

## 1. Company details

Name of entity:	HMC Capital Limited
ACN:	138 990 593
Reporting period:	For the year ended 30 June 2024
Previous period:	For the year ended 30 June 2023

## 2. Results for announcement to the market

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

	30 June 2024 \$m	30 June 2023 \$m	Change \$m	Change %
Revenues from ordinary activities	81.1	68.7	12.4	18%
Profit from ordinary activities after tax for owners of HMC Capital Limited	66.0	57.1	8.9	16%
Profit for the year for owners of HMC Capital Limited	66.0	57.1	8.9	16%
Profit for the financial year including non-controlling interest	114.4	83.3	31.1	37%

### Dividends

	Amount per share Cents	Franked amount per share Cents
Final dividend for the year ended 30 June 2023 paid on 4 October 2023 to shareholders registered on 30 August 2023.	6.00	0.60
Interim dividend for the year ended 30 June 2024 paid on 2 April 2024 to shareholders registered on 27 February 2024.	6.00	-
Final dividend for the year ended 30 June 2024 will be paid on 2 October 2024 to shareholders registered on 28 August 2024.	6.00	4.20

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

## 3. Net tangible assets

	30 June 2024 \$	30 June 2023 \$
Net tangible assets per share	3.54	2.92

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

#### 4. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss)	
	30 June 2024 %	30 June 2023 %	30 June 2024 \$m	30 June 2023 \$m
HomeCo Daily Needs REIT	12.1%	14.1%	10.9	14.5
HealthCo Healthcare and Wellness REIT	22.3%	16.3%	1.5	3.4
General Medical Precinct Trust	27.4%	25.0%	-	-
Life Sciences Medical Precinct Trust	31.9%	30.7%	-	-
			<u>12.4</u>	<u>17.9</u>

Refer to note 13 of the notes to the consolidated financial statements for further information.

#### 5. Information about audit or review

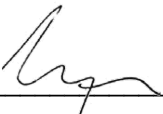
The financial statements have been audited and an unmodified opinion has been issued.

#### 6. Attachments

The Annual Report of HMC Capital Limited for the year ended 30 June 2024 is attached.

#### 7. Signed

As authorised by the board of directors

Signed  \_\_\_\_\_

Chris Saxon  
Chair

Date: 20 August 2024

**HM**Capital

HMC Capital Limited  
ACN 138 990 593

# Annual Report

30 June 2024

The directors of HMC Capital Limited (ACN 138 990 593) (referred to hereafter as the Company or HMC Capital) present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the group) consisting of HMC Capital and the entities it controlled at the end of, or during, the year ended 30 June 2024.

### **Directors**

The following persons were directors of HMC Capital during the whole of the financial year and up to the date of this report, unless otherwise stated:

Chris Saxon	Independent Non-Executive Chair
David Di Pilla	Managing Director and Chief Executive Officer
Zac Fried	Non-Executive Director
Brendon Gale	Independent Non-Executive Director
Greg Hayes	Non-Executive Director
Kelly O'Dwyer	Independent Non-Executive Director
Susan Roberts	Independent Non-Executive Director

### **Principal activity**

The principal activities of the group during the year was funds management via the ownership and management of real asset focused funds.

### **Significant changes in the state of affairs**

#### *HealthCo Healthcare and Wellness REIT (HCW)*

In July 2023, an extraordinary general meeting of unitholders of HCW was held to obtain unitholder approval to HMC Capital's participation in, and support of the capital raising undertaken by HCW to fund the acquisition of a property portfolio leased to a private hospital operator. A resolution was passed to amend the Investment Management Agreement to permit the payment of acquisition or disposal fees by way of issues of units to HMC Capital as investment manager, in lieu of cash. In September 2023, 5,368,042 units were issued by HCW in lieu of cash to HMC Capital to satisfy an acquisition fee that arose as a result of the acquisition.

Further, a resolution to enter a selective buy back agreement pursuant to which the responsible entity of HCW agreed to buy back, and HMC Capital agreed to sell, up to 8,456,608 units held by HMC Capital for nominal consideration was also passed to facilitate a bonus unit provided to eligible HCW unitholders, that was funded by HMC Capital. During the year, HCW executed the selective buyback of 3,486,061 units from HMC Capital pursuant to the selective buy back agreement.

In February 2024, HMC opted to unwind its position in a cash backed – equity total return swap and acquire ordinary units for HCW at \$1.335 per unit. This resulted in an additional 31,912,867 units being acquired, which increased HMC's direct investment in HCW at the time from 16.4% to 22.1%.

#### *HMC Wholesale Healthcare Fund (previously referred as Healthcare and Life Sciences Unlisted Fund)*

During the year, HMC Capital reached the financial close on the \$1.3 billion HMC Wholesale Healthcare Fund with \$650.0 million of equity commitments including \$328.0 million from four global institutional investors and \$322.0 million from HCW.

#### *HMC Capital Foundation*

In November 2023, HMC Capital seeded HMC Capital Foundation with \$0.4 million cash, 714,286 units of HCW and 913,044 units of HomeCo Daily Needs REIT (HDN). HMC Capital Foundation was established as a standalone public ancillary fund to support the development and scale of initiatives of beneficiaries and charities that are aligned to HMC Capital's social impact areas. HMC Capital Foundation is not considered a related party to HMC Capital as the Foundation is managed by an independent corporate professional trustee board with no representatives from HMC Capital.

#### *Sigma Healthcare Limited*

HMC Capital entered into an agreement to partially sub-underwrite the retail entitlement offer of Sigma Healthcare Limited announced in December 2023 up to \$27.1 million (being 38,733,737 shares) as part of its announced proposal to merge with Chemist Warehouse Group. Sigma Healthcare Limited is a key portfolio investment for the HMC Capital Partners Fund I. In January 2024, HMC Capital acquired \$12.8 million (being 18,222,292 shares) of Sigma Healthcare Limited under the partial sub-underwriting agreement and HMC Capital Partners Fund I acquired \$76.4 million (being 109,207,767 shares) by way of subscribing in full for its retail entitlements under the entitlement offer. As announced on 24 January 2024, HMC Capital had assigned the HMC Capital priority sub-underwriting (as defined in Sigma Healthcare Limited announcement dated 24 January 2024) to HMC Capital Partners Fund I.

*Other significant changes*

In January 2024, HMC Capital Partners Fund I completed a capital raising in which HMC Capital increased its investment in HMC Capital Partners Fund I by \$21.0 million (being 15,831,134 shares) and non-controlling investors increased their investment in HMC Capital Partners Fund I by \$54.6 million (being 42,838,621 shares). Post capital raise, HMC Capital had 46.25% ownership of HMC Capital Partners Fund I.

In March 2024, HMC Capital announced it had entered into final documentation to acquire 100% of StratCap LLC, a digital infrastructure funds management business in North America. Completion of the acquisition is subject to obtaining regulatory approvals and fulfilling customary acquisition conditions which remained pending as at 30 June 2024.

In May 2024, HMC Capital announced the acquisition of private credit fund manager, Payton Capital Limited (Payton). The acquisition of Payton, which provides commercial real estate loans, forms the foundation of a broader diversified Private Credit asset management platform to be established by HMC over the medium-term spanning real estate, corporate, mezzanine and infrastructure loans. Under the acquisition of Payton, HMC will pay the vendors upfront consideration of \$127.5 million comprising \$99.0 million cash and \$28.5 million in HMC shares. HMC has also agreed to pay an additional \$16.5m of contingent consideration in cash (payable in FY26), subject to business performance thresholds and other conditions. To support the acquisition and broader private credit strategy, HMC successfully completed a \$100.0 million institutional placement (being 15,384,616 fully paid ordinary shares) and a Share Purchase Plan of approximately \$58.3 million (being 8,969,665 fully paid ordinary shares). HMC has also realised \$50.0 million from an on-market sell-down of its co-investment in HDN from 14.0% to 12.1%. In July 2024, the group reached financial close for the Payton acquisition.

There were no other significant changes in the state of affairs of the group during the financial year.

**Review of operations and financial performance**

A summary of the financial performance of the group for the financial year ended 30 June 2024 is outlined below.

	<b>Consolidated</b>	
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>\$m</b>	<b>\$m</b>
Total revenue and other income including share of profit/loss of associates	108.8	95.4
Net profit for the year	114.4	83.3
Operating earnings before tax	129.3	82.1
Operating earnings after tax*	115.0	79.5
Weighted average shares on issue (million)	349.7	310.9
Operating earnings before tax per share (cents)	37.0	26.4
Operating earnings after tax per share (cents)	32.9	26.4

\*HMC has historically reported income tax expenses in its operating earnings on a cash payable basis due to the availability of income tax losses. As a result of HMC utilising all its available income tax losses in FY24, HMC in FY24 is now reporting income tax expense on an accounting basis including deferred taxes. As a result, HMC has adjusted the comparative period operating earnings after tax from \$82.1m to \$79.5m to include the \$2.6m expense.

The group recorded total revenue and other income (including share of profit/loss of associates) of \$108.8 million (30 June 2023: \$95.4 million) and a statutory profit after tax for the current financial year of \$114.4 million compared to \$83.3 million for the financial year ended 30 June 2023. The statutory profit is primarily attributable to revenue from management fees, dividend income, share of associate profit from investments in HomeCo Daily Needs REIT and HealthCo Healthcare and Wellness REIT of \$12.4 million and net fair value gains of \$121.4 million.

Operating earnings after tax was \$115.0 million for the current financial year compared to Operating earnings of \$79.5 million for the financial year ended 30 June 2023. Operating earnings is a non-IFRS financial measure which is not prescribed by Australian Accounting Standards and represents the group's underlying earnings from its operations and is determined by adjusting the statutory net profit after tax for items. A reconciliation is provided below and the guidance provided in Australian Securities and Investments Commission (ASIC) Regulatory Guide 230 'Disclosing non-IFRS financial information' has been followed when presenting the Operating earnings. Non-IFRS financial information has not been audited by the external auditor but has been sourced from the financial statements. The directors consider Operating earnings to represent the core earnings of the group.

*Operating earnings*

The table below provides a reconciliation between the net profit after tax for the year and Operating Earnings:

	<b>Consolidated</b>	
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>\$m</b>	<b>\$m</b>
Statutory profit after tax	114.4	83.3
Non-controlling interest adjustments	(48.4)	(26.2)
Income tax expense	14.3	2.6
Amortisation of borrowing costs	1.0	0.4
Acquisition and transaction costs	23.2	5.3
Net fair value movements	-	3.6
Depreciation expenses	1.1	1.2
Donation expense	3.1	-
Share of associate profit to Funds From Operations (FFO)	20.6	11.9
	<hr/>	<hr/>
Operating earnings before tax	129.3	82.1
	<hr/>	<hr/>
Income tax expenses	(14.3)	(2.6)
	<hr/>	<hr/>
Operating earnings after tax*	<u>115.0</u>	<u>79.5</u>

\*HMC has historically reported income tax expenses in its operating earnings on a cash payable basis due to the availability of income tax losses. As a result of HMC utilising all its available income tax losses in FY24, HMC in FY24 is now reporting income tax expense on an accounting basis including deferred taxes. As a result, HMC has adjusted the comparative period operating earnings after tax from \$82.1m to \$79.5m to include the \$2.6m expense

*Summary of financial position*

A summary of the group's financial position as at 30 June 2024 is outlined below:

	<b>Consolidated</b>	
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>\$m</b>	<b>\$m</b>
<b>Assets</b>		
Total assets	1,787.8	1,344.7
Net assets	1,506.8	1,200.4
Net tangible assets <sup>1</sup>	1,320.0	1,013.6
Adjusted net tangible assets <sup>2</sup>	1,072.6	881.7
Number of shares on issue (million)	373.1	347.6
Net tangible assets (\$ per share) <sup>1</sup>	3.54	2.92
Adjusted net tangible assets (\$ per share) <sup>2</sup>	2.87	2.54
<b>Capital management</b> <sup>3</sup>		
Debt facility limit	355.0	275.0
Drawn debt	-	36.5
Cash and undrawn debt	506.3	258.9
Gearing ratio (%) <sup>4</sup>	-	1.8%
Hedged debt (%)	-	-
Weighted average cost of debt (% per annum) <sup>5</sup>	-	5.3%

- <sup>1</sup> Net tangible assets include deferred tax assets and liabilities, right-of-use assets and lease liabilities.
- <sup>2</sup> Adjusted net tangible assets exclude the following: right-of-use assets, lease liabilities, provisions, deferred tax assets and liabilities and non-controlling interests. Prior year net tangible asset was revised to exclude non-controlling interest.
- <sup>3</sup> 30 June 2024 balance excludes a \$200.0 million non-recourse debt facility in HMC Capital Partners Fund I utilised for acquiring investments in Australian listed equities (30 June 2023: \$50.0 million) and cash balance of \$35.3 million (30 June 2023: \$28.3 million). Prior year cash and undrawn debt was revised to exclude the non-recourse debt facility.
- <sup>4</sup> Gearing is defined as borrowings (excluding unamortised establishment costs) less cash and cash equivalents divided by total assets excluding cash and cash equivalents and deferred tax assets and excludes HMC Capital Partners Fund I.
- <sup>5</sup> Excludes commitment fee on undrawn debt. Prior year weighted average cost of debt was revised to exclude commitment fee on undrawn debt.

### *Financing*

The group's bank debt comprises a \$355.0 million secured syndicated debt facility. During the year, the facility limit was increased from \$275.0 million to \$355.0 million and the maturity date of the facility was extended to 30 September 2025. This was undrawn as at 30 June 2024.

### **Dividends**

Dividends declared during the financial year were as follows:

	<b>Consolidated</b>	
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>\$m</b>	<b>\$m</b>
Final dividend to shareholders registered on 30 August 2023 of 6.0 cents (2023: 6.0 cents) per ordinary share	20.9	18.0
Interim dividend for the year ended 30 June 2024 of 6.0 cents (2023: 6.0 cents) per ordinary share	20.9	18.0
	<u>41.8</u>	<u>36.0</u>

On 20 August 2024, the directors determined to pay a dividend of 6.0 cents per ordinary share. The dividends will be paid on 2 October 2024 to eligible shareholders on the register on 28 August 2024.

