic exposure to a convenience focussed property portfolio via its HDN unitholding but also now generates a new income stream as the external manager of HDN.

(iii) Disposal of the former Masters Hardware leasehold properties via the sale of Home Consortium Leasehold Pty Ltd and its subsidiaries to foundation shareholder Home Investment Consortium Company Pty Limited as trustee for the Home Investment Consortium Trust ('HICT') for a nominal consideration in November 2020. In addition, Woolworths Group Limited's second-ranking security over select assets of Home Consortium ceased and was replaced with a security interest over securities in Home Consortium held by HICT.

As a result of this transaction Home Consortium's company structure and financial reporting is simplified with no former Masters Hardware leasehold properties or legacy security interests remaining within the group or over the assets removing any impediment to future funds management and capital recycling activities.

(iv) Home Consortium also completed a \$125.0 million fully underwritten placement on December 2020 at \$3.80 per security to support the acquisition of properties focussed on health, education and government services. The acquisitions were undertaken to increase Home Consortium's existing exposure to the health, education and government services segment as it looks to establish and introduce third party capital into a new standalone REIT managed by Home Consortium.

The group recorded a statutory loss after tax for the current financial half-year of \$33.8 million compared to a loss of \$12.4 million for the half-year period ended 31 December 2019.

Funds from operations ('FFO') was \$18.7 million for the current financial half-year compared to FFO of \$0.3 million for the half-year period ended 31 December 2019. The movement was driven by the positive income contribution from new property developments and a reduction in financing costs following the October 2019 ASX listing. FFO excludes the impact from the former Masters Hardware leasehold properties which are captured as discontinued operations.

Funds from operations

The table below provides a reconciliation between the net profit/(loss) after tax for the period and funds from operations ('FFO'):

Currency: \$m (unless specified)	Consolidated 31 Dec 2020	Consolidated 31 Dec 2019
Funds from operations ('FFO')	18.7	0.3
Profit/(loss) before tax from discontinued operations	9.9	(5.4)
Income tax (expense)/benefit	(21.9)	2.8
Straight lining and amortisation	(2.0)	(0.2)
Amortisation of borrowing costs	(2.3)	(6.4)
Acquisition and transaction costs	(1.4)	(5.6)
Fair value movements	(11.8)	1.0
Loss on demerger	(15.4)	-
Share of loss from associate	(5.9)	-
Share of associate profit (adjusted)	(0.8)	-
Other adjustments	(0.9)	1.1
Net profit/(loss) after tax	<u>(33.8)</u>	<u>(12.4)</u>

Summary of financial position

A summary of the group's financial position as at 31 December 2020 is outlined below:

Currency: \$m (unless specified)	Consolidated 31 Dec 2020	Consolidated 30 June 2020
Assets		
Investment properties - freehold	633.7	1,013.8
Total assets	1,024.4	1,277.8
Net assets	779.6	729.5
Net tangible assets*	779.6	729.5
Number of shares on issue (million)	290.1	197.9
Net tangible assets (\$ per stapled security)	2.69	3.69
Adjusted net tangible assets (\$ per stapled security)**	2.39	3.20
Capital management		
Debt facility limit	315.0	500.0
Drawn debt	204.8	366.0
Cash and undrawn debt	200.0	136.9

Gearing ratio (%)	13.6%	35.6%
Hedged debt (%)	85.4%	47.8%
Cost of debt (% p.a.)	3.0%	2.4%

* *Net tangible assets include deferred tax assets, right-of-use assets and lease liabilities.*

** *Adjusted net tangible assets exclude the following: Lease mitigation account, right-of-use assets, lease liabilities, provisions and deferred tax assets.*

Property portfolio

The property portfolio comprised freehold investment properties as at 31 December 2020 with a fair value of \$633.7 million (30 June 2020: \$1,013.8 million). The reduction in the freehold investment properties was primarily driven by the transfer of properties to HDN (\$565.7 million) and subsequent Capital Distribution. During the financial half-year, acquisitions and additions of \$255.9 million were incurred.

Capital management

As at 31 December 2020, the Group had \$204.8 million of drawn debt, a gearing ratio of 13.6% and cash and undrawn debt of \$200.0 million. As part of the Capital Distribution Home Consortium reduced its debt facility limit by \$185.0 million to \$315.0 million (30 June 2020: \$500.0 million). Hedged debt as a percentage of drawn debt was 85.4% as at 31 December 2020 (30 June 2020: 47.8%). The group's cost of debt was 3.0% per annum as at 31 December 2020 (30 June 2020: 2.4% per annum).

Dividends

Dividends paid during the financial half-year were as follows:

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$m	\$m
Final dividend for the year ended 30 June 2020 of 7.5 cents per ordinary security	<u>19.3</u>	<u>-</u>

On 23 February 2021, the directors declared a fully franked interim dividend of 6.0 cents per ordinary security to be paid on 17 March 2021 to eligible securityholders registered on 3 March 2021.

Matters subsequent to the end of the financial half-year

Bathurst (New South Wales)

The Bathurst (New South Wales) property included in assets held for sale as at 31 December 2020 was sold on 29 January 2021.

Parafield (South Australia)

Included in assets held for sale as at 31 December 2020 is the Parafield property. Completion of the transfer of titles from HomeCo (Parafield) Pty Ltd ('HPPL') to HomeCo Daily Needs REIT is conditional on, and subject to, Parafield Airport's ('PAL') consent and a declaration from the Secretary of the Department of Infrastructure, Transport, Regional Development and Communications ('Department') that the proposed transfers are not prohibited under the Airport Regulations 1997 (Cth). On 17 February 2021 PAL received written declarations from the Department that each of the transfers were not prohibited. The transfers from HPPL to HDN's custodian is expected to occur before the end of the third quarter of the financial year 2021.

Coronavirus (COVID-19) pandemic

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation continues to evolve and is dependent on measures imposed by the Australian State and Federal authorities and other countries, such as vaccine programs, social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Apart from the dividend above, no other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

Rounding of amounts

Home Consortium Limited is an entity of the kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in the HCL group report have been rounded off in accordance with that Corporations Instrument to the nearest hundred thousand dollars, unless otherwise stated.

Home Consortium Development Limited is an entity of the kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in HCDL group report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, unless otherwise stated.

Related party confirmation

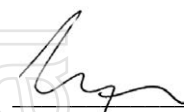
The directors confirm that since listing the Company has complied with, and continues to comply with, its Related Party Transaction Policy which is publicly available.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Christopher Saxon
Chairman

23 February 2021



David Di Pilla
Director



Auditor's Independence Declaration

As lead auditor for the review of Home Consortium Limited and Home Consortium Developments Limited for the half year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Home Consortium Limited and Home Consortium Developments Limited and the entities they controlled during the period.

A handwritten signature in blue ink that reads 'SJ Hadfield'.

