Home Consortium

ASX RELEASE

26 February 2020

Appendix 4D and Half Year Financial Report

Home Consortium provides the attached Appendix 4D and Half Year Financial Report for the half year ended 31 December 2019.

-ENDS-

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Authorised for release by the Home Consortium Board

Home Consortium
Appendix 4D
Half-year report

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 2019

2. Results for announcement to the market

Home Consortium's financial performance for the period ended 31 December 2019 was materially influenced by the ASX listing in October 2019 and associated activities.

This Appendix 4D is required to include consolidated results only and should be read in conjunction with the attached Directors' Report which includes a breakdown of the results for both the freehold and leasehold properties.

	31 Dec 2019 $m	31 Dec 2018 $m	Change $m	Change %
Revenues from ordinary activities	33.7	20.7	13.0	63%
Loss from ordinary activities after tax	(12.4)	(4.3)	(8.1)	188%
Loss for the half-year	(12.4)	(4.3)	(8.1)	188%

Dividends

	Amount per security Cents	Franked amount per security Cents
Interim dividend for the year ending 30 June 2020 will be paid on 19 March 2020 to shareholders registered on 5 March 2020.	4.50	4.50

Comments
The loss for the group after providing for income tax amounted to $12,400,000 (31 December 2018: $4,300,000).

Refer to the attached 'Directors' Report' for detailed commentary.

3. Net tangible assets

	31 Dec 19 $	30 Jun 19 $
Net tangible assets per ordinary security	3.68	4.54

The net tangible assets per ordinary security is calculated based on 197,810,933 ordinary shares on issue as at 31 December 2019 and 93,333,335 ordinary shares that would have been in existence had the share-consolidation occurred as at 30 June 2019.

4. 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.

5. Attachments

Details of attachments (if any):

The Financial Report of Home Consortium and Home Consortium Developments Limited for the half-year ended 31 December 2019 is attached.

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6. Signed

Date: 25 February 2020

David Di Pilla
Director

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 2019

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') consisting of Home Consortium Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2019, and the financial statements of HCDL.

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 29 August 2019 to 31 December 2019, which is the notional first half-year reporting period in accordance with ASIC Instrument 19-0962.

Directors
David Di Pilla: Executive Chairman and Chief Executive Officer
Chris Saxon: Deputy Chairman and Lead Independent Non-Executive Director (appointed 23 September 2019)
Zac Fried: Non-Executive Director (appointed on 23 September 2019)
Greg Hayes: Non-Executive Director (appointed on 23 September 2019)
Jane McAloon: Independent Non-Executive Director (appointed on 23 September 2019)
Brendon Gale: Independent Non-Executive Director (appointed on 23 September 2019)

Principal activities
The principal activity of the group during the period was the ownership, development and management of a property portfolio comprising hyper-convenience retail and services centres.

Review of operations and results

Summary of financial performance
Home Consortium’s financial performance for the period ended 31 December 2019 was materially influenced by the ASX listing in October 2019 and associated activities:

- Equity raising of $350 million (comprising $325 million IPO and $25 million convertible note);
- Refinance of existing debt facilities with new senior secured bank facility;
- Acquisition of three leasehold properties (Hawthorn East, Upper Coomera and Coffs Harbour); and
- Establishment of a $60 million lease mitigation account ('LMA') to fund the ongoing cost of leasehold properties, with the foundation security holders to be liable for leasehold liabilities in excess of $60 million.

During the period the LMA was used to finance the surrender of two leasehold properties and four top-up arrangements.

In addition to the ASX listing and associated activities, Home Consortium has continued to progress the development and repurposing of its property portfolio into hyper-convenience retail and services centres. During the period ended 31 December 2019 the group opened an additional three new centres comprising two freehold centres (Hawthorn East and Keysborough) and one leasehold centre (Chullora).

A summary of the financial performance of the group for the period ended 31 December 2019 is set out below.