### **Matters subsequent to the end of the financial year**

In May 2024, the group announced the acquisition of Payton Capital. In July 2024, the group reached financial close for the acquisition. At the date of this report, acquisition accounting is incomplete and will be disclosed in the next reporting period.

In July 2024, the group made an investment in StorEnergy Pty Limited ('StorEnergy'), a specialist developer, owner and operator of utility-scale battery energy storage systems. This represents the first investment by HMC's Energy Transition platform which is seeking to assemble an asset portfolio across the energy value chain. The group will continue to make further investments over a three year period resulting in a total expected investment of up to ~\$50 million to secure a majority interest.

No other matter or circumstance has arisen since 30 June 2024 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.

### **Likely developments and expected results of operations**

#### ***HMC Capital objectives***

The group's objective is to provide shareholders with above average risk-adjusted returns via its funds management strategy. The group intends to achieve this objective by investing in high conviction and scalable real asset strategies on behalf of shareholders and HMC Capital managed funds (third party capital). The group will undertake these activities whilst maintaining an appropriate capital structure and approach to sustainability.

#### ***Risk considerations***

##### ***Financial risks***

HMC Capital's performance is linked to the performance of its balance sheet investments and the performance of its managed funds, which are invested in real estate and private equity strategies (including Australian listed equities). The group has sought to protect itself from financial risks by maintaining a diversified portfolio of investments.

A key economic risk for HMC Capital's real asset investments (direct and in-direct via funds) relates to interest rate movements and the impact of this on valuations and the cost of debt funding. The group seeks to mitigate this risk by investing in quality assets, maintaining an appropriate capital structure and having adequate interest rate hedging in place.

Market risk is a key risk for HMC Capital's Australian listed equities investments (direct and in-direct via funds). Market risk is risk that the market price will fluctuate. This may be a result of factors such as economic conditions, government regulations, market sentiment, local and international political events, pandemic outbreaks, environmental and technological issues.

Sustainability is a key element of the group's business approach, driven by the belief that sustainable investments are aligned to long-term value creation and should not be dilutive to returns. HMC Capital Limited has established a sustainability subcommittee of the HMC Capital Board that governs HMC Capital's sustainability strategy and initiatives across its managed funds, including the group. HMC Capital are signatory to the United Nations Principal for Responsible Investing (UNPRI) and a Global Real Estate Sustainability Benchmark (GRESB) participating member. These two organisations provide an investment and reporting framework to help shape the group's future strategies and risk framework.

The geographic diversity of the group's portfolio limits the exposure to physical climate events to localised occurrences. The group also undertakes detailed due diligence on property acquisitions to assess environmental risks including contamination as well as any potential exposure to climate related events.

The group has considered the impact of environmental, social and governance ('ESG') risk as well as the volatile economic environment in preparing its consolidated financial statements and in the exercise of critical accounting assumptions and estimates, including impacts occurring during the reporting period and the uncertainty of future effects. The group will continue to monitor these risks and the impact they have on the consolidated financial statements.

### **Environmental regulation**

The directors are satisfied that adequate systems are in place to manage the group's environmental responsibility and compliance with regulations. The directors are not aware of any material breaches of environmental regulations and, to the best of their knowledge and belief, all activities have been undertaken in compliance with environmental requirements.

### **Information on directors**

Name:	<b>Chris Saxon</b>
Title:	Independent Non-Executive Chair
Experience and expertise:	Chris is a leading Australian lawyer and was, until 2019, a partner with global law firm Baker McKenzie. Chris' practice included large-scale mergers and acquisition ('M&A') transactions across a range of sectors, notably energy (gas, electricity, renewable), industrials, infrastructure and mining. He has consistently been ranked as one of Australia's foremost project and M&A lawyers and has been lead adviser on government restructuring transactions and privatisations, major trade sales and infrastructure projects. Chris served as Chair of Baker McKenzie Australia for five years (2012-2017) and held numerous leadership roles within the firm.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chair of the Remuneration and Nomination Committee
Interests in shares:	295,497 ordinary shares
Interests in rights:	11,706 share rights over ordinary shares
Interests in options:	4,000 options over ordinary shares

Name:	<b>David Di Pilla</b>
Title:	Managing Director and Chief Executive Officer
Experience and expertise:	David led the team that founded the consortium which led to the ultimate establishment HMC Capital in 2016. Since this time, the HMC Group has grown from its initial Masters portfolio to today being a diversified alternative asset manager. David has over 30 years of experience in investment banking, strategic advisory & consulting and corporate leadership as a Director and CEO. During his 20-year investment banking career David was Managing Director of UBS Investment Bank for over 15 years and during this time led some of Australia's landmark transactions across corporate M&A, Equity & Debt Capital Markets. Prior to his time at UBS, David reached the position of Vice President, Investment Banking at JP Morgan.



Other current directorships: Non-Executive Director of HomeCo Daily Needs REIT (ASX: HDN) - appointed on 18 September 2020 and Non-Executive Director of HealthCo Healthcare and Wellness REIT (ASX: HCW) - appointed on 28 July 2021.

Former directorships (last 3 years): None  
Interests in shares: 40,812,935 ordinary shares  
Interests in rights: 946,229 share rights over ordinary shares  
Interests in options: 40,000 options over ordinary shares

**Name:** **Zac Fried**  
**Title:** Non-Executive Director  
**Experience and expertise:** Zac worked closely with David Di Pilla and the team who founded and established the consortium to acquire the group in 2016. Zac is the Executive Deputy Chairman of the Spotlight Group ('SGH'). Established in 1973, SGH owns a number of major and iconic Australian retail brands: Spotlight, Anaconda, Mountain Designs and Harris Scarfe. SGH also controls one of Australia's largest privately-owned property portfolios, Spotlight Property Group, and operates a significant family office engaged in extensive investment and philanthropic activities. With over 13,000 employees and 300 big box retail outlets across four countries with large greenfield redevelopment opportunities, SGH is one of Australia's leading retail and property industry participants. Zac's focus at SGH includes the oversight of SGH's property development and leasing portfolio. He has over 30 years of retail and property industry experience and a demonstrable track record of successful site identification, property value creation, and the fostering of many longstanding and close lessee relationships. Zac has played the central role at SGH in the development of many of Australia and New Zealand's premier retail, office, and homemaker centres. In addition to his role at SGH, Zac is the President of the Large Format Retail Association ('LFRA'). The LFRA is the preeminent industry association responsible for representing the Australian retail industry interests of operators, investors, property owners, developers and service providers that collectively generate more than \$80 billion or 25% of all retail sales in Australia. Zac is also a Director and Investment Committee member of Valara Partners Fund, a leading Australian private credit real estate fund, a position he has held since 2017.

Other current directorships: None  
Former directorships (last 3 years): None  
Interests in shares: 19,270,857 ordinary shares  
Interests in rights: 9,864 share rights over ordinary shares  
Interests in options: 300,000 options over ordinary shares

**Name:** **Brendon Gale**  
**Title:** Independent Non-Executive Director  
**Experience and expertise:** Brendon is a leading Australian sporting administrator and is the current Chief Executive Officer and Executive Director of the Richmond Football Club, one of the largest and most diversified sports businesses in Australia. He is also an experienced company director, having previously served on the board of the Victorian Equal Opportunity and Human Rights Commission and is a current director of the Richmond Football Club Ltd and Aligned Leisure Pty Ltd. Brendon is experienced in leading high performing and profitable consumer businesses, operating in multi stakeholder environments, involving significant public investment. He has a proven track record in shaping positive corporate culture and setting the tone from the top through the alignment of purpose, values and strategy. Brendon holds a Master's Degree in Arts and Bachelor of Laws from Monash University, has completed the Advanced Management Program at Harvard Business School and is a Graduate of the Australian Institute of Company Directors.

Other current directorships: None  
Former directorships (last 3 years): None  
Special responsibilities: Chair of the Sustainability Committee and member of the Remuneration and Nomination Committee  
Interests in shares: 304,076 ordinary shares  
Interests in rights: 6,555 share rights over ordinary shares  
Interests in options: None

**Name:** **Greg Hayes**  
**Title:** Non-Executive Director

Experience and expertise:	Greg is currently a Non-Executive Director of HomeCo Daily Needs REIT (ASX: HDN) and Non-Executive Director of Aurrum Holdings Pty Ltd. Having worked across a range of industries including property, infrastructure, energy and logistics, Greg's skills and experience include strategy, finance, mergers and acquisitions and strategic risk management, in particular in listed companies with global operations. Greg was previously a Non-Executive Director of Ingenia Communities (ASX: INA), Chief Financial Officer and executive director of Brambles Limited, Chief Executive Officer and Group Managing Director of Tenix Pty Ltd, Chief Financial Officer and later interim Chief Executive Officer of the Australian Gaslight Company, Chief Financial Officer Australia and New Zealand of Westfield Holdings, Executive General Manager, Finance of Southcorp Limited. Greg has a Master of Applied Finance, a Graduate Diploma in Accounting, a Bachelor of Arts, completed an Advanced Management Programme (Harvard Business School, Massachusetts) and is a Member of Chartered Accountants Australia and New Zealand.
Other current directorships:	Non-Executive Director of HomeCo Daily Needs REIT (ASX: HDN) - appointed on 16 October 2020.
Former directorships (last 3 years):	Non-Executive Director of Ingenia Communities (ASX: INA) - retired on 1 July 2024
Special responsibilities:	Member of the Audit and Risk Committee
Interests in shares:	11,020,810 ordinary shares
Interests in rights:	10,851 share rights over ordinary shares
Interests in options:	None
Name:	<b>The Hon. Kelly O'Dwyer</b>
Title:	Independent Non-Executive Director
Experience and expertise:	Kelly is a Non-Executive Director of EQT Holdings Limited, HealthCo Healthcare and Wellness REIT, Barrenjoey Capital Partners Group Holdings Pty Ltd and the National Reconstruction Fund Corporation. Kelly previously served in the Australian Parliament as a Senior Cabinet Minister holding a number of key economic portfolios including Minister for Jobs and Industrial Relations; Minister for Revenue and Financial Services; Minister for Small Business; and Assistant Treasurer. She also served on the Cabinet's Budget Committee (the Expenditure Review Committee) and held the portfolios of Minister for Women; as well as Minister Assisting the Prime Minister with the Public Service. Prior to entering Parliament, Kelly worked in law, government and finance and brings insights across a range of sectors including funds management, superannuation, workplace relations, foreign investment, law and banking. Kelly holds a Bachelor of Laws (Hons) and Bachelor of Arts from The University of Melbourne.
Other current directorships:	Non-Executive Director of EQT Holdings Limited (ASX:EQT) - appointed on 29 March 2021 and Non-Executive Director of HealthCo Healthcare and Wellness REIT (ASX: HCW) - appointed on 1 August 2021.
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Committee, member of the Sustainability Committee and member of the Remuneration and Nomination Committee.
Interests in shares:	74,477 ordinary shares
Interests in rights:	5,619 share rights over ordinary shares
Interests in options:	1,000 options over ordinary shares
Name:	<b>Susan Roberts</b>
Title:	Independent Non-Executive Director
Experience and expertise:	Susan is an experienced director and CEO with over 30 years in the financial services, investment and insurance industries. Susan's current roles include Chair of Audit for AIG Australia and Teachers Health, and she is a director of Metlife Australia. Susan has a technical actuarial and investment background coupled with risk management, business strategy, governance and stakeholder management skills. Susan has significant commercial and financial executive experience, including CEO and Managing Director of Lazard Asset Management Pacific, and Director, Strategy at Lend Lease Investment Services. Susan has previously served as a Non-Executive Director of Maple Brown Abbott and as Chair of the Audit and Risk, and Claims Committee for Zurich Australia Superannuation. Susan was also Chair of the Investor Working Group for the 30% Club in Australia. Susan holds a Bachelor of Economics from Macquarie University and is a Fellow of the Actuaries Institute of Australia.
Other current directorships:	None

Former directorships (last 3 years):	None
Special responsibilities:	Chair of the Audit and Risk Committee and member of the Sustainability Committee
Interests in shares:	58,157 ordinary shares
Interests in rights:	6,555 share rights over ordinary shares
Interests in options:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

### Company secretary

Andrew Selim joined HMC Capital as a senior executive in 2017 and is Group General Counsel and Company Secretary. He is responsible for all legal, compliance and governance activities of HMC Capital and its managed funds. Andrew has over 20 years of local and international experience in real estate, funds management and corporate law. Before joining the group, Andrew was Senior Legal Counsel and Company Secretary at GPT Group. Prior to that, he was a Senior Associate at Allens Linklaters. Andrew holds a Master of Laws, Bachelor of Laws (Honours) and Bachelor of Science (Advanced), all from the University of Sydney and is admitted to practise as a solicitor in Australia, England and Wales. He is also a Graduate of the Australian Institute of Company Directors and is a Member of the Governance Institute of Australia and Association of Corporate Counsel Australia. He previously sat on the Law Society of New South Wales In-House Corporate Lawyers Committee and was previously Chair of the Property Council of Australia's Future Leaders Mentoring Program Subcommittee. Andrew has also been recognised by The Legal 500 GC Powerlist, Australasian Lawyer and Doyles Guide as a leading in-house lawyer.

### Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2024, and the number of meetings attended by each director were:

	Full Board Attended	Full Board Held	Remunera- tion and Nomination Committee Attended	Remunera- tion and Nomination Committee Held	Audit and Risk Committee Attended	Audit and Risk Committee Held	Sustain- ability Committee Attended	Sustain- ability Committee Held
Chris Saxon	10	10	3	3	-	-	-	-
David Di Pilla*	9	10	-	-	-	-	-	-
Zac Fried	10	10	-	-	-	-	-	-
Brendon Gale	10	10	3	3	-	-	3	3
Greg Hayes	10	10	-	-	4	4	-	-
Kelly O'Dwyer	10	10	3	3	4	4	3	3
Susan Roberts	10	10	-	-	4	4	3	3

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

\* David Di Pilla attended remuneration and nomination, audit and risk and sustainability committee meetings by invitation.