SJ Hadfield
Partner
PricewaterhouseCoopers

Sydney
23 February 2021

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Home Consortium
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2020

Home Consortium

	Note	Consolidated 31 Dec 2020 \$m	31 Dec 2019 \$m
Revenue			
Property income from continuing operations	5	37.7	28.5
Other income			
Share of losses of associates accounted for using the equity method	13	(5.9)	-
Interest revenue		-	0.1
Change in assets/liabilities at fair value through profit or loss	6	(11.8)	1.0
Expenses			
Property expenses		(13.6)	(12.2)
Corporate expenses		(4.5)	(3.9)
Loss on demerger	13	(15.4)	-
Acquisition and transaction costs	7	(1.4)	(5.6)
Finance costs	7	(6.9)	(17.7)
Loss before income tax (expense)/benefit from continuing operations		(21.8)	(9.8)
Income tax (expense)/benefit		(21.9)	7.1
Loss after income tax (expense)/benefit from continuing operations		(43.7)	(2.7)
Profit/(loss) after income tax expense from discontinued operations	8	9.9	(9.7)
Loss after income tax (expense)/benefit for the half-year		(33.8)	(12.4)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year		<u>(33.8)</u>	<u>(12.4)</u>
<i>Loss for the half-year is attributable to:</i>			
Non-controlling interest		0.8	-
Owners of Home Consortium Limited		(34.6)	(12.4)
		<u>(33.8)</u>	<u>(12.4)</u>
<i>Total comprehensive income for the half-year is attributable to:</i>			
Continuing operations		0.8	-
Discontinued operations		-	-
Non-controlling interest		0.8	-
Continuing operations		(44.5)	(2.7)
Discontinued operations		9.9	(9.7)
Owners of Home Consortium Limited		(34.6)	(12.4)
		<u>(33.8)</u>	<u>(12.4)</u>

Non-controlling interest represents results of HCDL that is stapled to HCL.

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Home Consortium
 Consolidated statement of profit or loss and other comprehensive income
 For the half-year ended 31 December 2020

Home
 Consortium

		Cents	Cents
Earnings per security for loss from continuing operations			
Basic earnings per security	22	(17.34)	(1.97)
Diluted earnings per security	22	(17.34)	(1.97)
Earnings per security for profit/(loss) from discontinued operations			
Basic earnings per security	22	3.86	(7.08)
Diluted earnings per security	22	3.86	(7.08)
Earnings per security for loss			
Basic earnings per security	22	(13.48)	(9.05)
Diluted earnings per security	22	(13.48)	(9.05)

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The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Home Consortium
Consolidated statement of financial position
As at 31 December 2020

Home Consortium

	Note	Consolidated 31 Dec 2020 \$m	30 Jun 2020 \$m
Assets			
Current assets			
Cash and cash equivalents	9	89.8	29.6
Trade receivables		4.6	3.4
Other receivables		5.4	5.1
		<u>99.8</u>	<u>38.1</u>
Assets classified as held for sale	10	35.7	-
Total current assets		<u>135.5</u>	<u>38.1</u>
Non-current assets			
Investment property - freehold	11	633.7	1,013.8
Investment property - leasehold	12	-	84.3
Right-of-use assets		0.4	0.5
Investments accounted for using the equity method	13	168.3	-
Convertible notes		0.5	-
Deferred tax assets	14	86.0	141.1
Total non-current assets		<u>888.9</u>	<u>1,239.7</u>
Total assets		<u>1,024.4</u>	<u>1,277.8</u>
Liabilities			
Current liabilities			
Trade and other payables		37.5	38.2
Employee benefit obligations		0.9	0.5
Lease liabilities		0.2	9.6
Income tax		0.8	-
Total current liabilities		<u>39.4</u>	<u>48.3</u>
Non-current liabilities			
Borrowings	15	202.5	361.4
Derivative financial instruments		2.7	3.1
Provisions		-	2.0
Lease liabilities		0.2	133.5
Total non-current liabilities		<u>205.4</u>	<u>500.0</u>
Total liabilities		<u>244.8</u>	<u>548.3</u>
Net assets		<u>779.6</u>	<u>729.5</u>
Equity			
Contributed equity	16	3,710.6	3,608.0
Reserves		20.4	39.1
Accumulated losses		(2,952.2)	(2,917.6)
Equity attributable to the owners of Home Consortium Limited		<u>778.8</u>	<u>729.5</u>
Non-controlling interest		0.8	-
Total equity		<u>779.6</u>	<u>729.5</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Home Consortium
Consolidated statement of changes in equity
For the half-year ended 31 December 2020

Home Consortium

Consolidated	Contributed equity \$m	Profits reserve \$m	Share-based payments reserve \$m	Accumulated losses \$m	Non-controlling interest* \$m	Total equity \$m
Balance at 1 July 2019	3,291.2	486.6	-	(3,353.9)	-	423.9
Loss after income tax benefit for the half-year	-	-	-	(12.4)	-	(12.4)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(12.4)	-	(12.4)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs	316.6	-	-	-	-	316.6
Share-based payments	-	-	0.4	-	-	0.4
Balance at 31 December 2019	<u>3,607.8</u>	<u>486.6</u>	<u>0.4</u>	<u>(3,366.3)</u>	<u>-</u>	<u>728.5</u>

Consolidated	Contributed equity \$m	Profits reserve \$m	Share-based payments reserve \$m	Accumulated losses \$m	Non-controlling interest* \$m	Total equity \$m
Balance at 1 July 2020	3,608.0	38.6	0.5	(2,917.6)	-	729.5
Profit/(loss) after income tax expense for the half-year	-	-	-	(34.6)	0.8	(33.8)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(34.6)	0.8	(33.8)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (note 16)	292.2	-	-	-	-	292.2
Share-based payments	-	-	0.6	-	-	0.6
Capital Distribution (note 16)	(189.6)	-	-	-	-	(189.6)
Dividends paid (note 17)	-	(19.3)	-	-	-	(19.3)
Balance at 31 December 2020	<u>3,710.6</u>	<u>19.3</u>	<u>1.1</u>	<u>(2,952.2)</u>	<u>0.8</u>	<u>779.6</u>

* Non-controlling interest represents the contributed retained earnings of HCDL.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Home Consortium
Consolidated statement of cash flows
For the half-year ended 31 December 2020

Home Consortium

	Note	Consolidated 31 Dec 2020 \$m	31 Dec 2019 \$m
Cash flows from operating activities			
Receipts from vendors and tenants (inclusive of GST)		40.7	27.4
Payments to suppliers and employees (inclusive of GST)		(22.3)	(25.6)
Other income - lease mitigation account		11.0	-
Interest paid		(8.5)	(17.5)
		<u>20.9</u>	<u>(15.7)</u>
Net cash from/(used in) operating activities			
Cash flows from investing activities			
Payment for acquisition of investment property - freehold		(243.2)	(198.1)
Payment for acquisition of investment property - leasehold		(5.8)	-
Payments for convertible notes		(0.5)	-
Proceeds from disposal of investment property		22.6	-
Proceeds from deposits		1.4	5.3
Proceeds from demerger		205.0	-
Cash balance held by subsidiary on disposal of discontinued operations	8	(18.5)	-
		<u>(39.0)</u>	<u>(192.8)</u>
Net cash used in investing activities			
Cash flows from financing activities			
Proceeds from issue of shares		275.6	350.0
Share issue transaction costs		(4.9)	(15.9)
Proceeds from borrowings		83.5	335.0
Repayment of bank loans		(244.7)	(415.7)
Borrowing costs paid		-	(7.6)
Repayment of lease liabilities and surrenders		(11.9)	(22.7)
Loans to related party		-	(1.6)
Dividends paid	17	(19.3)	-
		<u>78.3</u>	<u>221.5</u>
Net cash from financing activities			
Net increase in cash and cash equivalents		60.2	13.0
Cash and cash equivalents at the beginning of the financial half-year		<u>29.6</u>	<u>29.2</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>89.8</u></u>	<u><u>42.2</u></u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Home Consortium as a group consisting of Home Consortium Limited (the 'Company', 'parent entity' or 'HCL') and the entities it controlled at the end of, or during, the half-year and Home Consortium Developments Limited ('HCDL') (collectively referred to as 'Home Consortium', 'group' or 'stapled group') (refer to note 2). The financial statements are presented in Australian dollars, which is Home Consortium's functional and presentation currency.