	Freehold properties 31 Dec 2019	Leasehold properties 31 Dec 2019	Consolidated 31 Dec 2019	Consolidated 31 Dec 2018
Total revenue ($m)	28.5	5.2	33.7	20.7
Net loss after tax ($m)	(2.7)	(9.7)	(12.4)	(4.3)
Funds from operations ('FFO') ($m)	0.3	(8.9)	(8.6)	(20.6)
FFO per stapled security (cents per stapled security)	0.15	(4.50)	(4.35)	(22.07)

The $8.1 million increase in net loss after tax compared to the prior period is mainly attributable to:

- $13.0 million increase in revenue including other income through completion of developments and lease up of vacancies in operating sites;
- $1.1 million increase in property expenses due to completion of developments;
- $1.5 million increase in corporate costs which is mostly attributable to higher salaries from additional head count including the appointment of a Board of Directors from the IPO;
- $3.2 million net increase in finance costs net of interest revenue including a $4.2 million increase in amortisation of borrowing costs and $1.1 million decrease in leasehold interest expense due to acquisition and surrender of assets;
- $4.7 million decrease in net fair value gains on investment properties (freehold and leasehold) and other financial liabilities;
- $7.2 million increase in acquisition, transaction and legal settlement costs; and
- $3.4 million decrease in income tax benefit.

Funds from operations and adjusted funds from operations
The table below provides a reconciliation between the net loss after tax for the period, funds from operations ('FFO') and adjusted funds from operations ('AFFO').

	Freehold properties 31 Dec 2019 $m	Leasehold properties 31 Dec 2019 $m	Consolidated 31 Dec 2019 $m	Consolidated 31 Dec 2018 $m
Net loss after tax	(2.7)	(9.7)	(12.4)	(4.3)
Income tax expense/(benefit)	(7.1)	4.3	(2.8)	(6.2)
Straight lining and amortisation	0.2	-	0.2	-
Amortisation of borrowing costs	6.4	-	6.4	2.2
Acquisition, transaction and legal settlement costs	5.6	1.6	7.2	-
Change in assets/liabilities at fair value through profit or loss	(1.0)	(0.1)	(1.1)	(5.8)
Interest and finance charges on lease liabilities	1.7	6.4	8.1	9.2
Less: Leasehold rent	(2.8)	(11.4)	(14.2)	(15.7)
FFO	0.3	(8.9)	(8.6)	(20.6)
Less: Maintenance capital expenditure	(0.3)	(0.1)	(0.4)	
Less: Leasing capital expenditure	(8.4)	(1.1)	(9.5)	
AFFO	(8.4)	(10.1)	(18.5)	

Summary of financial position
A summary of the group's financial position as at 31 December 2019 is set out below.

	Consolidated 31 Dec 2019	Consolidated 30 Jun 2019
Assets		
Investment property - freehold ($m)	964.2	771.0
Total assets ($m)	1,239.4	1,108.0
Net tangible assets ($m)	728.5	423.9
Number of shares on issue[1]	197,810,933	99,333,335
Net tangible assets ($ per stapled security)	3.68	4.54
Adjusted net tangible assets ($ per stapled security)	3.14	4.16

	Consolidated 31 Dec 2019
Capital management	
Drawn debt ($m)	335.0
Debt facility limit ($m)	500.0
Cash[2] and undrawn debt ($m)	170.2
Gearing ratio (%)[3]	33.9
Hedged debt (%)	52.2

[1] Number of shares on issues as at 30 June 2019 assumes share consolidation of 13.797 shares into 1 share had occurred.
[2] Excludes LMA cash balance.
[3] Gearing is defined as: Borrowings (excluding unamortised borrowing costs) less cash and cash equivalents divided by total assets less cash and cash equivalents, LMA cash balance, loans to related parties, investment property – leasehold and deferred tax assets.

Investment properties - freehold
The investment property portfolio at 31 December 2019 consisted of 30 freehold assets, including 21 operating centres and 9 future development centres valued at $964.2 million, compared to $771.0 million at 30 June 2019. The increase in valuations was driven by acquisitions and capital expenditure of $180.6 million, as well as reallocation of assets held for sale of $11.6 million and a fair value gain recognised of $1.0 million.