### Shares under option

There are 2,795,102 unissued ordinary shares of HMC Capital under options outstanding at the date of this report. The exercise price per option is \$7.00 and the options expire on 30 November 2025.

### Shares under share rights

There were 3,389,824 unissued ordinary shares of HMC Capital under performance rights at the date of this report. The rights are exercisable at \$Nil exercise price.

No person entitled to exercise the share rights had or has any right by virtue of the share right to participate in any share issue of HMC Capital or of any other body corporate.

**Shares issued on the exercise of options**

6,000 ordinary shares of HMC Capital were issued on the exercise of options during the year ended 30 June 2024 and up to the date of this report. The options were exercised at an exercise price of \$7.00 per share.

**Shares issued on the exercise of performance rights**

835,325 ordinary shares of HMC Capital were issued on the exercise of performance rights during the year ended 30 June 2024 and up to the date of this report. The performance rights were exercised at an exercise price of \$Nil per share.

**Indemnity and insurance of officers**

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

**Indemnity and insurance of auditor**

The Company has not, during or since the end of the financial year, agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

**Proceedings on behalf of HMC Capital**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of HMC Capital, or to intervene in any proceedings to which HMC Capital is a party for the purpose of taking responsibility on behalf of HMC Capital Limited for all or part of those proceedings.

**Non-audit services**

There were no non-audit services provided during the financial year by the auditor.

**Officers of the Company who are former partners of KPMG**

There are no officers of the Company who are former partners of KPMG.

**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 this report have been rounded off in accordance with that Corporations Instrument to the nearest hundred thousand dollars, unless otherwise stated.

**Related party confirmation**

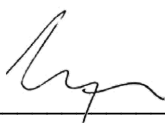
The directors confirm that since listing the Company has complied with, and continues to comply with, its related party transaction policy which is publicly available.

**Auditor's independence declaration**

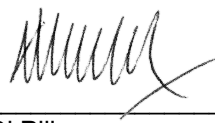
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Chris Saxon  
Chair



David Di Pilla  
Director

20 August 2024

## Remuneration report (audited)

On behalf of the Board of Directors (the 'Board') and as Chair of the Remuneration and Nomination Committee, I am pleased to present HMC Capital's remuneration report for the year ended 30 June 2024 ('FY24').

FY24 was a year of transition and growth for HMC Capital. Our platform of assets has continued to grow and diversify, as the Group invests in areas and products in growing and scalable sectors. HMC is now an increasingly diversified alternative asset manager with scalable platforms in real estate, private equity, private credit, energy transition and digital infrastructure. This year, we have established three major new growth vehicles:

- Energy transition: we have hired a highly credentialed executive team and secured our first seed investment. Our first fund will launch in H1 FY25.
- Private Credit: we now have a diversified private credit platform for the group in a high growth sector through the acquisition of \$1.5B AUM credit manager Payton Capital.
- Digital infrastructure: we are building capability via the acquisition of a North American digital infrastructure fund manager (StratCap LLC).

This growth has been achieved in FY24 while the Group also delivered on its value accretive objectives with respect to financial performance and total shareholder returns, with key highlights including:

- Record operating earnings (OE) (pre-tax) in FY24 of \$129.3m or 37 cents per share (a 40% increase on FY23 OE and a 516% increase since our inaugural results from IPO in 2019).
- 45% total shareholder return (TSR) in FY24 and 161% total shareholder return from listing (October 2019) to 30 June 2024. This represents 138% outperformance versus the S&P/ASX 200 A-REIT index and 121% outperformance versus the S&P/ASX 200 index since listing.
- Our Private Equity fund has delivered 24.4% p.a. since inception in September 2022, resulting in a \$15.6m cash performance fee being earned in FY24.
- Real Estate AUM of \$9.6bn supported by new fund establishment and stable valuations across daily needs and healthcare portfolios which continue to outperform.
- Net cash balance sheet with \$1.4bn of available liquidity including liquid assets.
- Significant progress on our decarbonisation strategy and Net Zero Energy Roadmap, including a 30% net reduction in Scope 1 and Scope 2 carbon emissions in FY24 (compared to FY22 baseline).

### FY24 Remuneration outcomes

Whilst HMC has delivered strong returns for shareholders and positioned the Company for further growth, we have continued to be disciplined in respect of remuneration outcomes and most importantly, to ensure a high degree of alignment between business performance and remuneration outcomes. For Executive KMP in FY24 this meant the following results:

- All Executive KMP received a 5% increase in fixed remuneration. This increase was in line with increases for the broader employee population at HMC Capital.
- The Head of Real Estate (Head of RE) and Group CFO had an increase in their target short-term incentive (STI) and long-term incentive (LTI) from 60% to 70% (with the MD & CEO continuing to not participate in STI in FY24)
- STIP outcomes for FY24 of 85% of target (57% of maximum opportunity) and 100% of target (67% of maximum opportunity) for the Head of Real Estate and Group CFO respectively. These results highlight the challenging nature of the STI KPIs which apply to HMC executives, as STI stretch hurdles were not achieved despite the extremely strong year noted above. Further detail on these awards is set out in section 4.
- The Group's LTIP award plan issued in FY20 vested in August 2023, being assessed on performance in the three-year period from 1 July 2020 to 30 June 2023. This award was split into two equal tranches, with 50% being subject

to a relative TSR hurdle and 50% subject to an OE hurdle measuring aggregate OE performance over the performance period. During this period HMC Capital's TSR was 84.5%, ranking it 1st out of the 28 companies in the S&P/ASX 300 A-REITs comparator group with a 100th percentile ranking resulting in 100% vesting for this tranche of the award. The Company delivered OE of 70.5c per share over the three-year period, against forecast OE of 52.3c per share. This actual aggregate OE result delivered was 135% above the target OE pool for the three-year period, resulted in 100% of this tranche vesting.

- No changes were made to any Non-Executive Director Board or Committee fees for FY24.

## **Variable Remuneration Review**

As we move into FY25, HMC continues to implement its strategy of becoming a fully diversified alternative asset manager. As a result, HMC's business has become significantly larger and more complex, with a much greater emphasis on asset and funds management, both domestically and now in North America. To drive this growth, HMC has recruited and continues to recruit high calibre talent to lead and execute on our strategy of creating high growth, scalable investment opportunities for our stakeholders. To support these changes, it is essential that our remuneration structures continue to ensure a clear alignment between rewards and the strength and quality of our earnings, whilst at the same time always maintaining prudent risk management. We are therefore undertaking a full review of our variable remuneration arrangements to ensure they continue to be fit for purpose for HMC.

Our STI and LTI structures are being reviewed to allow us to retain existing talent and continue to attract the calibre of executive needed to drive our business forward. It is intended that any new structures will reward those individuals who increase the profitability of the Group and deliver a high return on equity, whilst complying with our strict risk management policies and achieving our sustainability objectives. Our various investment platforms are at different stages of growth and also require us to compete for talent in different employment markets. It is therefore critical that the new arrangements allow flexibility in remuneration outcomes. These changes will begin to be implemented in FY25, with full implementation in FY26.

In addition to this Remuneration Review, we continue to review our organisation structure in light of the growth in the business. A new divisional structure has now been implemented, based around our specialist investment platforms. This will impact on the way we report our results and may also impact the executive structure and reduce the number of our Executive KMP as this business model is finalised. These impacts will be set out in our FY25 Remuneration Report.

## **Looking Forward to FY25**

The Board regularly benchmarks the Executive KMP roles against an Industry comparator group based on financial services and A-REIT companies of broadly similar size and a market capitalisation comparator group.

The annual review of the remuneration for all HMC Capital employees considers broader factors such as inflation, market wage forecast increases and cost of living adjustments. These factors, together with the Variable Remuneration Review noted above, and the continuing growth and complexity of the business means the Board will make the following changes to the remuneration of Executive KMP for FY25 (see section 7 for further detail):

- The MD & CEO will receive a 5% increase in fixed remuneration, in line with that provided to other HMC executives. Despite this increase, his fixed remuneration remains significantly below the median of both comparator groups used for our executive benchmarking. As in prior years the MD & CEO will not participate in the STI Plan in FY25.
- In FY25 the MD & CEO will be granted an LTI award of 500,000 performance rights which is greater than the FY24 LTI award (approximately 250% of fixed remuneration at target and 375% at maximum LTI opportunity). The Board has concluded that the award is justified because of the exceptional performance of the MD & CEO in FY24 and the growth outlook for the Group in FY25 and beyond. Key rationale used by the Board in determining this grant include:
  - the growth in operating earnings in FY24 to 37 cps, representing a 40% increase from FY23;
  - share price performance in FY24 which saw a 45% increase in TSR, which included new equity raised and grew the Company's market capitalisation by approximately \$1bn to \$2.7bn as at 30 June 2024. This performance represents both sector and market leading performance;
  - the establishment of three very exciting new growth platforms for the future; private credit, energy transition and digital infrastructure, together with recruitment of market-leading executives to manage and grow these platforms;
  - significant capital inflows into our managed platforms, including the commitment of institutional capital; and
  - consideration of benchmarking data confirming the MD&CEO's total remuneration package is not positioned appropriately.

- These performance rights will only vest if the Company achieves strong earnings growth and TSR over three years commencing FY25.
- The Head of RE and Group CFO will each receive an increase in fixed remuneration of 7% and 24% respectively. These increases reflect the increasing size and complexity of HMC's business and have been made after extensive benchmarking with peer group companies. Any changes to the variable remuneration of these two Executive KMP in FY25 will be determined once the Remuneration Review is completed.
- The only change to the structure of the FY25 LTI awards is the way in which the OE hurdle targets are determined. In FY25, the OE LTI threshold, target and stretch metrics will be calculated using our FY24 OE performance and applying compounded annual growth rate (CAGR) targets over the three-year performance period (on a cents per share basis). This change increases the transparency in the way HMC sets its LTI earnings targets.
- There will be a five percent increase in Director base and Committee fees in FY25. This is the first increase in Director base fees since ASX listing in 2019.
- The Board will continue to review its structure and notes its commitment for 50% representation by women across the organisation by the end of FY25, including Executive and Board Director positions.

Overall, the Board aims to ensure that the Group's remuneration platform is market competitive, aligns performance measures with the achievement of the Group's strategic objectives, reflects the growing complexity of the Group's operations and is fair to all stakeholders.

We will continue to review and assess the effectiveness of our remuneration framework in order to motivate and retain our Executive KMP and other senior executives.



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**Chris Saxon**  
**Chair of the Board**  
**Chair of the Remuneration and Nomination Committee**

**20 August 2024**

## 1. Key Management Personnel

The remuneration report details the key management personnel ('KMP') remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the HMC Capital Group, directly or indirectly, including all directors.

The MD & CEO and other senior executives considered KMP are collectively referred to as the Executive KMP of HMC Capital. All KMP were KMP for the full year unless noted otherwise.

<b>Non-Executive Directors</b>	<b>Role</b>
Chris Saxon	Chair and Independent Non-Executive Director
Zac Fried	Non-Executive Director
Brendon Gale	Independent Non-Executive Director
Greg Hayes	Non-Executive Director
Kelly O'Dwyer	Independent Non-Executive Director
Susan Roberts	Independent Non-Executive Director

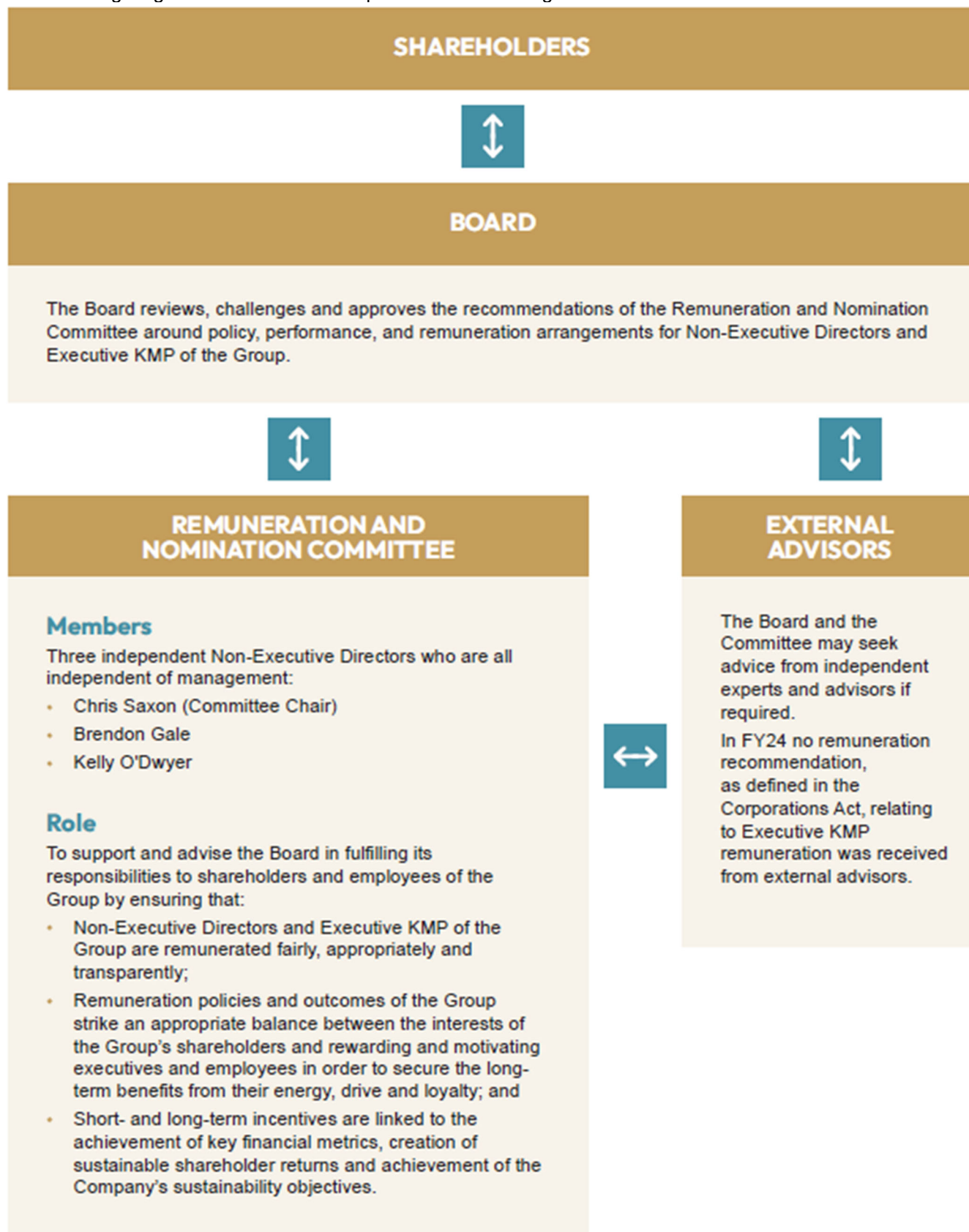
  

<b>Executive KMP</b>	<b>Role</b>
David Di Pilla	Managing Director and Chief Executive Officer
Sid Sharma	Head of Real Estate (Head of RE)
Will McMicking	Group Chief Financial Officer (Group CFO)