Home Consortium Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

19 Bay Street
Double Bay
NSW 2028

A description of the nature of the group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 23 February 2021. The directors have the power to amend and reissue the financial statements.

Note 2. Stapling of Home Consortium Developments Limited and ASX listing of Home Consortium

The shares in HCDL are stapled to the shares in HCL to form stapled securities such that shares in HCL and HCDL must be purchased or sold together. The stapled securities, known as 'Home Consortium' were admitted to the official list of the Australian Securities Exchange ('ASX') on 11 October 2019 with the ASX code HMC. HCL and HCDL remain separate legal entities in accordance with the Corporations Act 2001.

These financial statements present both the financial statements and accompanying notes of HCL and its controlled entities and HCDL jointly as permitted by ASIC Corporations (Stapled Group Reports) Instrument 2015/838. HCL is the deemed parent of the stapled group in accordance with AASB 3 'Business Combinations'. The contributed equity and retained earnings of HCDL is shown as a non-controlling interest in these financial statements even though the equity holders of HCDL (the acquiree) are also equity holders in HCL (the acquirer) by virtue of the stapling arrangement.

Note 3. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the group during the financial half-year ended 31 December 2020 and are not expected to have any significant impact for the full financial year ending 30 June 2021.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 3. Significant accounting policies (continued)

Investment in Associate

Associates are entities over which the group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The group discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Discontinued operations

A discontinued operation is a component of the group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

Comparatives

Comparatives in the financial report have been realigned to the current period presentation. Interest on lease liabilities has been reclassified to operating activities in the 31 December 2019 comparative period statement of cash flows.

Note 4. Operating segments

Identification of reportable operating segments

The group is organised into three operating segments: Freehold properties, Leasehold properties and Other. During the financial half-year, the group disposed of the former Masters Hardware leasehold properties via the sale of Home Consortium Leasehold Pty Ltd and its subsidiaries to Home Investment Consortium Trust ('HICT'). Refer note 8 'Discontinued operations' for further information. The Other segment consists of the group's newly acquired health and education assets as well as the group's property management services.

The operating segments are based on the internal reports that are reviewed by the Chief Operating Decision Makers ('CODM') in assessing performance and in determining the allocation of resources.

The CODM monitor the performance of the business on the basis of Funds from Operations ('FFO') for each segment. FFO represents the group's underlying and recurring earnings from its operations and is determined by adjusting the statutory net profit after tax for items which are non-cash, unrealised or capital in nature. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Note 4. Operating segments (continued)

Operating segment information

Consolidated - 31 Dec 2020	Freehold properties \$m	Leasehold properties \$m	Other \$m	Total \$m
Revenue				
Property rental income	28.1	4.0	0.8	32.9
Other property income	6.1	0.2	-	6.3
Management fee income	-	-	2.7	2.7
Total revenue*	<u>34.2</u>	<u>4.2</u>	<u>3.5</u>	<u>41.9</u>
FFO	15.7	-	3.0	18.7
Profit from discontinued operations	-	9.9	-	9.9
Fair value movements	(9.9)	-	(1.9)	(11.8)
Leasehold interest	(0.5)	-	-	(0.5)
Acquisition and transaction costs	(1.1)	-	(0.3)	(1.4)
Loss on demerger	(15.4)	-	-	(15.4)
Amortisation of borrowing costs	(2.3)	-	-	(2.3)
Straight lining and amortisation	(2.0)	-	-	(2.0)
Share of loss from associate	(5.9)	-	-	(5.9)
Share of associate profit (adjusted)	(0.8)	-	-	(0.8)
Rent guarantees	(0.4)	-	-	(0.4)
Profit/(loss) before income tax expense	<u>(22.6)</u>	<u>9.9</u>	<u>0.8</u>	<u>(11.9)</u>
Income tax expense				(21.9)
Loss after income tax expense				<u>(33.8)</u>
Assets				
Segment assets	944.8	-	79.6	1,024.4
Total assets				<u>1,024.4</u>
<i>Total assets include:</i>				
Investments in associates	168.3	-	-	168.3
Liabilities				
Segment liabilities	242.0	-	2.8	244.8
Total liabilities				<u>244.8</u>

* Revenue from leasehold properties is included in profit from discontinued operations in the consolidated statement of profit or loss and other comprehensive income.

Note 4. Operating segments (continued)

Consolidated - 31 Dec 2019	Freehold properties \$m	Leasehold properties \$m	Total \$m
Revenue			
Property rental income	26.7	5.0	31.7
Other property income	1.8	0.2	2.0
Total revenue	<u>28.5</u>	<u>5.2</u>	<u>33.7</u>
FFO	0.3	(8.9)	(8.6)
Leasehold rent	2.8	11.4	14.2
Interest and finance charges on lease liabilities	(1.7)	(6.4)	(8.1)
Fair value movements	1.0	0.1	1.1
Acquisition and transaction costs	(5.6)	(1.6)	(7.2)
Amortisation of borrowing costs	(6.4)	-	(6.4)
Straight lining and amortisation	(0.2)	-	(0.2)
Loss before income tax benefit	<u>(9.8)</u>	<u>(5.4)</u>	<u>(15.2)</u>
Income tax benefit			2.8
Loss after income tax benefit			<u>(12.4)</u>
Consolidated - 30 Jun 2020			
Assets			
Segment assets	1,099.5	178.3	1,277.8
Total assets			<u>1,277.8</u>
Liabilities			
Segment liabilities	389.9	158.4	548.3
Total liabilities			<u>548.3</u>

Note 5. Property income

	Consolidated 31 Dec 2020 \$m	31 Dec 2019 \$m
From continuing operations		
Property rental income	29.3	26.7
Other property income	5.5	1.8
Management fee income	2.9	-
Property income from continuing operations	<u>37.7</u>	<u>28.5</u>
<i>Disaggregation of revenue</i>		

The revenue from property rental and other property income is recognised on a straight-line basis over the lease term. Management fee income is recognised over time as services are rendered. All revenue is generated within Australia. Revenue from operating segments is set out in note 4.

Note 6. Change in assets/liabilities at fair value through profit or loss

	Consolidated 31 Dec 2020 \$m	31 Dec 2019 \$m
Net fair value (loss)/gain on investment properties - freehold	(12.0)	1.0
Loss on remeasurement of other financial liabilities	0.2	-
	<u>(11.8)</u>	<u>1.0</u>

Note 7. Expenses

	Consolidated 31 Dec 2020 \$m	31 Dec 2019 \$m
Loss before income tax from continuing operations includes the following specific expenses:		
<i>Finance costs</i>		
Interest and finance charges on borrowings	4.6	9.6
Interest and finance charges on lease liabilities	-	1.7
Amortisation of borrowing costs*	2.3	6.4
Finance costs expensed	<u>6.9</u>	<u>17.7</u>
<i>Acquisition and transaction costs</i>		
IPO costs	-	5.6
Group reorganisation costs	1.4	-
Total acquisition and transaction costs	<u>1.4</u>	<u>5.6</u>

*31 December 2020 amortisation of borrowing costs includes \$1.3 million written off upon reduction of the current debt facility limit and 31 December 2019 includes \$6 million written off upon refinancing of the previous bank debt of the group.