Treasury
The group entered into a new senior secured syndicated debt facility totalling $500 million which refinanced all existing debt facilities in October 2019. The facilities comprise a three-year $325 million term loan facility and a three-year $175 million revolving facility to be used to fund capital expenditure, acquisitions and general corporate purposes.

As at 31 December 2019 the group had $335 million of drawn debt and a gearing ratio of 33.9%.

The group also entered into interest rate swaps with hedged debt as a percentage of drawn debt at 52.2% as at 31 December 2019.

Leasehold mitigation
The $60 million Lease Mitigation Account ('LMA') was established in October 2019 to fund the ongoing cost of leasehold properties, with the foundation securityholders to be liable for leasehold liabilities in excess $60 million.

The LMA was subsequently used to finance the surrender of two leasehold properties and termination payments in relation to all of the four properties with surrender top-up arrangements. In addition, Home Consortium continued repurposing other leasehold properties including Chullora as well as additional tenancies across other individual leasehold properties

As a result the group had a leasehold net present value ('NPV') of $64.5m across nine leasehold properties remaining as at 31 December 2019.

Under the Lease Mitigation Deed, the foundation securityholders have certain obligations to make additional payments to the LMA on each Minimum Balance Review Date at 30 June and 31 December each year, to ensure that the pro-forma cash balance available in the LMA as at 31 March and 30 September of each year is an amount not less than the lesser of:

- $30 million (such amount to increase by CPI at 30 June each year); and
- an amount equal to 110% of the NPV of the Leasehold Liabilities (as set out in the audited or reviewed consolidated financial statements of Home Consortium for the period ending 30 June or 31 December of that year, as applicable) unless the NPV is equal to or less than $5 million, where the percentage shall be 100%.

A summary of the calculation as at the first Minimum Balance Review Date ended 31 December 2019 is outlined below. In accordance with the Lease Mitigation Deed no additional deposit is required as the LMA Credit Balance of $37.0m exceeds the required minimum balance of $30.0m. The next Minimum Balance Review Date is 30 June 2020.

Minimum Balance Review Date	31 Dec 2019 $m
NPV of Leasehold Liabilities	64.5
Minimum balance: the lesser of (a) or (b)	30.0
(a) Initial Minimum Balance	30.0
(b) NPV of Leasehold Liability x 110%	71.0
LMA – credit balance as at 31 December 2019	37.0
Additional Deposit requirement	-

Dividends
A fully franked interim dividend for the year ending 30 June 2020 of 4.50 cents per ordinary share will be paid on 19 March 2020 to eligible shareholders on the register as at 5 March 2020. This equates to a total estimated distribution of $8.9 million, based on the number of ordinary shares on issue as at 31 December 2019, and has not been provided for as at 31 December 2019.

Matters subsequent to the end of the financial half-year
Apart from the dividend above, no other matter or circumstance has arisen since 31 December 2019 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
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in the group report have been rounded off in accordance with that Corporations Instrument to the nearest hundred 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

David Di Pilla
Director

25 February 2020

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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 2019, 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 Developments Limited and Home Consortium Limited and the entities it controlled during the period.

SJ Hadfield
Partner
PricewaterhouseCoopers

Sydney
25 February 2020

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Home Consortium
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2019

	Note	Consolidated 31 Dec 2019 $m	Consolidated 31 Dec 2018 $m
Revenue			
Property income	5	33.7	20.7
Expenses			
Property expenses		(14.6)	(13.5)
Corporate expenses		(4.2)	(2.7)
Change in assets/liabilities at fair value through profit or loss	6	1.1	5.8
Interest revenue		0.1	0.2
Finance costs	7	(24.1)	(21.0)
Acquisition, transaction and legal settlement costs	7	(7.2)	-
Loss before income tax benefit		(15.2)	(10.5)
Income tax benefit		2.8	6.2
Loss after income tax benefit for the half-year		(12.4)	(4.3)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year		(12.4)	(4.3)
Loss for the half-year and total comprehensive income for the half-year is attributable to:			
Securityholders of HCL		(12.4)	(4.3)
Securityholders of HCDL		-	-
		(12.4)	(4.3)
		Cents	**Cents**
Basic earnings per security	22	(9.05)	(4.61)
Diluted earnings per security	22	(9.05)	(4.61)