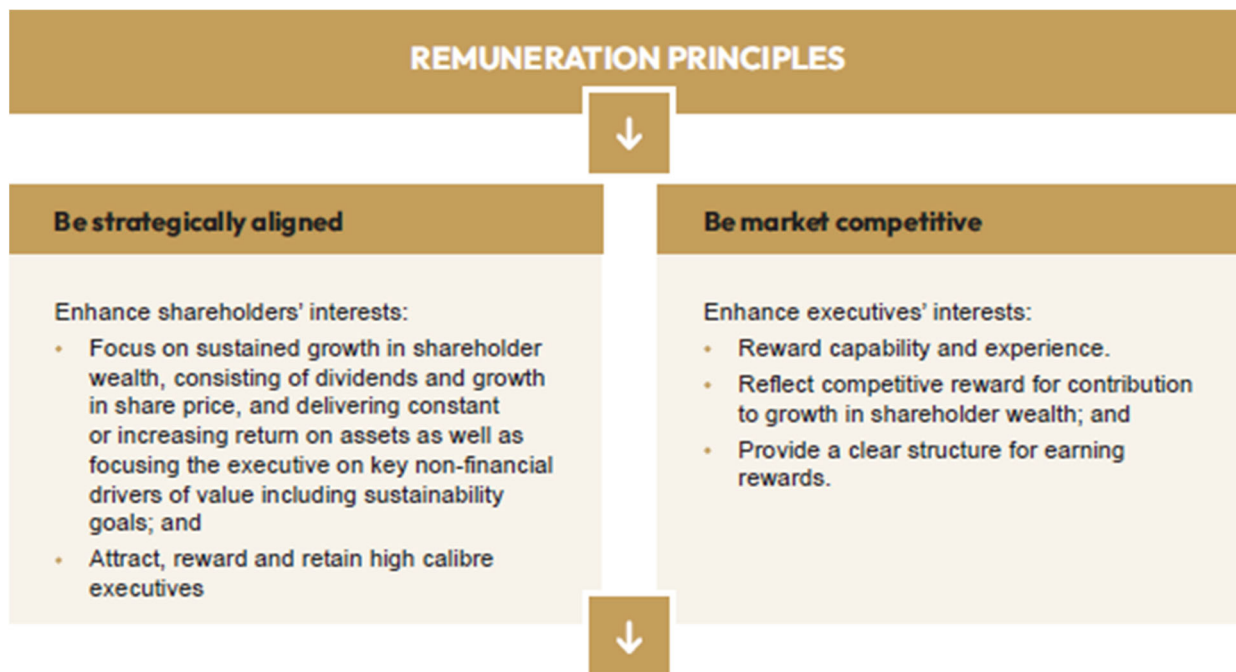
## 2. Executive Remuneration Governance and Structure

The following diagram illustrates HMC Capital's remuneration governance:



### 3. Executive Remuneration Principles and Structure

The diagram below shows the principles used to determine the nature and amount of executive remuneration paid as well as how remuneration is structured to reward executives with a mix of both fixed (FR) and variable (STIP and LTIP) components.



	FIXED	VARIABLE	
	Fixed remuneration	Short-term incentive	Long-term incentive
<p><b>DELIVERY METHOD</b></p>	Base salary plus superannuation	Annual cash payment opportunity + STI deferral into rights	Rights to shares
<p><b>REWARDS FOR</b></p>	Performance, skills, and capabilities	Performance over a 12-month period against agreed key business objectives	Growth in total shareholder return relative to key comparators and achieving forecast OE over three-year performance period
<p><b>IS</b></p>	<b>Fixed</b>	<b>At risk</b>	<b>At risk</b>
<p><b>LINK TO PERFORMANCE</b></p>	Market aligned (both by market capitalisation and industry comparator groups) base salary commensurate with role size and complexity.	Key performance metric combination of critical business measures and individual achievement of key performance indicators ('KPIs'). OE and behavioural gateways must be met before any STI is payable.	Key performance conditions aligned with long-term business goals and shareholder value creation.
<p><b>HOW MEASURED</b></p>	Performance against key attributes of position.	Performance against critical key business metric OE per share targets and individual KPIs.	50% - Relative TSR vs ASX 200 A-REIT comparator group 50% - aggregate OE per share vs 3-year target pool.

Executive KMP have their remuneration benchmarked regularly by the Remuneration and Nomination Committee with assistance from external advisors where necessary. In benchmarking these roles, the Committee typically uses benchmarks comprising several groups of comparable companies. The most recent benchmarking peer groups included:

- An Industry comparator group - companies from the A-REIT and Financial Services sector with a market capitalisation broadly within that of HMC Capital's market capitalisation. These are companies with whom HMC Capital competes for capital and people; and
- A Market Capitalisation comparator group – companies in the S&P/ASX 200 with comparable average market cap being 25 companies above and 25 companies below HMC Capital's market capitalisation.

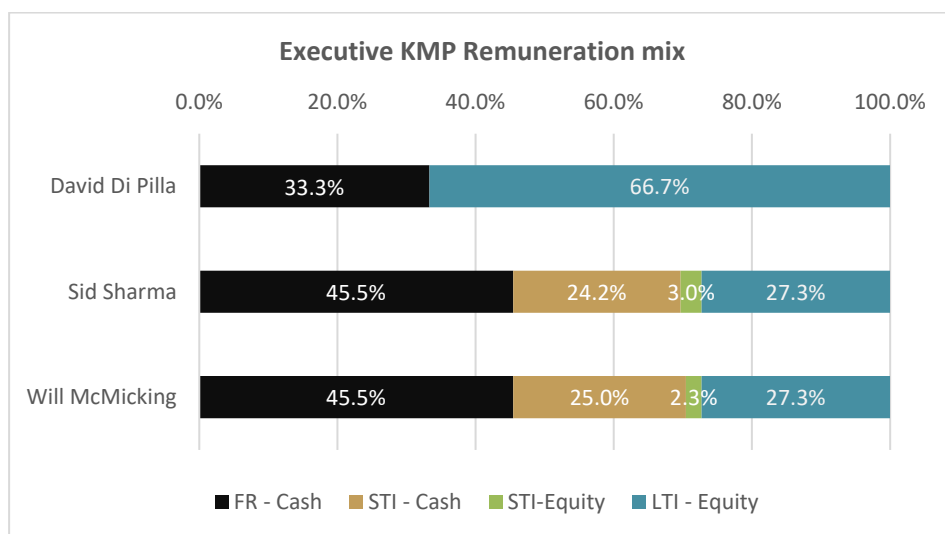
Each of the relevant Executive KMP's total remuneration is made up of a mix of Fixed Remuneration and Variable Remuneration, as set out below.

The remuneration structures for executives and Non-Executive Directors are structured and disclosed separately, in alignment with the fourth edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

**Remuneration Mix - FY24**

Executive KMP total target remuneration is broken down into the following four remuneration elements.

Table 1: Executive KMP remuneration mix for FY24.



As in prior years, the MD & CEO did not to participate in the short-term incentive plan in FY24.

*Minimum shareholding requirements*

HMC Capital has a minimum shareholding policy which applies to all Non-Executive Directors, all Executive KMP and selected other senior executives. This policy has the following key features:

- The minimum shareholding requirements under the Policy are as follows:
  - Non-Executive Directors: 200% of base annual Board fees (Chair and member respectively);
  - MD&CEO: 200% of annual fixed remuneration; and
  - Executive KMP: 100% of annual fixed remuneration.
- Minimum shareholding requirement should be met within 5 years of commencement of directorship / employment or commencement of the policy – whichever is later.
- Shares counted towards the minimum shareholding requirement under the policy include all shares in which the Non-Executive Director or senior executive has a relevant or economic interest.
- Shares are valued at the higher of price paid to acquire them (or if acquired via the vesting of awards under the HMC Capital Non-Executive Director Equity Plan (NEDEP) or HMC Capital Employee Equity Plan (EEP) the volume weighted average price on the vesting date) or the average of the closing HMC share price over the relevant financial year.
- Non-Executive Directors, the MD & CEO and Senior Executives will be required to retain all shares derived from participation in the NEDEP or EEP (as applicable), except where required to sell shares for related tax obligations (or in cases of severe financial hardship), until such time as they meet the minimum holding requirement.

#### 4. Executive Short-term Incentive Plan ('STIP')

Term	Details
<b>Rationale</b>	The HMC Capital STIP is designed to attract, motivate and retain the Executive KMP and key employees who participate by providing an opportunity to be rewarded for outperformance based on performance against key critical business metrics over the FY24 financial year
<b>Eligibility</b>	All Executive KMPs are eligible to participate in the STIP. The Board may also invite other selected employees to participate from time to time.
<b>Opportunity</b>	The MD & CEO has elected not to participate in the FY24 STIP (as in prior years). Other Executive KMP have a target opportunity of 70% and a maximum opportunity of 105% of their annual fixed remuneration (base salary + superannuation).
<b>Performance Period</b>	The performance period for the Plan is the 12 months ending 30 June 2024.
<b>Gateways</b>	<p>Unless the below Gateways are met, no STI is payable for Executive KMP:</p> <ol style="list-style-type: none"> <li>1. HMC Group Operating Earnings (OE) Gateway FY24 OE per share of 29 cents (pre-tax).</li> <li>2. Behavioural gateway Every STIP eligible employee must demonstrate they have met and continue to comply with HMC Group values as set out in the Code of Conduct.</li> </ol>
<b>Performance conditions</b>	<p>The FY24 STIP is subject to the following performance conditions tested over the performance period:</p> <ul style="list-style-type: none"> <li>○ the Group's OE per share guidance;</li> <li>○ HMC Funds under Management (FUM); and</li> <li>○ individual KPIs agreed with each member of the KMP. KPIs vary according to the areas of responsibility for each STIP participant. Where participants have responsibility for specific managed funds, such as HDN or HCW, these employees may have OE and Assets under Management (AUM) targets for these respective funds.</li> </ul> <p>In determining STIP performance the Board will consider performance against the HMC Capital Sustainability Commitments. Failure to achieve appropriate progress will result in the dial-down of STI outcomes for some or all employees.</p>
<b>Vehicle and Deferral</b>	<p>STIP awards are typically delivered in a mix of cash and deferred equity. For Executive KMP participating in the STIP, the Board has determined that 25% of any STI payment above a set limit of \$200,000 will be deferred into share rights. These rights have a one-year service condition, vesting after the FY24 results are released to the ASX, and are forfeitable if the Executive resigns or is terminated for cause.</p> <p>In determining the portion of STI to be deferred, the Board took into account that the majority of Executive KMP are significant HMC Capital shareholders, and all Executive KMP have already exceeded the required minimum shareholding requirements in the new Minimum Shareholding Policy.</p>
<b>Discretion</b>	The Board retains the right to apply discretion when determining annual STI outcomes. No such overriding discretion was applied in FY24.

### ***FY24 Executive KMP STIP performance and outcomes***

For the FY24 all performance gateway metrics for Executive KMP participating in the STIP were met as follows:

<b>Performance category</b>	<b>Metric</b>	<b>FY24 Performance Outcome</b>	<b>Met / Not met</b>
1. HMC Group OE Gateway	FY24 OE per share of 29 cents (pre-tax)	OE per share of 37 cents	Met
2. Behavioural gateway	Every STIP eligible employee must demonstrate they have met and continue to comply with HMC Group values as set out in the Code of Conduct.		Met

In determining the STIP outcomes for each of the Executive KMP who participated in the FY24 program, the MD & CEO and Board of HMC Capital take into account a variety of factors. Group financial outcomes are key factors which drive the STIP results. In addition to this, the contribution of each executive KMP, including the performance of the division for which they are responsible is considered.

The key Group financial metrics considered for the FY24 STIP are as follows:

<b>FY24 Group metrics</b>
<ul style="list-style-type: none"> <li>HMC Capital OE (pre-tax) performance of 37 cps materially exceeding the threshold of 29 cps and exceeded our challenging OE target of 35 cps.</li> <li>HMC Capital Group FUM of \$12.7bn which is above target. This FUM figure includes FUM for Payton Capital and StratCap (as the agreements for the acquisition of these businesses were signed in FY24) as well as real estate development pipelines.</li> </ul>

The individual metrics taken into account by the MD & CEO and Board of HMC Capital in assessing STIP outcomes are as follows.