Government grants

During the financial half-year, the group has received JobKeeper support payments amounting to \$0.2 million (2019: \$Nil) from the Australian Government. These have been recognised as government grants in the financial statements and recorded as a deduction in corporate expenses.

Note 8. Discontinued operations

On 20 November 2020, the group disposed of the former Masters Hardware leasehold properties via the sale of Home Consortium Leasehold Pty Ltd and its subsidiaries to foundation shareholder Home Investment Consortium Company Pty Limited as trustee for the Home Investment Consortium Trust ('HICT'). The leasehold interest had a net asset position of \$35.5 million and was sold for a nominal \$1 consideration.

During the financial half-year the group recognised other income amounting to \$11.0 million relating to the Lease Mitigation Account ('LMA').

The LMA was established in October 2019 with an initial amount of \$60 million to fund the ongoing operating and development cost of leasehold properties. Under the Lease Mitigation Deed, the foundation security holders had certain obligations to make additional payments to the LMA on 31 March and 30 September of each year. On these dates the balance in the LMA had to be an amount not less than the lesser of:

- \$30 million (such amount to increase by CPI at 30 June each year); and
- 110% of the net present value ('NPV') of the Leasehold Liabilities calculated at 30 June and 31 December of that year, unless the NPV is equal to or less than \$5 million, where the percentage shall be 100% (the 'Minimum Balance').

Note 8. Discontinued operations (continued)

As part of the restructure, the LMA arrangements as described above have been terminated. HICT has issued Home Consortium a promissory note of \$33.9 million for the release of HICT's obligations under the LMA which is included in other income in the profit from discontinued operations below.

Financial performance information

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$m	\$m
Total revenue	4.2	5.2
Total other income	47.3	0.1
Total expenses	(6.1)	(10.7)
Profit/(loss) before income tax expense	45.4	(5.4)
Income tax expense	-	(4.3)
Profit/(loss) after income tax expense	45.4	(9.7)
Loss on disposal of subsidiary	(35.5)	-
Profit/(loss) after income tax expense from discontinued operations	9.9	(9.7)

Carrying amounts of assets and liabilities disposed

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$m	\$m
Cash and cash equivalents	18.5	-
Trade and other receivables	34.2	-
Investment properties - leasehold	79.4	-
Deferred tax assets	35.4	-
Total assets	167.5	-
Trade and other payables	8.0	-
Provisions	2.0	-
Lease liabilities	122.0	-
Total liabilities	132.0	-
Net assets	35.5	-

Note 8. Discontinued operations (continued)

Details of the disposal

	Consolidated	Consolidated
	31 Dec 2020	31 Dec 2019
	\$m	\$m
Total sale consideration*	-	-
Carrying amount of net assets disposed	(35.5)	-
	<hr/>	<hr/>
Loss on disposal before income tax	(35.5)	-
	<hr/>	<hr/>
Loss on disposal after income tax	(35.5)	-
	<hr/> <hr/>	<hr/> <hr/>

* Nominal sale consideration of \$1 was settled on disposal of leasehold operations.

Note 9. Cash and cash equivalents

	Consolidated	Consolidated
	31 Dec 2020	30 Jun 2020
	\$m	\$m
<i>Current assets</i>		
Cash at bank - lease mitigation account	-	26.7
Cash at bank - other	89.8	2.9
	<hr/>	<hr/>
	89.8	29.6
	<hr/> <hr/>	<hr/> <hr/>

Note 10. Assets classified as held for sale

	Consolidated	Consolidated
	31 Dec 2020	30 Jun 2020
	\$m	\$m
Investment property	35.7	-
	<hr/> <hr/>	<hr/> <hr/>

Included within assets held for sale are properties at Bathurst (New South Wales) and Parafield (South Australia).

Note 11. Investment property - freehold

	Consolidated	Consolidated
	31 Dec 2020	30 Jun 2020
	\$m	\$m
<i>Non-current assets</i>		
Investment property - freehold - at fair value	633.7	1,013.8
	<hr/> <hr/>	<hr/> <hr/>

Note 11. Investment property - freehold (continued)

Reconciliation

The reconciliation of the carrying values at the beginning and end of the current financial half-year is set out below

	Consolidated 31 Dec 2020 \$m
Balance at 1 July 2020	1,013.8
Acquisitions and additions	255.9
Disposals	(22.6)
Transfer to HDN upon demerger*	(565.7)
Transfer to assets held for sale (note 10)	(35.7)
Net loss from fair value adjustments (note 6)	(12.0)
	<hr/>
Balance at 31 December 2020	<u>633.7</u>

* Refer to note 13 for details on assets transferred upon demerger of HDN.

Refer to note 18 for further information on fair value measurement.

Note 12. Investment property - leasehold

	Consolidated 31 Dec 2020 \$m	30 Jun 2020 \$m
<i>Non-current assets</i>		
Investment property - leasehold - at fair value	<hr/> <u>-</u>	<hr/> <u>84.3</u>

Reconciliation

The reconciliation of the carrying values at the beginning and end of the current financial half-year is set out below:

	Consolidated 31 Dec 2020 \$m
Balance at 1 July 2020	84.3
Additions	1.3
Disposals and surrenders	(5.9)
Unrealised fair value loss	(0.3)
Disposal of leasehold portfolio (note 8)	(79.4)
	<hr/>
Balance at 31 December 2020	<u>-</u>

Refer to note 18 for further information on fair value measurement.

Note 13. Investments accounted for using the equity method

Establishment of HomeCo Daily Needs REIT

During the financial half-year, the group established HomeCo Daily Needs REIT (ASX: HDN) via an in-specie distribution to securityholders, which comprised a portfolio of stabilised, convenience-based assets. The Capital Distribution was approved by Home Consortium securityholders on 18 November 2020.

On 26 November 2020, HMC stapled security holders received one unit in the Trust for every two stapled securities held in Home Consortium via a Capital Distribution, resulting in the transfer of approximately 128.6 million units and Home Consortium retaining approximately 128.6 million units in HDN. On completion of the ASX listing and after HDN's additional share issue, Home Consortium retained a 26.6% equity interest in HDN.

As part of the Capital Distribution, the group transferred 13 properties with a fair value of \$565.7 million to HDN and received \$205 million in cash. The Parafield (South Australia) property has not been transferred as at 31 December 2020 but proceeds of \$18.5 million is included in other payables. The carrying amount of the net assets retained by Home Consortium was \$189.6 million after the Capital Distribution of \$189.6 million (refer to note 16).

The fair value of HDN at the date of transfer, being \$174.2 million, was calculated using the volume-weighted average price ('VWAP') of HDN shares as traded on the ASX over the first five trading days after the demerger date being \$1.35 per unit multiplied by the number of HDN shares on the initial listing of 128.6 million. This resulted in a loss on the demerger of \$15.4 million.

The investment in HDN is accounted for as an investment in associate using the equity method of accounting.