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 2019

	Note	Consolidated 31 Dec 2019 $m	Consolidated 30 June 2019 $m
Assets			
Current assets			
Cash and cash equivalents	8	42.2	29.2
Trade receivables	9	2.8	0.9
Other receivables	10	5.6	29.8
		50.6	59.9
Assets classified as held for sale	11	-	11.6
Total current assets		50.6	71.5
Non-current assets			
Investment property - freehold	12	964.2	771.0
Investment property - leasehold	13	80.6	129.9
Right-of-use assets		0.6	-
Deferred tax assets	14	143.4	135.6
Total non-current assets		1,188.8	1,036.5
Total assets		1,239.4	1,108.0
Liabilities			
Current liabilities			
Trade and other payables		33.0	28.1
Borrowings	15	-	332.9
Employee benefit obligations		0.9	0.6
Lease liabilities	16	8.6	14.2
Total current liabilities		42.5	375.8
Non-current liabilities			
Borrowings	15	329.4	78.4
Provisions		2.0	3.4
Lease liabilities	16	137.0	226.5
Total non-current liabilities		468.4	308.3
Total liabilities		510.9	684.1
Net assets		728.5	423.9
Equity			
Contributed equity	17	3,607.8	3,291.2
Reserves		487.0	486.6
Accumulated losses		(3,366.3)	(3,353.9)
Total equity		728.5	423.9

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 2019

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 2018	3,291.2	486.6	-	(3,331.3)	-	446.5
Loss after income tax benefit for the half-year	-	-	-	(4.3)	-	(4.3)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(4.3)	-	(4.3)
Balance at 31 December 2018	3,291.2	486.6	-	(3,335.6)	-	442.2

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)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 17)	316.6	-	-	-	-	316.6
Share-based payments	-	-	0.4	-	-	0.4
Balance at 31 December 2019	3,607.8	486.6	0.4	(3,366.3)	-	728.5

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 2019

	Note	Consolidated 31 Dec 2019 $m	31 Dec 2018 $m
Cash flows from operating activities			
Receipts from vendors and tenants (inclusive of GST)		27.4	14.5
Payments to suppliers and employees (inclusive of GST)		(25.6)	(14.2)
Interest paid		(9.4)	(9.6)
Net cash used in operating activities		(7.6)	(9.3)
Cash flows from investing activities			
Payment for acquisition of investment property		(198.1)	(68.4)
Proceeds from disposal of investment property		-	32.3
Proceeds from deposits		5.3	-
Net cash used in investing activities		(192.8)	(36.1)
Cash flows from financing activities			
Proceeds from issue of shares	17	350.0	-
Share issue transaction costs		(15.9)	-
Proceeds from borrowings		335.0	66.5
Repayment of bank loans		(415.7)	-
Repayment of lease liabilities and surrenders		(30.8)	(14.0)
Loans to related party		(1.6)	(2.8)
Borrowing costs paid		(7.6)	(2.3)
Net cash from financing activities		213.4	47.4
Net increase in cash and cash equivalents		13.0	2.0
Cash and cash equivalents at the beginning of the financial half-year		29.2	21.7
Cash and cash equivalents at the end of the financial half-year		42.2	23.7

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 25 February 2020. 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

During the period, the shares in HCDL, a newly formed entity, were 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 2019 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 2019 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.

Accounting policy for earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Home Consortium, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the financial period.

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

Note 3. Significant accounting policies (continued)

Share-based payments

Equity-settled share-based compensation benefits are provided to employees. Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The group entered into an interest rate swap contract during the period of which the fair value was not material at period end.

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 2019 and are not expected to have any significant impact for the full financial year ending 30 June 2020.