<b>FY24 Individual metrics</b>
<p><i>Sid Sharma, Head of Real Estate</i></p> <p><b>Financial</b></p> <ul style="list-style-type: none"> <li>HDN's FFO (pre-tax) performance of 8.6 cps met HDN market guidance.</li> <li>HCW's FFO (pre-tax) performance of 8 cps met HCW market guidance.</li> <li>Managed HDN, HCW, LML and UHF through a volatile macro-economic period with all entities growing underlying earnings by controlling costs and maximising returns.</li> <li>Unlisted institutional real estate strategies significantly outperformed return targets.</li> <li>Real estate strategy achieved greater than 99% occupancy and rent collection.</li> </ul> <p><b>People / Leadership</b></p> <ul style="list-style-type: none"> <li>Led Group's sustainability commitments which met stretch FY24 sustainability targets, including goal of 30% net reduction in emissions (compared to the FY22 baseline).</li> <li>Continued to develop and lead the real estate team to optimise the skills and structure of the team to align and drive business strategy.</li> </ul> <p>Final FY24 STI performance for Head of RE was assessed at 85% of target.</p>

*William McMicking, Group CFO*

**Financial**

- Leading role in securing new fund strategies in the Private Credit and Digital infrastructure areas. This has included the successful acquisition of Payton Capital Limited and StratCap LLC, leading the financial and IT integration of both businesses.
- Responsible for key Capital Partners investment which has significantly overachieved prescribed investment return in FY24.
- Strengthened and grown risk management framework across group to take into account growth of new funds and asset management businesses. This included development and execution of expanded new internal audit capability across the Group.
- Responsible for successful delivery of HMC's capital, financial reporting, taxation and IT needs across Group in time of transition and growth.

**People / Leadership**

- Substantial progress made against FY24 sustainability targets (with the actual achievements set out below), including achievement of stretch goal of 30% net reduction in emissions.
- Demonstrated leadership across all financial aspects of Group to build and strengthen team delivering the strong business results with appropriate risk management controls.

Final FY24 STI performance for Group CFO was assessed at 100% of target.

The Board views the FY24 STIP outcomes for both the Head of Real Estate and Group CFO as appropriate. They reflect the powerful financial performance of the Group, as demonstrated by the strong OE outcome and significant increase in FUM. These outcomes were achieved at a time the Group was able to establish three major new growth platforms through a combination of both organic and acquisition growth strategies to secure new investment capability, capital sources and investment products.

The following table shows the actual STI outcomes for Executive KMP as a percentage of their maximum STIP opportunity.

Executive KMP	STIP awarded / Forfeited %	
	FY24	FY23
Sid Sharma	57% / 43%	67% / 33%
Will McMicking	67% / 33%	68% / 32%

In addition to the above KPIs, the Board has also taken into account performance against the HMC Capital Sustainability Commitments. The Board has reviewed the progress noted below against the Commitments, which supports the FY24 STIP outcomes (with no dial-down of FY24 outcomes required).

Category	Commitment
<b>Environment</b>	<p>Climate Action – To actively minimise carbon emissions.</p> <p>Continued progress on our decarbonisation strategy and Net Zero Energy Roadmap, including<sup>1,2</sup>:</p> <ul style="list-style-type: none"> <li>• 30% net reduction in Scope 1 and Scope 2 carbon emissions in FY24 (compared to FY22 baseline)<sup>2</sup></li> <li>• Solar installed across 30% of feasible sites, with further installations ongoing throughout FY25</li> <li>• Energy Management System has been installed across all feasible sites within HDN and HCW</li> <li>• LED lighting conversion achieved across all feasible assets<sup>3</sup></li> </ul>
	<p>Green future - To champion the preservation and restoration of the natural environment.</p> <ul style="list-style-type: none"> <li>• National partnership with Veolia to roll our waste compactors to feasible sites as part of our waste management strategy. During FY24, we installed six compactors across the HDN portfolio. This roll out will continue to progress in FY25</li> <li>• Instituted Green Building ratings across new developments as appropriate including, Green Star and NABERS. WELL building rating system under review for new HCW assets</li> <li>• Completed NABERS certifications across eligible sites, with a portfolio average of 4.2 Star NABERS Energy rating and 5 Star NABERS Water rating<sup>4</sup></li> <li>• Finalised minimum sustainability design standards across applicable developments, in line with 4 Star Green Star pathway</li> <li>• Awaiting final endorsement for our 4 Star Green Star ratings for HDN's South Nowra, with Mackay and Glenmore Park submissions due to be filed in Q2 FY25.</li> <li>• Completed Green Star performance ratings across HDN and HCW assets</li> </ul>
<b>Social</b>	<p>Connection – To respond to local and regional essential community needs as they relate to health, wellness and daily services.</p> <ul style="list-style-type: none"> <li>• The “HMC Capital Foundation” has made grants to three organisations during FY24. The next round of submission for grants will be opening in early FY25</li> <li>• Progressed our CommunityCo. national charity partnership with Eat Up, with the roll out of onsite initiatives including sandwich making sessions to support providing lunches to children in need at local schools and community centres</li> <li>• Continued incorporation of our Social Impact Framework “Needs Assessment” into acquisition due diligence process</li> </ul>
	<p>Respect – To respect the inherent dignity, safety, diversity and human rights of all people we touch.</p> <ul style="list-style-type: none"> <li>• Received final endorsement from Reconciliation Australia and publicly released Reflect RAP document</li> <li>• FY25 target of 50% female across the organisation continues to be achieved in FY24 with current staff 50% female and 50% male as at 30 June 2024</li> <li>• There were nil employee Lost-Time Injuries in FY24</li> </ul>
<b>Governance</b>	<p>Alignment – To have the skills, environment and culture that support and propel HMC Capital's ambition and Sustainability Commitments</p> <ul style="list-style-type: none"> <li>• "AA" ESG Rating from MSCI maintained</li> <li>• Across the HMC board there are 29% female and 71% male. We are progressing towards our FY25 target of 50% female. It is noted that across the independent board positions for both listed and unlisted funds, female representation is currently 53%</li> <li>• During FY24 the group became a signatory of Hesta 40:40 Vision</li> </ul>



	<ul style="list-style-type: none"> <li>• HDN awarded was 2024 ESG Regional Top-Rated company with Morningstar Sustainalytics, for the second year in a row</li> <li>• Continued upskilling on ESG across the workforce through lunch &amp; learns. ESG strategy is embedded in our new hire and onboarding process.</li> </ul>
	<p>Accountability – To earn and keep the trust of our key stakeholders through transparent communication, processes and by doing what we say we will do.</p> <ul style="list-style-type: none"> <li>• Continued implementation of Board evaluation recommendations arising out of independent external review</li> <li>• Sustainability Committee quarterly meetings continued during FY24 to assess progress against our ESG commitments</li> <li>• Continued to be a signatory to UN PRI &amp; UN Global Compact</li> <li>• Published HDN's second Modern Slavery Statement</li> <li>• FY23 Sustainability Report published</li> <li>• Continued HDN's annual GRESB submission</li> </ul>

- Notes.
1. Statistics reported from Group level unless otherwise stated and as at 30 June 2024. Dataset; a) Excludes assets where the tenant is responsible for electricity consumption and has complete operational control; b) Excludes assets held for sale, acquisitions and divestments during FY24 and since FY22 baseline formed; c) Sites that are classified as feasible include assets where we have operational control, and the building infrastructure and architecture is suitable for the proposed sustainability initiative.
  2. Includes surrendered carbon certificates generated through our environmental initiatives.
  3. Excludes assets with pending development impacting the installation of LED.
  4. As at August 2024

## 5. Executive Long-term Incentive Plan ('LTIP')

Term	Details
<b>Plan</b>	FY24 LTIP awards are made under the HMC Capital Employee Equity Plan (EEP).
<b>Rationale</b>	The EEP is designed to align executive rewards with shareholder expectations and to incentivise and retain the Executive KMP and key employees by providing an opportunity to be rewarded based on performance.
<b>Eligibility</b>	All Executive KMPs are eligible to participate in the EEP. The Board may also invite other selected employees to participate from time to time.
<b>Instrument</b>	Performance rights are granted by the Company for nil consideration. Each performance right is a right to receive one fully paid share in the Company.
<b>Opportunity</b>	The LTIP opportunity is set as a percentage of Fixed Remuneration (FR). The MD & CEO received a grant of performance rights based on a maximum stretch value of 200% of his FR. Other Executive KMP grants are based on 70% of FR.
<b>Allocation Methodology</b>	The number of performance rights awarded is determined by dividing the maximum opportunity by the five-trading day volume weighted average price of a share following announcement of the Company's FY23 full-year results.
<b>Performance Period</b>	The performance period for the FY24 awards is the three-year period commencing 1 July 2023 to 30 June 2026.

For the FY24 awards the performance measures are 50% relative TSR and 50% aggregate OE per share.

### Relative TSR

Relative TSR is measured against a comparator group of S&P/ASX 200 A-REITs. The vesting schedule is as follows.

Performance scale	Percentage of rights to vest
Below 50 <sup>th</sup> percentile	Nil
At the 50 <sup>th</sup> percentile (threshold)	50 %
At or above the 75 <sup>th</sup> percentile (maximum)	100 %

### Performance conditions

Rights will vest on a straight-line basis if the Company's TSR performance is between the 50<sup>th</sup> and 75<sup>th</sup> percentile of the comparator group.

### Company's OE

The OE condition is measured by the aggregate of the annual OE pool tested against the aggregated disclosed annual OE target pool. The vesting schedule is as follows.

Performance scale	Percentage of rights to vest
Below 95% of target OE	Nil
At the 95% of target OE (threshold)	50 %
At the 100% of target OE (target)	75 %
At or above 105% of target OE (maximum)	100 %

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Rights will vest on a straight-line basis if the Company's OE performance is between 95% and 105% of target.

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**Disclosure of performance outcomes**

In the FY26 Remuneration Report the Board will set out how HMC Capital has performed against these targets. The FY24 OE (pre-tax) target component for the LTI awards is 35c per share.

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<b>Vesting Date</b>	Performance rights will vest when the Board determines the performance relative to the performance conditions (around the release of the FY26 results to the ASX). Rights are exercisable the day after vesting and each participant will have until one month after the full-year results are announced for FY28 to exercise their rights.
<b>Service condition</b>	<p>Unless the Board determines a different treatment:</p> <ul style="list-style-type: none"> <li>i. If a participant ceases to be an employee due to resignation (or termination for cause) all unvested rights will automatically lapse.</li> <li>ii. If a participant ceases employment for any other reason, all unvested rights (which may be pro-rated by the Board for time elapsed since the start of the Performance Period) will remain "on-foot" and will be performance tested at the end of the relevant Performance Period. To the extent that the relevant performance conditions are satisfied, the Rights will vest at the original Vesting Date.</li> </ul>
<b>Dividends</b>	Rights do not carry a right to vote or to dividends.
<b>Change of control</b>	In the event of change of control, unless the Board determines otherwise, a pro-rata number of the participant's unvested awards will vest to the extent that the conditions have been satisfied.
<b>Clawback</b>	The EEP provides the Board with broad clawback powers if the Board considers the participant's conduct, capability or performance justifies the variation. No clawback power has been exercised to date.
<b>Securities Trading Policy</b>	The HMC Capital Group's Securities Trading Policy prevents participants from entering into transactions or arrangements, including by way of derivatives or similar financial products which operate to limit the economic risk relating to awards made under the EEP which either have not vested or have vested but remain subject to a holding lock or other restriction on dealing.

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**FY21 LTIP performance**

The Group's FY21 LTIP awards vested in August 2023 based on performance in the three-year period from 1 July 2020 to 30 June 2023. The performance of this award is summarised in the table below.

<b>Performance hurdle</b>	Relative TSR vs a comparator group of S&P/ASX 300 A-REITS as at 1 July 2020.	Aggregate FFO/OE performance vs OE target pool.
<b>Percent of total award</b>	50%	50%
<b>How assessed</b>	HMC's relative TSR ranked on a percentile basis against all companies in the comparator group	Actual HMC Capital FFO/OE performance for each year in the performance period against Company's annual OE targets, as disclosed in its ASX FFO guidance for relevant financial year.
<b>Actual performance</b>	HMC Capital was ranked 1 <sup>st</sup> in percentile ranking in companies in the ASX 300 A-REIT comparator group with 84.5% TSR.	Company delivered FFO/OE of 13.1c (post-tax) 31.0c and 26.4c (pre-tax) per share, in aggregate 70.5c per share over the FY21-FY23 period. This was measured against aggregate forecast OE pool of 52.8 cents per share for the same period, based on OE forecasts of 12.8c (post-tax), 18.5c and 21.5 cents (pre-tax) respectively. Actual aggregate OE result delivered was 134% above the target OE pool.
<b>Percentage of applicable tranche vesting</b>	100%	100%

## 6. Non-Executive Director's Remuneration

Fees and payments to Non-Executive Directors reflect the demands and responsibilities of their role. Non-Executive Director's fees and payments are reviewed annually by the Remuneration and Nomination Committee. The Remuneration and Nomination Committee may, from time to time, receive advice from independent remuneration consultants to ensure Non-Executive Director's fees and payments are appropriate and in line with the market.

Subject to ASX listing rules, HMC Capital may from time to time determine the maximum aggregate remuneration to be provided to the directors in a general meeting. In the 2020 Annual General Meeting shareholders approved an increase in the maximum director fee pool to \$1,200,000 per annum. The FY24 Non-Executive Director fees are set out below.

Table 3: Non-Executive Director fees.

	Board		Committee*	
	Chair	Member	Committee Chair	Member
FY24 Fee**	\$250,000	\$100,000	\$30,000	\$10,000

\* Comprising the Audit and Risk Committee, Remuneration and Nomination Committee and Sustainability Committee. As the Board Chair is also the Chair of the Remuneration and Nomination Committee Mr Saxon did not receive any additional fee for chairing this Committee.

\*\* Non-Executive Director fees are paid inclusive of 11% superannuation.

In addition, HMC Capital Non-Executive Directors serving on the Boards of HMC Capital managed funds will be paid Board and Committee fees commensurate with other Board members (which are to be reimbursed by the respective HMC Capital managed fund). Any fees paid in respect of the HMC Capital managed funds are not shown in Table 6, as this table refers only to remuneration paid in respect of HMC Capital.