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$m	\$m
<i>Non-current assets</i>		
Investment in HomeCo Daily Needs REIT (ASX: HDN)	<u>168.3</u>	<u>-</u>
<i>Reconciliation</i>		
The reconciliation of the carrying amounts at the beginning and end of the current and previous financial half-year is set out below:		
Opening carrying amount	-	-
Fair value of investments in HomeCo Daily Needs REIT on demerger	174.2	-
Share of net loss after income tax for the period 15 October 2020 to 31 December 2020	<u>(5.9)</u>	<u>-</u>
Closing carrying amount	<u>168.3</u>	<u>-</u>

Note 14. Deferred tax assets

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$m	\$m
<i>Non-current assets</i>		
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	52.6	62.1
Right-of-use assets	-	(16.1)
Investment property	24.0	35.4
Lease liabilities	-	42.9
Others	3.4	11.8
	<u>80.0</u>	<u>136.1</u>
Amounts recognised in equity:		
Transaction costs on share issue	6.0	5.0
Net deferred tax assets	<u><u>86.0</u></u>	<u><u>141.1</u></u>

Movements in deferred tax balances:

	Consolidated
	31 Dec 2020
	\$m
Opening balance	141.1
Credit to equity	1.5
Derecognised upon sale of leasehold portfolio	(35.4)
Debited to profit or loss	<u>(21.2)</u>
Closing balance	<u><u>86.0</u></u>

Note 15. Borrowings

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$m	\$m
<i>Non-current liabilities</i>		
Senior secured bank debt	204.8	366.0
Capitalised borrowing costs	<u>(2.3)</u>	<u>(4.6)</u>
	<u><u>202.5</u></u>	<u><u>361.4</u></u>

Note 15. Borrowings (continued)

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	31 Dec 2020 \$m	30 Jun 2020 \$m
Total facilities		
Senior secured bank debt	315.0	500.0
Used at the reporting date		
Senior secured bank debt	204.8	366.0
Unused at the reporting date		
Senior secured bank debt	110.2	134.0

As part of the Capital Distribution, the group reduced its debt facility limit by \$185.0 million to \$315.0 million as at 31 December 2020. The group has complied with all financial covenants during the financial half-year.

Note 16. Contributed equity

	Consolidated			
	31 Dec 2020 Shares	30 Jun 2020 Shares	31 Dec 2020 \$m	30 Jun 2020 \$m
Ordinary shares - fully paid	290,121,283	197,912,426	3,710.6	3,608.0

Movements in ordinary share capital

Details	Date	Shares	\$m
Balance	1 July 2020	197,912,426	3,608.0
Issue of shares (at \$2.88 per ordinary share)	7 July 2020	48,611,111	140.0
Issue of shares (at \$2.83 per ordinary share)	28 July 2020	3,758,565	10.6
Issue of shares (at \$2.88 per ordinary share)	2 September 2020	6,944,444	20.0
Capital Distribution on demerger of HomeCo Daily Needs REIT (ASX:HDN)*	26 November 2020	-	(189.6)
Issue of shares (at \$3.80 per ordinary share)	10 December 2020	32,894,737	125.0
Share issue transaction costs, net of tax		-	(3.4)
Balance	31 December 2020	290,121,283	3,710.6

The issued shares of the group are made up of stapled securities comprising one share of HCL and one share of HCDL.

* As part of the Capital Distribution, the securityholders of HMC received one unit in HomeCo Daily Needs REIT for every two stapled securities held via a distribution in-specie, resulting in a capital reduction of \$189.6 million.

Note 17. Dividends

Dividends paid during the financial half-year were as follows:

	Consolidated 31 Dec 2020 \$m	31 Dec 2019 \$m
Final dividend for the year ended 30 June 2020 of 7.5 cents per ordinary security	19.3	-

On 23 February 2021, the directors declared a fully franked interim dividend of 6.0 cents per ordinary security to be paid on 17 March 2021 to eligible securityholders registered on 3 March 2021.

Note 18. Fair value measurement

Fair value hierarchy

The following tables detail the group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 31 Dec 2020	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
<i>Assets</i>				
Investment property - freehold	-	-	633.7	633.7
Investment property - held for sale	-	-	35.7	35.7
Convertible notes	-	-	0.5	0.5
Total assets	-	-	669.9	669.9
<i>Liabilities</i>				
Derivative financial instruments	-	2.7	-	2.7
Total liabilities	-	2.7	-	2.7
Consolidated - 30 Jun 2020	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
<i>Assets</i>				
Investment property - freehold	-	-	1,013.8	1,013.8
Investment property - leasehold	-	-	84.3	84.3
Total assets	-	-	1,098.1	1,098.1
<i>Liabilities</i>				
Derivative financial instruments	-	3.1	-	3.1
Total liabilities	-	3.1	-	3.1

Assets held for sale are measured at fair value on a non-recurring basis.

There were no transfers between levels during the financial half-year.

The carrying amounts of trade and other receivables and trade and other payables approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Note 18. Fair value measurement (continued)

Valuation techniques for fair value measurements categorised within level 2 and level 3

The basis of the valuation of investment properties is fair value. Independent valuations are obtained on a rotational basis to ensure each property is valued at least once every 24 months by an independent external valuer. Valuations are based on current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment. For properties not independently valued during a reporting period, a directors' valuation is carried out to determine the appropriate carrying value of the property as at the date of the report. Where directors' valuations are performed, the valuation methods include using the discounted cash flow method and the capitalisation method.

Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Level 3 assets and liabilities

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

Description	Unobservable inputs	Range (weighted average) 31 December 2020	Range (weighted average) 30 June 2020
Investment property - freehold and held for sale	(i) Capitalisation rate	5.0% to 8.0% (6.7%)	5.5% to 8.0% (6.6%)
	(ii) Discount rate	6.0% to 9.0% (7.5%)	6.3% to 9.0% (7.3%)
	(iii) Terminal yield	5.3% to 8.3% (6.9%)	5.8% to 8.3% (6.9%)
	(iv) Rental growth	2.0% to 3.5% (2.8%)	1.2% to 3.0% (2.3%)
Investment property - leasehold	(i) Discount rate		7.8% to 8.5% (8.1%)
	(ii) Rental growth		2.5% to 3.1% (2.8%)

A higher capitalisation rate, discount rate or terminal yield will lead to a lower fair value. A higher growth rate will lead to a higher fair value. The capitalisation rate is the most significant input into the valuation of investment property and therefore most sensitive to changes in valuation. A 25 basis point change in capitalisation rate would increase/decrease the fair value by \$22.5 million.

The ongoing COVID-19 pandemic requires a higher degree of judgement when considering the significant inputs that are assessed to determine the fair value of investment property. This is due to the uncertain future impact of the pandemic on key market inputs as well as the future financial performance of the investment properties. External valuation firms have acknowledged a 'material valuation uncertainty', which does not invalidate the market valuation however serves to highlight that the fair value assessment has been conducted using the information available at the time of the report and best estimates of future performance, however, the future impacts of the COVID-19 pandemic are unknown and may impact property valuations.

Note 19. Contingent liabilities

As at 30 June 2020, the group held 9 operating leases of which Woolworths Limited (the previous parent entity) remained the guarantor. If more than 5 of these Woolworths guarantees remained in place by the last business day of the month during which the 5th anniversary of change of control occurs (i.e. by 31 October 2022) a liability of \$5.0 million would have been due to Woolworths Limited.

In view of the sale of the leasehold portfolio (refer to note 8), the above contingent liability was extinguished during the financial half-year.