With the exception of AASB 16 'Leases' which was early adopted in the previous financial year with effect from 1 July 2018, any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Comparatives

Comparatives in the financial report have been realigned to the current period presentation.

Note 4. Operating segments

Identification of reportable operating segments
The group is organised into two operating segments: Freehold properties and Leasehold properties. These 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 reviews operating profits (being segment revenue less property and corporate expenses). 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.

Operating segment information

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	28.5	5.2	33.7
Operating profit	12.4	2.5	14.9
Change in investments at fair value through profit or loss	1.0	0.1	1.1
Finance costs (net)	(17.6)	(6.4)	(24.0)
Acquisition, transaction and legal settlement costs	(5.6)	(1.6)	(7.2)
Loss before income tax benefit	(9.8)	(5.4)	(15.2)
Income tax benefit			2.8
Loss after income tax benefit			(12.4)
Assets			
Segment assets	1,065.8	173.6	1,239.4
Total assets			1,239.4
Liabilities			
Segment liabilities	356.1	154.8	510.9
Total liabilities			510.9

Consolidated - 30 June 2019	**Freehold properties $m**	**Leasehold properties $m**	**Total $m**
Assets			
Segment assets	919.7	188.3	1,108.0
Total assets			1,108.0
Liabilities			
Segment liabilities	431.4	252.7	684.1
Total liabilities			684.1

Note 5. Property income

	Consolidated	
	31 Dec 2019 $m	31 Dec 2018 $m
Property rental income	31.7	19.5
Other property income	2.0	1.2
Property income	33.7	20.7

Other property income includes recoveries from tenants recognised in accordance with AASB 15 'Revenue from contracts with customers'.

Disaggregation of revenue

The revenue from leases with tenants is all in Australia and recognised on straight line basis over the lease term. Revenue from operating segments are set out in note 4.

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

	Consolidated	
	31 Dec 2019 $m	31 Dec 2018 $m
Net unrealised fair value loss/(gain) on investment properties - freehold	(1.0)	(4.8)
Net unrealised fair value loss/(gain) on investment properties - leasehold	2.5	(0.1)
Realised fair value gain/(loss) on sale of investment properties	-	(0.9)
Gain on remeasurement of other financial liabilities	(2.6)	-
	(1.1)	(5.8)

Note 7. Expenses

	Consolidated	
	31 Dec 2019 $m	31 Dec 2018 $m
Loss before income tax includes the following specific expenses:		
Finance costs		
Interest and finance charges on borrowings	9.6	9.6
Interest and finance charges on lease liabilities	8.1	9.2
Amortisation of borrowing costs*	6.4	2.2
Finance costs expensed	24.1	21.0
Acquisition, transaction and legal costs		
IPO costs	5.6	-
Lease surrender costs	0.2	-
Legal settlements and litigation fees	1.4	-
Total acquisition and transaction costs	7.2	-

*Amortisation of borrowing costs includes $6 million written off upon refinancing of the previous bank debt of the group.

Note 8. Cash and cash equivalents

	Consolidated	
	31 Dec 2019 $m	**30 June 2019 $m**
Current assets		
Cash at bank - lease mitigation account	37.0	-
Cash at bank - other	5.2	29.2
	42.2	29.2

The lease mitigation account represents cash that can only be used to fund leasehold operating and development expenditure.

Note 9. Trade receivables

	Consolidated	
	31 Dec 2019 $m	**30 June 2019 $m**
Current assets		
Trade receivables	3.4	1.6
Provision for credit loss	(0.6)	(0.7)
	2.8	0.9

Note 10. Other receivables

	Consolidated	
	31 Dec 2019 $m	**30 June 2019 $m**
Current assets		
Prepayments	0.9	0.5
Related party receivable	-	20.1
Other deposits	1.8	7.1
Other receivables	2.9	2.1
	5.6	29.8

The related party receivable as at 30 June 2019 was extinguished through a share capital reduction during the period (refer to note 17).