HMC Capital has established a Non-Executive Director Equity Plan (NEDEP) which was approved by shareholders at the 2020 Annual General Meeting. The key terms of the NEDEP are as follows:

Term	Details
<b>Plan</b>	Awards are made under the NEDEP.
<b>Rationale</b>	<p>The purpose of the NEDEP is to provide the opportunity for Non-Executive Directors to acquire Rights to receive Shares through sacrificing a portion of their annual remuneration (Fee Sacrifice Rights) thereby:</p> <ul style="list-style-type: none"> <li>allowing Non-Executive Directors to become shareholders and share in the success of the Company;</li> <li>aligning the interests of Non-Executive Directors with those of shareholders; and</li> <li>allowing Non-Executive Directors the opportunity to acquire Shares in a tax-effective manner.</li> </ul>
<b>Eligibility</b>	All Non-Executive Directors are eligible to participate in the NEDEP.
<b>Instrument</b>	Fee sacrifice rights are granted by the Company for nil consideration. Each right is a right to receive one fully paid share in the Company.
<b>Opportunity</b>	Under the NEDEP Non-Executive Directors can voluntarily elect to acquire rights, in lieu of up to 50% of their annual Board fees in any 12-month period.
<b>Allocation methodology</b>	<p>The following formulae is used to calculate the number of Fee Sacrifice Rights issued.</p> $\text{No. of Rights} = A/B$ <p>Where:</p> <p>A = the amount of remuneration that a Non-Executive Director wishes to sacrifice for the relevant period.</p> <p>B = the volume weighted average price (VWAP) of a share over the 5 trading days following the Company's half or full-year results announcement for the relevant period.</p>

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<b>Vesting period</b>	Fee Sacrifice Rights will automatically vest and Restricted Shares will then be allocated to the Non-Executive Director in two tranches (50% each) on or around the first trading day of the next available trading window after the release of the FY24 half year and full year results respectively.
<b>Disposal restrictions</b>	The Restricted Shares issued to the Non-Executive Directors are subject to disposal restrictions until the Non-Executive Director retires from the Board.
<b>Mandatory share - holding requirement</b>	It is a requirement of appointment that Non-Executive Directors acquire a shareholding of HMC Capital shares equivalent to 200% of their annual Board fees within five years of appointment.
<b>Dividends</b>	Fee Sacrifice Rights do not carry any dividend or voting rights prior to vesting into Restricted Shares.

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## **7. FY25 Remuneration**

### *Executive KMP remuneration*

The fixed remuneration of the MD & CEO will increase by 5% in FY25. He will also receive an award of 500,000 performance rights for his FY25 LTI award (representing an LTI award of approximately 250% and 375% of fixed remuneration at target and stretch performance respectively). As noted in the Chair's address, the Board has determined that a larger award is required in FY25 to reflect the exceptional contribution made by the MD & CEO to the results of the Group in FY24, the total shareholder returns delivered over the last several years and to retain and incentivise the MD & CEO given his importance to the Group.

The Head of RE, Mr Sharma will receive a 7% increase in his fixed remuneration in FY25. The Group CFO, Mr McMicking will receive a 24% increase in fixed remuneration. The increase to the Group CFO fixed remuneration is required to align his remuneration with the market and to reflect the much larger scope of his role given the increase in the size and complexity of the Group, the new operating divisions added and the expanded number of investment platforms now managed by HMC.

Any changes to the variable remuneration packages for the Head of RE and the Group CFO will be determined after the Variable Remuneration Review and updated in the FY25 Remuneration Report.

### *Incentive Plan review*

Our STI and LTI structures are being reviewed to allow us to retain existing talent and continue to attract the calibre of executive needed to drive our business forward. It is intended that any new structures will reward those individuals who increase the profitability of the Group and deliver a high return on equity, whilst complying with our strict risk management policies and achieving our sustainability objectives. The impact of the Review on the variable remuneration of the Executive KMP will be set out in the FY25 Remuneration Report.

### *Executive Long-term incentive Plan*

The FY22 LTIP awards will vest in August 2024 (after the FY24 results are released to the ASX), based on performance from 1 July 2021 to 30 June 2024. This award is split into two equal tranches, each with a separate performance hurdle. Fifty percent (50%) of the award has a relative TSR hurdle and 50% an OE hurdle measuring aggregate OE performance over the performance period.

The relative TSR hurdle measures the performance of HMC Capital against a comparator group of S&P/ASX 300 A-REITs as at the commencement of the performance period. During this three-year period the HMC Capital TSR was 48%, ranking it 2<sup>nd</sup> out of the 29 companies in the S&P/ASX 300 A-REITs comparator group with 96<sup>th</sup> percentile ranking. This will result in 100% of this tranche vesting.

The FFO/OE performance hurdle measures the actual Company OE performance for each of the three years in the performance period against its annual FFO/OE targets, as disclosed in its FFO/OE guidance to the ASX for each relevant financial year. Over the FY22 – 24 performance period the Company delivered FFO/OE of 31.0c (pre-tax), 26.4c and 37c per share (pre-tax), in aggregate 94.4c per share, against forecast FFO of 75 cents per share (with the FY22 LTIP FFO/OE forecasts being 18.5c (pre-tax), 21.5c and 35c (pre-tax) respectively). It is noted that the FFO/OE target pool for the FY22 award is 45% higher than the FFO target pool used for the FY21 FFO/OE LTI awards (of 52.8c).

The FY22 LTI aggregate FFO/OE result delivered is 26% above the target FFO/OE pool for the period and will result in 100% of this tranche vesting. Each participant has until one month after the FY26 awards are announced to exercise their rights.

### *FY25 LTIP awards*

The Board has determined that it will change the way its OE targets are set for the FY25 LTI awards (50% of proposed awards). Rather than retrospectively announcing the OE targets set for each financial year, the Board will set the OE target pool for the three-year performance period at grant by determining threshold and stretch OE growth required based on specific CAGRs, calculated from the FY24 base year OE performance. Threshold OE growth will be set at 10% CAGR with stretch OE growth set at 15% CAGR. Actual OE for each of the three years in the period is then aggregated and measured against the aggregate target OE for the performance period. This change is designed to give greater transparency to our OE targets and responds to feedback received in FY24 regarding the way the Group set its OE targets. The new arrangements also ensure that the LTI OE targets are challenging and only reward participants if the Group achieves significant growth in earnings per share. As HMC remains in the ASX 200 A-REIT sector, HMC's relative TSR vs ASX200 A-REIT comparator

group will continue to be used for the remaining 50% of the FY25 LTI award (although the Board will continue to review the appropriate comparator group to be used in future years).

*NED remuneration*

There will be a five percent increase to all Director base and Committee fees in FY25. This is the first increase in Non-executive Director base fees since ASX listing in 2019.

**8. Employment agreements**

Remuneration and other terms of employment for Executive KMP are formalised in employment agreements which outline their duties and remuneration. All agreements are open ended (i.e., ongoing until notice is provided by either party). Key terms of the agreements are set out below.

Table 4: Executive KMP key employment terms

<b>Executive KMP</b>	<b>Notice Period - Company</b>	<b>Notice Period – Executive KMP</b>
<b>MD&amp;CEO</b>	6 months	6 months
<b>Other Executive KMP</b>	6 months	6 months

The MD&CEO's employment agreement contains post-employment restraints including non-compete clauses and restrictions against soliciting and enticing customers. The restrictions operate for up to 12 months post-employment and the enforceability of these restraints is subject to all usual legal restrictions. The Group may summarily terminate the employment agreement in certain circumstances, including acts of serious misconduct, gross negligence, a serious breach of the employment agreement or bankruptcy.

Other than prescribed notice periods, there are no special termination benefits payable under the employment agreements. All payments on termination will be subject to the termination benefits cap under the Corporations Act 2001.



## 9. Details of remuneration for the financial year

### Amounts of remuneration

Details of the remuneration expense of KMP of the Group for the current and previous financial year are set out in the following tables.

### Remuneration for Executive KMP for FY24 and FY23

Table 5: Executive KMP total remuneration (statutory disclosures)

	Short-term benefits			Post-employment	Long-term benefits	Share-based payments	Total
	Base Salary	Cash Bonus	Annual leave	Superannuation	Long service leave	Rights benefits <sup>2</sup>	Total
<b>Current Executive KMP</b>							
David Di Pilla, MD&CEO							
<b>FY24</b>	<b>941,844</b>	-	<b>6,744</b>	<b>27,399</b>	-	<b>1,413,961</b>	<b>2,389,948</b>
FY23	869,543 <sup>1</sup>	-	104,676	19,374	-	1,213,358	2,206,951
Sid Sharma, Head of Real Estate							
<b>FY24</b>	<b>598,672</b>	<b>331,138</b>	<b>27,502</b>	<b>27,399</b>	-	<b>310,000</b>	<b>1,294,711</b>
FY23	569,309	320,000	4,626	20,686	-	328,545	1,243,166
Will McMicking, Group CFO							
<b>FY24</b>	<b>493,786</b>	<b>325,625</b>	<b>1,030.55</b>	<b>27,399</b>	-	<b>249,024</b>	<b>1,096,864</b>
FY23	468,769	278,750	(10,946)	21,561	-	201,502	959,636
<b>Total Remuneration</b>							
<b>FY24</b>	<b>2,034,302</b>	<b>656,763</b>	<b>35,277</b>	<b>82,196</b>	-	<b>1,972,985</b>	<b>4,781,523</b>
FY23	1,907,621	598,750	98,356	61,621	-	1,743,405	4,409,753

Explanatory notes to the Remuneration for Executive KMP for FY24 and FY23 table are below.

<sup>1</sup> Mr Di Pilla's base salary also includes the FBT car parking expense of \$5,350.

<sup>2</sup> Rights benefits for Mr Sharma and Mr McMicking include the amortised value of their deferred FY23 STI rights which will vest after the FY24 results are released to the ASX.

Remuneration for Non-Executive Directors for FY24 and FY23

Table 6: Non-Executive Director total remuneration (statutory disclosures)

	Short-term benefits	Post-employment	Long-term benefits	Share-based payments	Total
	Cash Fees <sup>1</sup>	Superannuation <sup>3</sup>	Long service leave	Rights benefits <sup>2</sup>	
Chris Saxon, Chair					
<b>FY24</b>	<b>112,570</b>	<b>12,429</b>	-	<b>103,431</b>	<b>228,431</b>
FY23	113,080	23,841	-	114,114	251,035
Zac Fried					
<b>FY24</b>	<b>45,028</b>	<b>4,972</b>	-	<b>41,374</b>	<b>91,374</b>
FY23	90,464	9,536	-	1,293	101,293
Brendon Gale					
<b>FY24</b>	<b>63,040</b>	<b>6,961</b>	-	<b>57,923</b>	<b>127,923</b>
FY23	63,325	13,351	-	64,101	140,777
Greg Hayes					
<b>FY24</b>	<b>49,531</b>	<b>5,469</b>	-	<b>45,509</b>	<b>100,509</b>
FY23	49,755	10,490	-	51,177	111,422
Kelly O'Dwyer					
<b>FY24</b>	<b>58,537</b>	<b>6,463</b>	-	<b>49,648</b>	<b>114,648</b>
FY23	57,021	12,023	-	57,020	126,064
Susan Roberts					
<b>FY24</b>	<b>63,040</b>	<b>6,961</b>	-	<b>57,923</b>	<b>127,923</b>
FY23	76,783	8,115	-	-	84,898
<b>Total Remuneration</b>					
<b>FY24</b>	<b>391,745</b>	<b>43,255</b>	-	<b>355,809</b>	<b>790,809</b>
FY23 <sup>4</sup>	450,426	77,355	-	287,705	815,488

Explanatory notes to the Remuneration for Non-Executive KMP for FY24 and FY23 table are below.

<sup>1</sup>A number of Non-Executive Directors participate in the Non-Executive Director Equity Plan and receive a portion of their fees in Fee Sacrifice Rights, which are expensed and shown under the Rights Benefits column.

<sup>2</sup>The FY24 rights benefit has been valued as at the date the Rights were granted and amortised over the vesting period. The FY23 Rights benefits amounts reflect the value each Director sacrificed during FY23 to acquire Rights under the NEDEP. In FY23 Mr Fried did not participate in the Non-Executive Director Equity Plan and received all of his remuneration in cash fees and superannuation.

<sup>3</sup> The lower superannuation contributions reflect that in FY24, superannuation was paid on the 50% of the Director's fees which were paid in cash (and not the portion that was sacrificed in Fee Sacrifice Rights).

<sup>4</sup> The FY23 Total Remuneration sets out the FY23 remuneration for all current Non-Executive Director in the table. These amounts do not include the remuneration for Ms Jane McAloon who ceased being a Director of HMC Capital in FY23.

Non-Executive Director's salaries are 100% fixed. The fixed and variable remuneration proportions for Executive KMPs for FY24 is as follows:

Table 7: Executive KMP mix of fixed and variable remuneration (based on statutory remuneration table)

<b>Executive KMP</b>	<b>Fixed Remuneration %</b>	<b>Variable remuneration % (including STIP and LTIP payments)</b>
David Di Pilla	41%	59%
Sid Sharma	50%	50%
Will McMicking	48%	52%

## 10. Share-based compensation

### Share rights.

The terms and conditions of each award of rights over ordinary Shares affecting remuneration of directors and other KMP in this financial year are set out below. Rights granted have a \$nil exercise price and carry no dividend or voting rights.