Note 20. Commitments

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$m	\$m
<i>Capital commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Capital expenditure	6.6	16.3
Property acquisitions	44.5	-
	51.1	16.3
	51.1	16.3

Note 21. Related party transactions

Related party transactions with HomeCo Daily Needs REIT ('HDN') during the financial half-year

HMC Funds Management Limited ('Responsible Entity') was acquired by HCDL on 18 September 2020 and later became the responsible entity of HDN. The Responsible Entity has appointed HomeCo DNR Property Management Limited (the 'Property Manager') and HomeCo DNR Investment Management Pty Ltd (the 'Investment Manager') to provide certain asset management, investment management and development management services to HDN in accordance with an Investment Management and Property and Development Management Agreement ('Management Agreements'). The Responsible Entity, Property Manager and Investment Manager are wholly owned subsidiaries of the group.

Refer to note 13 for details of the establishment of HDN.

Related party transactions with Aurrum Pty Ltd

The Erina residential aged care property was acquired from Aurrum Pty Ltd, a director and key management personnel ('KMP') related entity of David Di Pilla, Greg Hayes and Will McMicking, for \$32.6 million on a sale and lease back transaction which was approved by securityholders on 1 September 2020. As part of the acquisition Home Consortium issued \$20.0 million of securities at \$2.88 per security together with \$12.6 million cash as consideration.

Material related party transactions entered during the financial half-year are disclosed below:

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$'000	\$'000
Sale of goods and services:		
Investment management and property management fees from HDN	2,737	-
Responsible Entity expenses reimbursed from HDN	45	-
Management fees from Home Consortium Leasehold Pty Ltd, an entity controlled by Home Investment Consortium Company Pty Ltd, a director and KMP related entity of David Di Pilla, Greg Hayes, Zac Fried, Will McMicking and Andrew Boustred.	137	-
Rental income from Aurrum Pty Ltd	721	-
Other transactions:		
Rental guarantee expenses payable to HDN	158	-
Receipts from HDN (reimbursement of property deposits, capital expenditure and IPO transaction costs)	20,665	-

Note 21. Related party transactions (continued)

The following balances are outstanding at the reporting date:

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$'000	\$'000
Current receivables:		
Trade and other receivables from HDN	2,782	-
Receivable from Home Investment Consortium Company Pty Ltd, a director and KMP related entity of David Di Pilla, Greg Hayes, Zac Fried, Will McMicking and Andrew Boustred.	361	-
Current payables:		
Other payables to HDN	2,934	-

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$'000	\$'000
Non-current receivables:		
Convertible notes in Aurrum Childcare Pty Ltd, a director and KMP related entity of David Di Pilla, Greg Hayes and Will McMicking	548	-

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 22. Earnings per security

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$m	\$m
<i>Earnings per security for loss from continuing operations</i>		
Loss after income tax	(43.7)	(2.7)
Non-controlling interest	(0.8)	-
Loss after income tax	<u>(44.5)</u>	<u>(2.7)</u>
	Cents	Cents
Basic earnings per security	(17.34)	(1.97)
Diluted earnings per security	(17.34)	(1.97)

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$m	\$m
<i>Earnings per security for profit/(loss) from discontinued operations</i>		
Profit/(loss) after income tax	9.9	(9.7)
Non-controlling interest	-	-
Profit/(loss) after income tax	<u>9.9</u>	<u>(9.7)</u>

Note 22. Earnings per security (continued)

	Cents	Cents
Basic earnings per security	3.86	(7.08)
Diluted earnings per security	3.86	(7.08)
	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$m	\$m
<i>Earnings per security for loss</i>		
Loss after income tax	(33.8)	(12.4)
Non-controlling interest	(0.8)	-
Loss after income tax	<u>(34.6)</u>	<u>(12.4)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>256,645,221</u>	<u>137,054,938</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>256,645,221</u>	<u>137,054,938</u>
	Cents	Cents
Basic earnings per security	(13.48)	(9.05)
Diluted earnings per security	(13.48)	(9.05)

Note 23. Events after the reporting period

Bathurst (New South Wales)

The Bathurst (New South Wales) property included in assets held for sale as at 31 December 2020 was sold on 29 January 2021.

Parafield (South Australia)

Included in assets held for sale as at 31 December 2020 is the Parafield property. Completion of the transfer of titles from HomeCo (Parafield) Pty Ltd ('HPPL') to HomeCo Daily Needs REIT is conditional on, and subject to, Parafield Airport's ('PAL') consent and a declaration from the Secretary of the Department of Infrastructure, Transport, Regional Development and Communications ('Department') that the proposed transfers are not prohibited under the Airport Regulations 1997 (Cth). On 17 February 2021 PAL received written declarations from the Department that each of the transfers were not prohibited. The transfers from HPPL to HDN's custodian is expected to occur before the end of the third quarter of the financial year 2021.

Coronavirus (COVID-19) pandemic

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation continues to evolve and is dependent on measures imposed by the Australian State and Federal authorities and other countries, such as vaccine programs, social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Apart from the dividend declared as disclosed in note 17, no other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

This concludes the notes to the consolidated financial statements of Home Consortium Limited.

Home Consortium
Home Consortium Developments Limited consolidated statement of profit or loss and other
comprehensive income
For the half-year ended 31 December 2020

Home
Consortium

	Note	Consolidated 31 Dec 2020 \$'000	31 Dec 2019 \$'000
Revenue			
Property income	4	3,663	-
Net unrealised fair value loss	6	(1,928)	-
Expenses			
Property expenses		(14)	-
Corporate expenses		(341)	-
Acquisition and transaction costs		(302)	-
Finance costs		(340)	-
Profit before income tax expense		738	-
Income tax expense		(232)	-
Profit after income tax expense for the period attributable to the owners of Home Consortium Developments Limited		506	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period attributable to the owners of Home Consortium Developments Limited		506	-
		Cents	Cents
Basic earnings per security	14	0.20	-
Diluted earnings per security	14	0.20	-

		Consolidated	
	Note	31 Dec 2020 \$'000	30 June 2020 \$'000
Assets			
Current assets			
Cash and cash equivalents		4,142	-
Trade receivables	5	3,103	-
Prepayments		1,017	-
Total current assets		<u>8,262</u>	<u>-</u>
Non-current assets			
Investment property	6	70,450	-
Convertible notes	7	548	-
Deferred tax		548	-
Total non-current assets		<u>71,546</u>	<u>-</u>
Total assets		<u>79,808</u>	<u>-</u>
Liabilities			
Current liabilities			
Trade and other payables		2,200	-
Income tax		780	-
Employee benefits		45	-
Total current liabilities		<u>3,025</u>	<u>-</u>
Non-current liabilities			
Borrowings	8	76,277	-
Total non-current liabilities		<u>76,277</u>	<u>-</u>
Total liabilities		<u>79,302</u>	<u>-</u>
Net assets		<u>506</u>	<u>-</u>
Equity			
Contributed equity	9	-	-
Retained profits		506	-
Total equity		<u>506</u>	<u>-</u>

Home Consortium
Home Consortium Developments Limited consolidated statement of changes in equity
For the half-year ended 31 December 2020

Home Consortium

Consolidated	Contributed equity \$'000	Retained profits \$'000	Total equity \$'000
Balance at 29 August 2019	-	-	-
Profit after income tax expense for the period	-	-	-
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	-	-	-
Balance at 31 December 2019	-	-	-