Note 11. Assets classified as held for sale

	Consolidated	
	31 Dec 2019 $m	**30 June 2019 $m**
Assets classified as held for sale	-	11.6

The group had signed a conditional agreement prior to 30 June 2019 to sell part of a block of land at Roxburgh Park VIC to a third party subject to the satisfaction of certain conditions precedent. This contract has been cancelled and therefore is now classified as investment property.

Note 12. Investment property - freehold

	Consolidated 31 Dec 2019 $m	Consolidated 30 June 2019 $m
Non-current assets		
Investment property - freehold - at fair value	964.2	771.0

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

	Consolidated 31 Dec 2019 $m
Balance at 1 July 2019	771.0
Acquisitions and additions	180.6
Unrealised fair value gain	1.0
Transfer from assets classified as held for sale	11.6
Balance at 31 December 2019	964.2

The unrealised fair value gain includes property acquisition transaction costs of $7.6 million.

Refer to note 19 for further information on fair value measurement.

Note 13. Investment property - leasehold

	Consolidated 31 Dec 2019 $m	Consolidated 30 June 2019 $m
Non-current assets		
Investment property - leasehold - at fair value	80.6	129.9

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

	Consolidated 31 Dec 2019 $m
Balance at 1 July 2019	129.9
Additions	3.8
Disposals and surrenders	(50.6)
Unrealised fair value loss	(2.5)
Balance at 31 December 2019	80.6

Refer to note 19 for further information on fair value measurement.

Note 14. Deferred tax assets

	Consolidated	
	31 Dec 2019 $m	30 June 2019 $m
Non-current assets		
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	55.3	45.5
Investment property	51.8	51.5
Net lease liabilities	20.8	33.3
Others	10.5	5.3
	138.4	135.6
Amounts recognised in equity:		
Transaction costs on share issue	5.0	-
Net deferred tax assets	143.4	135.6

Note 15. Borrowings

	Consolidated	
	31 Dec 2019 $m	30 June 2019 $m
Current liabilities		
Senior secured bank debt	-	337.3
Capitalised borrowing costs	-	(4.4)
	-	332.9
Non-current liabilities		
Senior secured bank debt	335.0	-
Capitalised borrowing costs	(5.6)	-
Mezzanine facility	-	78.4
	329.4	78.4

During the financial half-year, the group has completed a new $500 million senior debt facility to replace the existing facilities. The first tranche consists of a three year $325.0 million term loan facility and the second tranche consists of a $175.0 million revolving facility both expiring on 15 October 2022. The interest comprises a base rate plus a variable margin, determined by the prevailing loan to valuation ratio.

The bank loans are secured by first mortgages over the group's freehold properties, including any classified as held for sale. The group has complied with the financial covenants during the period.

Note 15. Borrowings (continued)

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

	Consolidated	
	31 Dec 2019 $m	30 June 2019 $m
Total facilities		
Senior secured bank debt	500.0	350.0
Mezzanine facility	-	78.4
	500.0	428.4
Used at the reporting date		
Senior secured bank debt	335.0	337.3
Mezzanine facility	-	78.4
	335.0	415.7
Unused at the reporting date		
Senior secured bank debt	165.0	12.7
Mezzanine facility	-	-
	165.0	12.7

Note 16. Lease liabilities

	Consolidated	
	31 Dec 2019 $m	30 June 2019 $m
Current liabilities		
Lease liability	8.6	14.0
Other financial liability	-	0.2
	8.6	14.2
Non-current liabilities		
Lease liability	137.0	218.1
Other financial liability	-	8.4
	137.0	226.5

Reconciliation
Reconciliation of lease liabilities at the beginning and end of financial half-year are set out below:

	Lease liability $m	Other financial liability $m	Total $m
Balance at 1 July 2019	232.2	8.6	240.8
Acquisitions and surrender	(81.3)	(5.8)	(87.1)
New lease additions	0.6	-	0.6
Interest	7.9	0.2	8.1
Gain on remeasurement of financial liabilities recognised through profit or loss	-	(2.6)	(2.6)
Repayment of lease liabilities	(13.8)	(0.4)	(14.2)
Balance at 31 December 2019	145.6	-	145.6

Note 16. Lease liabilities (continued)

Other financial liability represented contractual obligations to pay rental top-ups on four properties where the group no longer had a leasehold interest in place. These were all extinguished through surrender payments during the period.