Table 8: FY24 KMP rights awards

Award details and recipient	Grant Date	Fair value at grant date	Number of Rights awarded	Estimated Vesting	Percentage of award vesting / (forfeited) in year (%)	Performance hurdles	Maximum value to be recognised in future years
FY24 LTIP (Executive KMP) - David Di Pilla - Sid Sharma - Will McMicking	23/11/2023 12/10/2023 12/10/2023	\$3.40 <sup>1</sup>	363,808 82,594 68,828	Aug 2026	- / - - / - - / -	50% Relative TSR vs ASX/S&P200 50% OE	822,667 187,317 156,097
FY24 NEDEP Fee Sacrifice rights - Chris Saxon - Zac Fried - Brendon Gale - Greg Hayes - Kelly O'Dwyer - Susan Roberts	16/11/2023	\$4.93 <sup>2</sup>	23,412 9,365 13,111 10,301 11,238 13,111	Feb 2024 Aug 2024	- / - - / - - / - - / - - / - - / -	None	12,107 4,842 6,780 5,326 5,811 6,780
FY23 Deferred STIP Rights (Executive KMP) - Sid Sharma - Will McMicking	23/11/2023	\$4.58	7,492 4,917	Aug 2024	- / - - / -	Service only	7,422 4,871
FY23 LTIP (Executive KMP) - David Di Pilla - Sid Sharma - Will McMicking	1/12/2022 18/10/2022 18/10/2022	\$3.38 <sup>3</sup>	359,232 69,904 58,254	Aug 2025	- / - - / - - / -	50% Relative TSR vs ASX/S&P200 50% OE	532,830 95,641 79,702
FY23 NEDEP Fee Sacrifice rights - Chris Saxon - Brendon Gale - Greg Hayes - Kelly O'Dwyer	24/10/2022	\$4.18	24,273 13,593 10,680 11,651	Aug 2023	- / - - / - - / - - / -	None	- - - -
FY22 LTIP (Executive KMP) - David Di Pilla - Sid Sharma - Will McMicking	14/3/2022	\$5.13 <sup>4</sup>	223,189 43,840 35,870	Aug 2024	- / - - / - - / -	50% Relative TSR vs ASX/S&P300 50% OE	72,686 14,277 11,682
FY21 LTIP <sup>4, 5</sup> (Executive KMP) - David Di Pilla - Sid Sharma - Will McMicking	25/11/2020 18/1/2021 18/1/2021	\$3.17 \$3.24 \$3.24	376,083 71,456 44,245	Aug 2023	- / - - / - - / -	50% Relative TSR vs ASX/S&P300 - 50% OE	- - -

<sup>1</sup> This is the weighted average fair value for the award to the Executive KMP. The fair value of the relative TSR hurdle in the performance rights to Mr Di Pilla was calculated at \$2.43 and the fair value of FFO hurdled performance rights was calculated at \$4.36. The fair value of the relative TSR hurdled performance rights to Messrs Sharma and McMicking was calculated at \$2.45 and the fair value of FFO hurdled performance rights was calculated at \$4.36.

<sup>2</sup> This is the weighted average fair value. The fair values of Tranche 1 vesting in February 2024 and Tranche 2 vesting in August 2024 were \$4.97 and \$4.90 respectively.

<sup>3</sup> This is the weighted average fair value. The fair value of the relative TSR hurdled performance rights was calculated at \$2.46 and the fair value of FFO hurdled performance rights was calculated at \$4.30.

<sup>4</sup> This is the weighted average fair value. The fair value of the relative TSR hurdled performance rights was calculated at \$4.03 and the fair value of FFO hurdled performance rights was calculated at \$6.22.

<sup>5</sup> This is the weighted average fair value. The fair value of the relative TSR hurdled performance rights was calculated at \$2.88 and the fair value of FFO hurdled performance rights was calculated at \$3.59.

<sup>6</sup> These awards include Top-up awards made to compensate Executive KMP and Non-Executive Directors for the capital reduction in the Company's share capital approved by shareholders at the FY20 AGM associated with the establishment of the HomeCo Daily Needs REIT. These additional rights were issued to preserve the value of any unvested rights, were awarded on the same terms and conditions as the original rights held by the participants and resulted in a 'top-up' of an additional 16.5% rights per impacted award (but for the FY21 LTIP award only the MD & CEO as other Executive KMP received their FY21 LTIP after the capital reduction). All top-up awards were all made on 13 January 2021 with the following fair values (IPO Grant – \$3.96, FY20 COVID Grant - \$3.01, FY20 LTIP – \$3.60, FY21 LTIP – MD & CEO - \$3.54). The fair value at grant date for each of these awards shown in the table is the fair value of the original awards at the date of grant.

#### Share rights holding

The number of share rights (including rights granted and vested as part of the compensation during the financial year) and options over ordinary shares in HMC Capital held during the financial year by each Non-Executive Director and Executive KMP of the Group, including their personally related parties, are set out below. Details of options awarded to KMP who choose to take up these awards as part of fundraising in HMC Capital Partners Fund 1 are also included.

Table 9: FY24 Rights and option holdings by KMP

Instrument <sup>1</sup>	Rights held at 30 June 2023 <sup>2</sup>	Granted in FY24	Vested and exercised in FY24	Lapsed or expired in FY24		Rights held at 30 June 2024
				Vested & exercisable	Unvested	
<b>Non-Executive Directors</b>						
Chris Saxon	Rights	28,420	23,412	40,126	-	11,706
	Options	4,000	-	-	-	4,000
Zac Fried	Rights	5,182	9,365	4,683	-	9,864
	Options	300,000	-	-	-	300,000
Brendon Gale	Rights	16,703	13,111	23,259	-	6,555
Greg Hayes	Rights	16,381	10,301	15,831	-	10,851
Kelly O'Dwyer	Rights	11,651	11,238	17,270	-	5,619
	Options	1,000	-	-	-	1,000
Susan Roberts	Rights	-	13,111	6,556	-	6,555
<b>Executive KMP</b>						
David Di Pilla	Rights	958,504	363,808	376,083	-	946,229
	Options	40,000	-	-	-	40,000
Sid Sharma	Rights	256,102	90,086	142,358	-	203,830
Will McMicking	Rights	138,369	73,745	-	44,245	167,869

<sup>1</sup> Options were granted to KMP due to investments made by the applicable KMP in HMC Capital Partners Fund 1 (Fund). To assist in driving initial investment and overall success of the Fund, early investors were provided with the opportunity to apply for one Option in the HMC Capital for every 50 units allocated in the Fund. Options were allocated on same terms as other investors in the Fund and are not considered as compensation or remuneration (and no expense is recognised in the

remuneration disclosures). All Options awarded to Directors were disclosed in the 2022 Notice of Annual General Meeting (AGM) and approved by shareholders at the 2022 AGM.

<sup>2</sup> This includes both vested and unvested rights held as at 30 June 2023.

**Additional information**

The factors that are considered to affect total shareholder return ('TSR') are summarised below:

Table 10: Group financial performance since listing

	IPO listing 11 October 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024
<b>Income</b>						
OE post-tax (cents per security)	n/a	6.0	13.1	30.3	26.4	37
Net Profit/(Loss) after tax (\$m)	n/a	(2.8)	(85.9)	107.3	83.3	114.4
<b>Shareholder returns</b>						
Dividends (cents per security)	n/a	12.0	12.0	12.0	12.0	12.0
Share price at reporting date (\$)	\$3.35	\$3.00	\$5.44 <sup>1</sup>	\$4.51 <sup>1</sup>	\$5.06	\$7.21
TSR of HMC Capital (%) <sup>2</sup>	n/a	(9.4%)	113.2%	(14.3%)	12.8%	45.4%

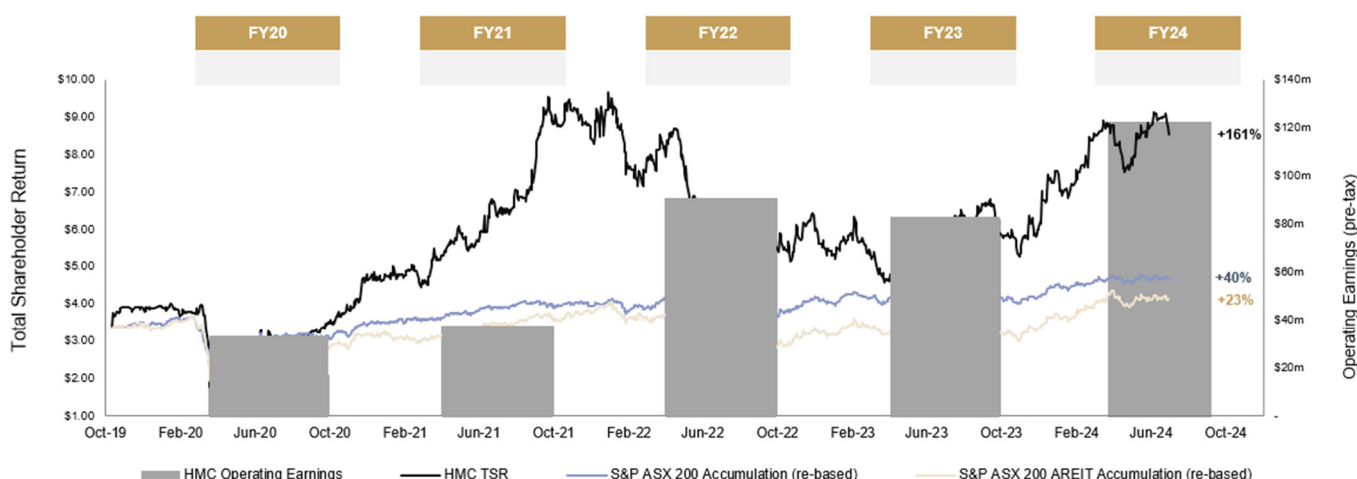
<sup>1</sup> Excludes the 0.5 HDN in-specie units received for every 1 HMC security (HDN IPO price of \$1.33 = \$0.67 value per HMC security)

<sup>2</sup> TSR for year to 30 June 2020 is from 11 October 2019 (ASX listing date).

This graph demonstrates HMC Capital's total shareholder return versus key indices since listing.

**HMC Capital total shareholder return versus the ASX 200 and ASX 200 AREIT (to 30 Jun 2024)**

Since IPO (19 Oct 2019)



Source: IRESS.  
Notes: As at 1 July 2024. HMC IPO price of \$3.35 adjusted by \$0.67/security to exclude HDN in-specie distribution. Assumes dividends reinvested on ex-dividend date.

## 11. Additional disclosures relating to KMP

### KMP Shareholdings

The number of shares in HMC Capital held during the financial year by each Non-Executive Director and Executive KMP, including their personally related parties, are set out below:

Table 11: Shareholdings of key management personnel

	Balance held at 30 June 2023	Acquired <sup>1</sup>	Received on vesting of a share right	Sold	Balance held at 30 June 2024
<b>Non-Executive Directors</b>					
Chris Saxon	255,371	-	40,126	-	295,497
Zac Fried	26,153,892	5,724	4,683	(6,893,442)	19,270,857
Brendon Gale	280,817	-	23,259	-	304,076
Greg Hayes	10,998,637	6,342	15,831	-	11,020,810
Kelly O'Dwyer	57,207	-	17,270	-	74,477
Susan Roberts	51,601	-	6,556	-	58,157
<b>Executive KMP</b>					
David Di Pilla	40,412,070	24,782	376,083	-	40,812,935
Sid Sharma	228,035	4,616	142,358	-	375,009
Will McMicking	2,815,851	457	-	(10,397)	2,805,911

<sup>1</sup> Shares acquired by KMP are acquired for market value.

	Balance held at 30 June 2022	Acquired	Received on vesting of a share right	Sold	Balance held at 30 June 2023
<b>Non-Executive Directors<sup>2</sup></b>					
Chris Saxon	226,863	8,572	19,936	-	255,371
Zac Fried	26,126,717	19,201	7,974	-	26,153,892
Brendon Gale	250,307	19,346	11,164	-	280,817
Greg Hayes	10,978,088	11,777	8,772	-	10,998,637
Kelly O'Dwyer	39,066	8,572	9,569	-	57,207
Susan Roberts	-	51,601	-	-	51,601
<b>Executive KMP</b>					
David Di Pilla	40,053,372	46,021	312,677	-	40,412,070
Sid Sharma	-	-	228,035	-	228,035
Will McMicking	2,802,781	13,070	82,885	(82,885)	2,815,851

<sup>2</sup>This table sets out the FY23 shareholdings for all current Non-Executive Directors. It does not include any shareholding for Ms Jane McAloon who ceased being a director of HMC Capital in FY23

### Other transactions

There are a number of related party transactions between KMP and the Group as disclosed in the notes to the Financial Statements. The terms and conditions of these transactions are considered to be no more favourable than those which it is reasonable to expect would have been adopted if dealing with an unrelated individual at arm's length in the same circumstances.

***This concludes the remuneration report, which has been audited in accordance with section 308(3c) of the Corporations Act 2001.***

**Officers of the Company who are former partners of KPMG**

There are no officers of the Company who are former partners of KPMG.

**Rounding of amounts**

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191 relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

**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.

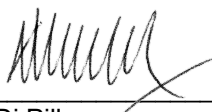
This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



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Chris Saxon  
Chair



---

David Di Pilla  
Director

20 August 2024





# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of HMC Capital Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of HMC Capital Limited for the financial year ended 30 June 2024 there have been:

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

KPMG

Brendan Twining

*Partner*

Sydney

20 August 2024

Consolidated statement of profit or loss and other comprehensive income	40
Consolidated statement of financial position	41
Consolidated statement of changes in equity	42
Consolidated statement of cash flows	43
Notes to the consolidated financial statements	44
Consolidated entity disclosure statement	86
Directors' declaration	92
Independent auditor's report to the shareholders of HMC Capital Limited	93
Shareholder information	99
Corporate directory	101

**HMC Capital Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2024**



	Note	Consolidated 30 June 2024 \$m	30 June 2023 \$m
Revenue	5	81.1	68.7
<b>Other income</b>			
Share of profits of associates and joint ventures accounted for using the equity method	13	12.4	17.9
Other income		0.3	0.8
Interest income		3.1	3.1
Dividend income		11.9	4.9
Change in assets/liabilities at fair value through profit or loss	6	121.4	58.3
<b>Expenses</b>			
Employee benefits expenses	7	(35.7)	(30.2)
Corporate expenses		(25.6)	(18.9)
Acquisition and transaction costs	7	(23.2)	(6.6)
Finance costs	7	(17.0)	(8.6)
Other expenses		-	(3.5)
<b>Profit before income tax expense</b>		128.7	85.9
Income tax expense	8	(14.3)	(2.6)
<b>Profit after income tax expense for the year</b>		114.4	83.3
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>		<u>114.4</u>	<u>83.3</u>
Profit for the year is attributable to:			
Non-controlling interest		48.4	26.2
Owners of HMC Capital Limited		66.0	57.1
		<u>114.4</u>	<u>83.3</u>
Total comprehensive income for the year is attributable to:			
Non-controlling interest		48.4	26.2
Owners of HMC Capital Limited		66.0	57.1
		<u>114.4</u>	<u>83.3</u>

Non-controlling interest (NCI) for the year ended 30 June 2024 and 30 June 2023 relates to HMC Capital Partners Fund I.