Consolidated	Contributed equity \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2020	-	-	-
Profit after income tax expense for the period	-	506	506
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	-	506	506
Balance at 31 December 2020	-	506	506

		Consolidated	
	Note	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Cash flows from operating activities			
Receipts from vendors and tenants (inclusive of GST)		1,127	-
Payments to suppliers and employees (inclusive of GST)		(208)	-
Interest and other finance costs paid		(340)	-
Net cash from operating activities		579	-
Cash flows from investing activities			
Payments for acquisition of investment property	6	(72,166)	-
Payments for investments	7	(548)	-
Net cash used in investing activities		(72,714)	-
Cash flows from financing activities			
Proceeds from borrowings	8	76,277	-
Net cash from financing activities		76,277	-
Net increase in cash and cash equivalents		4,142	-
Cash and cash equivalents at the beginning of the financial period		-	-
Cash and cash equivalents at the end of the financial period		4,142	-

Note 1. General information

The financial statements cover Home Consortium Developments Limited as a consolidated entity consisting of Home Consortium Developments Limited (the 'Company', 'parent entity' or 'HCDL') and the entities it controlled at the end of, or during, the half-year (collectively referred to as the 'group'). The financial statements are presented in Australian dollars, which is Home Consortium Developments Limited's functional and presentation currency.

Home Consortium Developments Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

19 Bay Street
Double Bay
Sydney NSW 2000

The shares in HCDL are stapled to the shares in Home Consortium Limited ('HCL') to form stapled securities such that shares in HCL and HCDL must be purchased or sold together. The stapled securities, known as 'Home Consortium', were admitted to the official list of the Australian Securities Exchange ('ASX') on 11 October 2019 with the ASX code HMC. HCL and HCDL remain separate legal entities in accordance with the Corporations Act 2001.

A description of the nature of Home Consortium's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 23 February 2021.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Revenue recognition

The group recognises revenue as follows:

Property rental income

Property rental income is recognised on a straight-line basis over the lease term for leases with fixed rate or guaranteed minimum rent review clauses, net of incentives.

Other property income

Other property income represents direct and indirect outgoings. The group recognises direct and indirect outgoings based on actual costs incurred in accordance with the terms of the related leases on an accrual basis and billed monthly in arrears. Actual costs reflect the service provided. The amount of recoveries revenue is determined by the actual cost incurred and the terms in the lease. The outgoings recovered are recognised over the period the services are provided.

Management fee income

Management fees comprise of investment management and property management fees for properties managed on behalf of third parties.

Investment management fees are recognised over time based on a percentage of Gross Asset Value (GAV) of the investment being managed. Acquisition fees and disposal fees are recognised at a point in time as a percentage of purchase or disposal values on completion of settlement.

Property management fees are recognised over time based on the percentage of gross income. New tenant and lease renewal fees are recognised at a point in time as a percentage of annual rental on the successful execution of tenancy agreements.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses. Debts that are known to be uncollectable are written off when identified.

Investment properties

Investment properties consists of freehold investment properties held at fair value through profit or loss.

Investment properties are held for long-term rental and capital appreciation. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to profit or loss. Investment properties are derecognised when disposed of or when there is no future economic benefit expected. Gains or losses resulting from the disposal of freehold property is measured as the difference between the latest carrying value of the asset at the date of disposal and is recognised when control over the property has been transferred.

Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs

Finance costs are expensed in the period in which they are incurred.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Investments including convertible notes

Investments are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset, unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted.

Convertible notes are measured at fair value through profit or loss. Fair value movements are recognised in profit or loss.

Earnings per security

Basic earnings per security

Basic earnings per security is calculated by dividing the profit attributable to the owners of Home Consortium Developments Limited, excluding any costs of servicing equity other than ordinary securities, by the weighted average number of ordinary securities outstanding during the financial half-year, adjusted for bonus elements in ordinary securities issued during the financial half-year.

Diluted earnings per security

Diluted earnings per security adjusts the figures used in the determination of basic earnings per security to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary securities and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary securities.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the group during the financial half-year ended 31 December 2020 and are not expected to have any significant impact for the full financial year ending 30 June 2021.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 3. Operating segments

Identification of reportable operating segments

The group's operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. The directors of the group have determined that there is one operating segment being its Australian operations.

The CODM monitor the performance of the business on the basis of Funds from Operations ('FFO'). FFO represents the group's underlying and recurring earnings from its operations and is determined by adjusting the statutory net profit after tax for items which are non-cash, unrealised or capital in nature. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Refer to statement of financial position for segment assets and liabilities.

Major customers

During the half-year ended 31 December 2020 approximately 96% of the group's external revenue was derived from sales to two major customers.

Segment results

Consolidated - 31 Dec 2020	Total \$'000
FFO	3,001
Straight lining and amortisation	9
Acquisition and transaction costs	(344)
Fair value movements	(1,928)
Profit before income tax expense	<u>738</u>
Income tax expense	(232)
Profit after income tax expense	<u>506</u>

Note 4. Property income

	Consolidated 31 Dec 2020 \$'000	31 Dec 2019 \$'000
Property rental income	785	-
Other property income	3	-
Management fee income	<u>2,875</u>	-
Property income	<u><u>3,663</u></u>	<u><u>-</u></u>

Disaggregation of revenue

The revenue from property rental and other property income is recognised on a straight-line basis over the lease term. Management fee income is recognised over time as services are rendered. All revenue is generated in Australia.

Note 5. Trade receivables

Consolidated	
31 Dec 2020	30 June 2020
\$'000	\$'000

<i>Current assets</i>	
Trade receivables	3,103
	<u> </u>

Note 6. Investment property

Consolidated	
31 Dec 2020	30 June 2020
\$'000	\$'000

<i>Non-current assets</i>	
Investment property - at fair value	70,450
	<u> </u>

Reconciliation

Reconciliation of the carrying values at the beginning and end of the current financial half-year are set out below:

Balance at 1 July 2020	-	-
Acquisitions*	72,378	-
Net unrealised loss from fair value adjustments	(1,928)	-
	<u> </u>	<u> </u>
Balance at 31 December 2020	70,450	-

* Acquisitions represent the Erina aged care facility and three child care facilities.

Refer to note 11 for further information on fair value measurement.

Note 7. Convertible notes

Consolidated	
31 Dec 2020	30 June 2020
\$'000	\$'000

<i>Non-current assets</i>	
Convertible notes	548
	<u> </u>

Convertible notes represent an investment in Aurrum Childcare Pty Ltd, a related party, and bears interest at a variable rate plus a margin.

Refer to note 11 for further information on fair value measurement.

Note 8. Borrowings

	Consolidated	
	31 Dec 2020	30 June 2020
	\$'000	\$'000
<i>Non-current liabilities</i>		
Loan from Home Consortium Ltd	76,277	-
	76,277	-

The loan from Home Consortium Ltd, a related party, is to fund operational and capital expenditure. The loan is variable interest-bearing and payable after 10 years.

Note 9. Contributed equity

	Consolidated			
	31 Dec 2020	30 June 2020	31 Dec 2020	30 June 2020
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	290,121,283	197,912,426	-	-
	290,121,283	197,912,426	-	-

Movements in ordinary share capital

Details	Date	Shares	\$'000
Balance	1 July 2020	197,912,426	-
Issue of shares	7 July 2020	48,611,111	-
Issue of shares	28 July 2020	3,758,565	-
Issue of shares	2 September 2020	6,944,444	-
Issue of shares	10 December 2020	32,894,737	-
Balance	31 December 2020	290,121,283	-

The issued shares are made up of stapled securities comprising one share of HCL and one share of HCDL.