Note 17. Contributed equity

	Consolidated			
	31 Dec 2019 Shares	30 June 2019 Shares	31 Dec 2019 $m	30 June 2019 $m
Ordinary shares - fully paid	197,810,933	1,287,740,632	3,607.8	3,291.2

Movements in ordinary share capital

Details	Date	Shares	$m
Balance	1 July 2019	1,287,740,632	3,291.2
Share-consolidation of 13.797 shares held into 1 ordinary share	29 August 2019	(1,194,407,297)	-
Capital reduction	6 September 2019	-	(21.7)
Conversion of convertible notes into ordinary share capital	16 October 2019	7,462,687	25.0
Issue of shares at initial public offering (at $3.35 per ordinary share)	16 October 2019	97,014,911	325.0
Share issue transaction costs, net of tax		-	(11.7)
Balance	31 December 2019	197,810,933	3,607.8

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

Note 18. Dividends

A fully franked interim dividend for the year ending 30 June 2020 of 4.50 cents per ordinary share will be paid on 19 March 2020 to eligible shareholders on the register as at 5 March 2020. This equates to a total estimated distribution of $8.9 million, based on the number of ordinary shares on issue as at 31 December 2019, and has not been provided for as at 31 December 2019.

Note 19. 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 2019	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Assets				
Investment property - freehold	-	-	964.2	964.2
Investment property - leasehold	-	-	80.6	80.6
Total assets	-	-	1,044.8	1,044.8

Note 19. Fair value measurement (continued)

Consolidated - 30 June 2019	**Level 1 $m**	**Level 2 $m**	**Level 3 $m**	**Total $m**
Assets				
Investment property - freehold	-	-	771.0	771.0
Investment property - leasehold	-	-	129.9	129.9
Assets classified as held for sale	-	-	11.6	11.6
Total assets	-	-	912.5	912.5

Assets and liabilities 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.

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)**
Investment property - freehold	(i) Capitalisation rate	6.00% to 8.00% (6.85%)
	(ii) Discount rate	6.50% to 9.00% (7.66%)
	(iii) Terminal yield	6.25% to 8.25% (7.14%)
	(iv) Rental growth	2.08% to 3.33% (2.65%)
Investment property - leasehold	(i) Discount rate	8.00% to 8.50% (8.19%)
	(ii) Rental growth	2.50% to 3.07% (2.76%)

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.

Note 20. Contingent liabilities

As at 31 December 2019 the group holds 9 (30 June 2019: 12) operating leases of which Woolworths Limited (the previous parent entity) remains the guarantor. If more than 5 (30 June 2019: 5) of these Woolworths guarantees remain 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 $5,000,000 will be due to Woolworths Limited.

Note 21. Commitments

	Consolidated	
	31 Dec 2019 $m	30 June 2019 $m
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Capital expenditure	16.3	41.5
Property acquisitions	-	135.5
	16.3	177.0

Note 22. Earnings per security

	Consolidated	
	31 Dec 2019 $m	31 Dec 2018 $m
Loss after income tax	(12.4)	(4.3)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per security	137,054,938	93,333,335
Weighted average number of ordinary shares used in calculating diluted earnings per security	137,054,938	93,333,335
	Cents	**Cents**
Basic earnings per security	(9.05)	(4.61)
Diluted earnings per security	(9.05)	(4.61)

The weighted average number of ordinary securities for 31 December 2018 has been restated for the effect of the share consolidation (1 share for every 13.797 shares held) completed in August 2019, in accordance with AASB 133 'Earnings per share'.

Note 23. Events after the reporting period

Apart from the dividend disclosed in note 18, no other matter or circumstance has arisen since 31 December 2019 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.