Note 10. Dividends

There were no dividends paid, recommended or declared during the current or previous financial period.

Note 11. Fair value measurement

Fair value hierarchy

The following tables detail the group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 31 Dec 2020	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Investment property	-	-	70,450	70,450
Convertible notes	-	-	548	548
Total assets	-	-	70,998	70,998

There were no transfers between levels during the financial period.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3

The basis of the valuation of investment properties is fair value. Independent valuations are obtained on a rotational basis to ensure each property is valued at least once every 24 months by an independent external valuer. Valuations are based on current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment. For properties not independently valued during a reporting period, a directors' valuation is carried out to determine the appropriate carrying value of the property as at the date of the report. Where directors' valuations are performed, the valuation methods include using the discounted cash flow method and the capitalisation method.

Level 3 assets and liabilities

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

Description	Unobservable inputs	Range (weighted average) 31 December 2020
Investment property	(i) Capitalisation rate	5.0% to 6.3% (5.8%)
	(ii) Discount rate	6.0% to 7.0% (6.5%)
	(iii) Terminal yield	5.3% to 6.5% (6.0%)
	(iv) Rental growth	2.0% to 3.5% (2.4%)

A higher capitalisation rate, discount rate or terminal yield will lead to a lower fair value. A higher growth rate will lead to a higher fair value. The capitalisation rate is the most significant input into the valuation of investment property and therefore most sensitive to changes in valuation. A 25 basis point change in capitalisation rate would increase/decrease the fair value by \$3,205,000.

The ongoing COVID-19 pandemic requires a higher degree of judgement when considering the significant inputs that are assessed to determine the fair value of investment property. This is due to the uncertain future impact of the pandemic on key market inputs as well as the future financial performance of the investment properties. External valuation firms have acknowledged a 'material valuation uncertainty', which does not invalidate the market valuation however serves to highlight that the fair value assessment has been conducted using the information available at the time of the report and best estimates of future performance, however, the future impacts of the COVID-19 pandemic are unknown and may impact property valuations.

Note 12. Related party transactions

Parent entity

Home Consortium Developments Limited is the parent entity.

Related party transactions with HomeCo Daily Needs REIT ('HDN') during the financial half-year

HMC Funds Management Limited ('Responsible Entity') was acquired by HCDL on 18 September 2020 and later became the responsible entity of HDN. The Responsible Entity has appointed HomeCo DNR Property Management Limited (the 'Property Manager') and HomeCo DNR Investment Management Pty Ltd (the 'Investment Manager') to provide certain asset management, investment management and development management services to HDN in accordance with an Investment Management and Property and Development Management Agreement ('Management Agreements'). The Responsible Entity, Property Manager and Investment Manager are wholly owned subsidiaries of the group.

Related party transactions with Aurrum Pty Ltd

The Erina residential aged care property was acquired from Aurrum Pty Ltd, a director and key management personnel ('KMP') related entity of David Di Pilla, Greg Hayes and Will McMicking, for \$32,590,000 on a sale and lease back transaction which was approved by securityholders on 1 September 2020. As part of the acquisition Home Consortium issued \$20,000,000 of securities at \$2.88 per security together with \$12,590,000 cash as consideration.

Material related party transactions entered during the financial half-year are disclosed below:

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$	\$
Sale of goods and services:		
Investment management and property management fees from HDN	2,736,977	-
Responsible Entity expenses reimbursed from HDN	45,037	-
Management fees from Home Consortium Leasehold Pty Ltd, an entity controlled by Home Investment Consortium Company Pty Ltd, a director and KMP related entity of David Di Pilla, Greg Hayes, Zac Fried, Will McMicking and Andrew Boustred	136,664	-
Rental income from Aurrum Pty Ltd	721,111	-
Payment for other expenses:		
Interest paid/payable to Home Consortium Limited	340,459	-

Receivable from and payable to related parties

The following balances are outstanding at the reporting date:

	Consolidated	
	31 Dec 2020	30 June 2020
	\$	\$
Current receivables:		
Trade and other receivables from HDN	2,782,014	-

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	31 Dec 2020	30 June 2020
	\$	\$
Non-current receivables:		
Convertible notes in Aurrum Childcare Pty Ltd, a director and KMP related entity of David Di Pilla, Greg Hayes and Will McMicking	548,000	-
Non-current borrowings:		
Loan from Home Consortium Ltd	76,276,845	-

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 13. Contingent liabilities and commitments

The group had no contingent liabilities and commitments as at 31 December 2020 and 30 June 2020.

Note 14. Earnings per security

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$'000	\$'000
Profit after income tax attributable to the owners of Home Consortium Developments Limited	506	-
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per security	256,645,221	-
Weighted average number of ordinary shares used in calculating diluted earnings per security	256,645,221	-
	Cents	Cents
Basic earnings per security	0.20	-
Diluted earnings per security	0.20	-

Note 15. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation continues to evolve and is dependent on measures imposed by the Australian State and Federal authorities and other countries, such as vaccine programs, social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

This concludes the notes to the consolidated financial statements of Home Consortium Developments Limited.

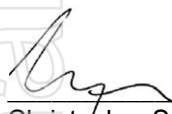
In the directors' opinion:

- the attached financial statements and notes of Home Consortium Limited ('HCL') and Home Consortium Developments Limited ('HCDL') comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes of HCL give a true and fair view of the group's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date;
- the attached financial statements and notes of HCDL give a true and fair view of the group's financial position as at 31 December 2020 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations, in a form similar to that referred to by section 295A of the Corporations Act 2001, from the Chief Executive Officer and Chief Financial Officer for the period ended 31 December 2020.

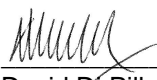
Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Christopher Saxon
Chairman

23 February 2021



David Di Pilla
Director



Independent auditor's review report to the Stapled Security Holders of Home Consortium Limited and Home Consortium Developments Limited

Report on the half year financial reports

Conclusion

We have reviewed the half year financial report of Home Consortium Limited (HCL) and the entities it controlled during the half year (together the Group), which comprises the consolidated balance sheet as at 31 December 2020, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other comprehensive income for the half year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

We have also reviewed the accompanying half year financial report of Home Consortium Developments Limited and the entities it controlled during the half year (HCDL), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other comprehensive income for the half year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our reviews, which are not an audit, we have not become aware of any matter that makes us believe that the accompanying half year financial reports of the Group and HCDL do not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group and HCDL's financial positions as at 31 December 2020 and of their performance for the half year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our reviews in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half year financial report* section of our report.

We are independent of the Group and HCDL in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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.

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Responsibility of the directors for the half year financial reports

The directors of the Group and HCDL (the directors) are responsible for the preparation of the half year financial reports that give 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 reports that give a true and fair view are free from material misstatement whether due to fraud or error.

Auditor's responsibility for the review of the half year financial reports

Our responsibility is to express a conclusion on the half year financial reports based on our reviews. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half year financial reports are not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group and HCDL's financial positions as at 31 December 2020 and their 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.

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SJ Hadfield

SJ Hadfield
Partner

Sydney
23 February 2021

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