	Period from 29 Aug 2019 to 31 Dec 2019 $
Profit before income tax expense	**-**
Income tax expense	-
Profit after income tax expense for the period attributable to the owners of Home Consortium Developments Limited	**-**
Other comprehensive income for the period, net of tax	-
Total comprehensive income for the period attributable to the owners of Home Consortium Developments Limited	**-**
	Cents
Basic earnings per security	-
Diluted earnings per security	-

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

Home Consortium
Home Consortium Developments Limited statement of financial position
As at 31 December 2019

	Note	31 Dec 2019 $
Assets		
Current assets		
Other receivables	4	6
Total current assets		6
Total assets		6
Liabilities		
Total liabilities		-
Net assets		6
Equity		
Contributed equity	5	6
Total equity		6

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

Home Consortium Developments Limited statement of changes in equity
For the half-year ended 31 December 2019

	Contributed equity $	Retained profits $	Total equity $
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	-	-	-
Transactions with owners in their capacity as owners:			
Contributions of equity, net of transaction costs (note 5)	6	-	6
Balance at 31 December 2019	6	-	6

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

	Period from 29 Aug 2019 to 31 Dec 2019 $
Net cash from operating activities	-
Net cash from investing activities	-
Net cash from financing activities	-
Net increase in cash and cash equivalents	-
Cash and cash equivalents at the beginning of the financial period	-
Cash and cash equivalents at the end of the financial period	-

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

Note 1. General information

The financial statements cover Home Consortium Developments Limited (the 'Company' or 'HCDL') as an individual entity. 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
NSW 2028

The current reporting period is from 29 August 2019 (incorporation date of HCDL) to 31 December 2019, which is the notional first half-year reporting period in accordance with ASIC Instrument 19-0962.

During the period the shares in HCDL were 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.

HCDL remained dormant throughout the reporting period. 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 25 February 2020.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 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'.

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. There was no impact on the adoption of these Standards and Interpretations.

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

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.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Other receivables
Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Contributed equity
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 3. Operating segments

The Company was dormant during the period and therefore there were no reportable operating segments.

Note 4. Current assets - other receivables

	31 Dec 2019 $
Other receivables	6

Note 5. Equity - contributed equity

	31 Dec 2019 Shares	$
Ordinary shares - fully paid	197,810,933	6

Movements in ordinary share capital

Details	Date	Shares	$
Balance	29 August 2019	-	-
Initial allotment of shares	29 August 2019	93,333,335	3
Conversion of convertible notes into ordinary share capital	16 October 2019	7,462,687	-
Issue of shares at initial public offering	16 October 2019	97,014,911	3
Balance	31 December 2019	197,810,933	6

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 6. Dividends

Refer to note 18 to the consolidated financial statements for details of any dividends paid or proposed by the Home Consortium stapled group.

Note 7. Contingent liabilities and commitments

Refer to notes 20 and 21 to the consolidated financial statements for details of contingent liabilities and commitments of the Home Consortium stapled group.

Note 8. Events after the reporting period

No matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes 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 give a true and fair view of Home Consortium group's financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date;
- the attached financial statements and notes give a true and fair view of Home Consortium Developments Limited's financial position as at 31 December 2019 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 2019.

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

David Di Pilla
Director

25 February 2020

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 report

We have reviewed the accompanying 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 statement of financial position as at 31 December 2019, 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, selected other explanatory notes and the directors' declaration.

We have also reviewed the accompanying half-year financial report of Home Consortium Developments Limited (HCDL) which comprises the statement of financial position as at 31 December 2019, the statement of changes in equity, statement of cash flows and statement of profit or loss and other comprehensive income for the period from 29 August 2019 to 31 December 2019, selected other explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's and HCDL's financial position as at 31 December 2019, the Group's performance for the half-year ended on that date and HCDL's performance for the period from 29 August 2019 to 31 December 2019; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of HCL and HCDL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and 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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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

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

1. giving a true and fair view of the Group's and HCDL's financial position as at 31 December 2019, the Group's performance for the half-year ended on that date and HCDL's performance for the period from 29 August 2019 to 31 December 2019;

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

SJ Hadfield
Partner

Sydney
25 February 2020