		Cents	Cents
Basic earnings per share	35	18.88	18.37
Diluted earnings per share	35	18.73	18.27

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

	Note	Consolidated 30 June 2024 \$m	30 June 2023 \$m
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	186.6	48.8
Trade and other receivables	10	29.2	33.0
Financial assets at fair value through profit or loss	12	60.7	66.9
Other assets	11	9.2	41.7
Total current assets		285.7	190.4
<b>Non-current assets</b>			
Financial assets at fair value through profit or loss	12	733.1	346.3
Investments accounted for using the equity method	13	575.5	612.5
Property, plant and equipment	14	1.0	2.1
Intangible assets	15	186.7	186.7
Right-of-use assets	16	2.9	3.8
Convertible notes	17	2.9	2.9
Total non-current assets		1,502.1	1,154.3
<b>Total assets</b>		1,787.8	1,344.7
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	18	28.3	17.5
Borrowings	19	199.1	86.3
Employee benefit obligations	20	1.3	1.9
Lease liabilities	21	0.9	0.8
Income tax	8	12.1	-
Total current liabilities		241.7	106.5
<b>Non-current liabilities</b>			
Lease liabilities	21	2.0	2.8
Employee benefit obligations	20	0.5	-
Provisions		0.5	0.5
Deferred tax liability	8	36.3	34.5
Total non-current liabilities		39.3	37.8
<b>Total liabilities</b>		281.0	144.3
<b>Net assets</b>		1,506.8	1,200.4
<b>Equity</b>			
Contributed equity	22	5,366.1	5,204.4
Reserves	23	(1,225.2)	(1,228.5)
Accumulated losses		(2,918.0)	(2,942.2)
Equity attributable to the owners of HMC Capital Limited		1,222.9	1,033.7
Non-controlling interest		283.9	166.7
<b>Total equity</b>		1,506.8	1,200.4

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

**HMC Capital Limited**  
**Consolidated statement of changes in equity**  
**For the year ended 30 June 2024**



<b>Consolidated</b>	<b>Contri- buted equity \$m</b>	<b>Share-based payments reserve \$m</b>	<b>NCI reserve \$m</b>	<b>Accumu- lated losses \$m</b>	<b>Non- controlling interest* \$m</b>	<b>Total equity \$m</b>
Balance at 1 July 2022	5,036.7	5.1	(1,232.5)	(2,963.3)	-	846.0
Profit after income tax expense for the year	-	-	-	57.1	26.2	83.3
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	57.1	26.2	83.3
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (note 22)	168.0	-	-	-	-	168.0
Share-based payments	-	4.5	-	-	-	4.5
Acquisition of treasury shares	(5.9)	-	-	-	-	(5.9)
Vesting of employee awards	5.6	(5.6)	-	-	-	-
Contributions by NCI	-	-	-	-	140.5	140.5
Dividends declared (note 24)	-	-	-	(36.0)	-	(36.0)
Balance at 30 June 2023	<u>5,204.4</u>	<u>4.0</u>	<u>(1,232.5)</u>	<u>(2,942.2)</u>	<u>166.7</u>	<u>1,200.4</u>
<b>Consolidated</b>	<b>Contri- buted equity \$m</b>	<b>Share-based payments reserve \$m</b>	<b>NCI reserve \$m</b>	<b>Accumu- lated losses \$m</b>	<b>Non- controlling interest* \$m</b>	<b>Total equity \$m</b>
Balance at 1 July 2023	5,204.4	4.0	(1,232.5)	(2,942.2)	166.7	1,200.4
Profit after income tax expense for the year	-	-	-	66.0	48.4	114.4
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	66.0	48.4	114.4
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (note 22)	162.9	-	-	-	-	162.9
Share-based payments	-	7.9	-	-	-	7.9
Acquisition of treasury shares	(5.8)	-	-	-	-	(5.8)
Vesting of employee awards	4.6	(4.6)	-	-	-	-
Contributions by NCI	-	-	-	-	68.8	68.8
Dividends declared (note 24)	-	-	-	(41.8)	-	(41.8)
Balance at 30 June 2024	<u>5,366.1</u>	<u>7.3</u>	<u>(1,232.5)</u>	<u>(2,918.0)</u>	<u>283.9</u>	<u>1,506.8</u>

Non-controlling interest (NCI) for the year ended 30 June 2024 and 30 June 2023 relates to HMC Capital Partners Fund I.

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

**HMC Capital Limited**  
**Consolidated statement of cash flows**  
**For the year ended 30 June 2024**



	Consolidated	
Note	30 June 2024	30 June 2023
	\$m	\$m
<b>Cash flows from operating activities</b>		
Receipts from customers and tenants (inclusive of GST)	96.1	79.9
Payments to suppliers and employees (inclusive of GST)	(58.0)	(69.8)
Interest paid	(12.6)	(7.8)
Income taxes paid	-	(2.0)
	<hr/>	<hr/>
Net cash from operating activities	37 25.5	0.3
<b>Cash flows from investing activities</b>		
Payment for deposits	(47.1)	(37.6)
Payment for financial instruments	(496.9)	(565.0)
Payment for equity accounted investments	(51.5)	(48.5)
Proceeds on disposal of financial instruments	238.4	219.8
Proceeds on disposal of investments in joint ventures	49.9	32.7
Proceeds from disposal of investments	76.7	4.8
Distributions received	44.1	33.7
Other investing activities	-	(0.7)
	<hr/>	<hr/>
Net cash used in investing activities	(186.4)	(360.8)
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	161.6	163.6
Proceeds from borrowings	376.8	365.0
Repayment of borrowings	(263.3)	(278.5)
Dividends paid	(41.8)	(36.0)
Other financing activities	(3.4)	(2.9)
Cash contributed by non-controlling entity	68.8	140.5
	<hr/>	<hr/>
Net cash from financing activities	298.7	351.7
Net increase/(decrease) in cash and cash equivalents	137.8	(8.8)
Cash and cash equivalents at the beginning of the financial year	48.8	57.6
	<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year	9 186.6	48.8

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

## **Note 1. General information**

The consolidated financial statements cover HMC Capital Limited (ACN 138 990 593) (the Company or HMC Capital) and the entities it controlled at the end of, or during, the financial year (collectively referred as the group). The consolidated financial statements are presented in Australian dollars, which is the group's functional and presentation currency.

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

Level 7, Gateway  
1 Macquarie Place  
Sydney NSW 2000

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 consolidated financial statements.

The consolidated financial statements were authorised for issue, in accordance with a resolution of directors, on 20 August 2024. The directors have the power to amend and reissue the consolidated financial statements.

## **Note 2. Material accounting policy information**

The accounting policies that are material to the group are set out below. The accounting policies adopted are consistent with those of the previous financial year, 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.

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

The following Accounting Standards and Interpretations adopted during the year are most relevant to the group:

#### *Amendments to AASB 101 and AASB Practice Statement 2*

The group adopted disclosure of accounting policies (Amendments to AASB 101 and AASB Practice Statement 2) from 1 July 2023. The amendments did not result in any changes to the accounting policies themselves or the accounting policy information disclosed in the consolidated financial statements.

### **Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

#### *Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of certain financial assets and liabilities, including derivative financial instruments.

#### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

### **Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the group only. Supplementary information about the parent entity is disclosed in note 32.

### **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of HMC Capital as at 30 June 2024 and the results of all subsidiaries for the year then ended.

## **Note 2. Material accounting policy information (continued)**

Subsidiaries are all those entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

### **Operating segments**

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'), which is the Board of Directors. The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

### **Revenue recognition**

The group recognises revenue as follows:

#### *Management fee income*

Management fees comprise investment management and asset management fees for assets 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 the service.

Asset 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 receipt of the successful executed tenancy agreements. Development management fees are recognised over time based on a percentage of the development costs.

#### *Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

#### *Distribution income*

Revenue is recognised when the group's right to receive the payment is established, which is generally when the directors of the investee approve the dividends.

### **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.



## **Note 2. Material accounting policy information (continued)**

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.

HMC Capital (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

### **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 group'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 group'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.

### **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## **Note 2. Material accounting policy information (continued)**

### **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 in associates**

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 net investment in the associate is impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is impaired includes observable data such as significant financial difficulty of the associate or it is probable that the associate will enter bankruptcy.

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.

### **Investment in joint ventures**

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the consent of the parties sharing control.

The group's investments in its joint ventures are accounted for using the equity method. Under the equity method, the investment in the joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately. The statement of profit or loss reflects the group's share of the results of operations of the joint venture. Any change in other comprehensive income ('OCI') of those investees is presented as part of the group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the group and the joint venture are eliminated to the extent of the interest in the joint venture. The financial statements of the joint venture are prepared using the same accounting policies and for the same reporting period as the group.

### **Investments and other financial assets**

Investments and other financial assets 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.

## Note 2. Material accounting policy information (continued)

### *Financial assets at fair value through profit or loss*

Investments in listed equity securities 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. Fair value movements are recognised in profit or loss.

### *Convertible notes*

Convertible notes are accounted for on an amortised cost basis.

### **Property, plant and equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Fixtures, fittings and equipment	3 years
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The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

### **Right-of-use assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

### **Intangible assets**

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset.

### *Goodwill*

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

## Note 2. Material accounting policy information (continued)

### *Management rights*

Management rights acquired in a business combination are not amortised, on the basis of indefinite life, which is reassessed every year. Instead, they are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired, and are carried at cost less accumulated impairment losses. Management considers that the useful life of management rights is indefinite because there is no foreseeable limit to the cash flows this asset can generate.

### **Impairment of non-financial assets**

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

### **Trade and other payables**

Trade and other payables 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**

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.

### **Lease liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

### **Finance costs**

Finance costs is predominately interest and finance charges on borrowings which are expensed in the period in which they are incurred.

### **Provisions**

Provisions are recognised when the group has a present (legal or constructive) obligation as a result of a past event, it is probable the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

### **Employee benefits**

#### *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

## **Note 2. Material accounting policy information (continued)**

### *Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

### *Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

### *Share-based payments*

Equity-settled share-based compensation benefits are provided to directors and employees.

Equity-settled transactions are awards of shares, rights over shares or options over shares, that are provided to directors and 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.

### **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 used to measure fair value are those that are appropriate in the circumstances and which maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

## **Note 2. Material accounting policy information (continued)**

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.

### **Contributed capital**

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.

### **Dividends**

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

### **Business combinations**

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration are classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

## Note 2. Material accounting policy information (continued)

### Earnings per share

#### *Basic earnings per share*

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

#### *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 additional ordinary shares that would have been outstanding assuming conversion of all dilutive potential ordinary shares.

### Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### 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 this report have been rounded off in accordance with that Corporations Instrument to the nearest hundred thousand dollars, unless otherwise stated.

### New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the group for the annual reporting period ended 30 June 2024. The group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the group, are set out below.

#### *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current (AASB 2020-1)*

AASB 2020-1 amendments provide clarification on the requirements for classifying liabilities as current or non-current. The effective date is for annual reporting periods commencing from 1 January 2024. The group has not finalised their assessment of the impact but does not expect the impact of the adoption of AASB 2020-1 will be material.

#### *AASB 18 Presentation and Disclosure in Financial Statements*

This standard is applicable to annual reporting periods beginning on or after 1 January 2027, with early adoption permitted. The standard replaces AASB 101 'Presentation of Financial Statements', although many of the requirements have been carried forward unchanged and is accompanied by limited amendments to the requirements in AASB 107 'Statement of Cash Flows'. The standard will affect presentation and disclosure in the financial statements, including introducing five categories in the statement of profit or loss and other comprehensive income: operating, investing, financing, income taxes and discontinued operations. The standard introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. There are also new disclosure requirements for 'management defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes. The group will adopt this standard from 1 July 2027 and it is expected that there will be a material change to the layout of the statement of profit or loss and other comprehensive income.

### Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

#### *Fair value measurement hierarchy*

The group is required to classify all assets and liabilities, measured 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; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

#### *Goodwill and other indefinite life intangible assets*

The group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

#### *Investments in associates accounted for using the equity method*

The investment in associates is tested whether the group has significant influence over an investee. The group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether the net investment in the associate has suffered any impairment, in accordance with the accounting policy stated in note 2..

#### *Recovery of deferred tax assets*

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

The group assesses the recoverability of deferred tax assets at each reporting date. In making this assessment, the group considers, in particular, the future business plans, reasons for past losses, whether the unused tax losses resulted from identifiable causes which are unlikely to recur and if any tax planning opportunities exist in the period in which the taxable losses can be utilised. The recognised net deferred tax liability of \$36.3 million (2023: \$34.5 million) comprises nil (2023: \$0.6 million) of carry forward tax losses and \$5.0 million (2023: \$6.0 million) of deductible temporary differences. The group has made a judgement that they will be able to generate sufficient taxable profits over the foreseeable future, based upon its future business plans.



**Note 4. Operating segments**

*Identification of reportable operating segments*

From 1 July 2023, the group amended its operating segments to align to its current funds management strategies of Real Estate and Private Equity. Historically, operating segments had separated Investments and Funds Management activities. As the group provides capital to support existing and new HMC Capital managed funds, the new reporting format will provide more transparency on total shareholder returns (comprising both investment income and funds management income) on invested capital across the various funds management strategies.

The following summary describes the operations in each of the group's reportable segments:

- Real Estate – the group's Real Estate strategies include HMC Capital managed HomeCo Daily Needs REIT, HealthCo Healthcare and Wellness REIT, HMC Wholesale Healthcare Fund and the Last Mile Logistics Fund.
- Private Equity – currently comprises the HMC Capital Partners Fund I, a high conviction strategic stakes fund.
- Corporate – the corporate segment comprises unallocated costs and Capital Solutions activities which includes short term investments undertaken relating to non-HMC managed funds.

The operating segments are based on the internal reports that are reviewed by the Chief Operating Decision Maker ('CODM') in assessing performance and in determining the allocation of resources. The CODM monitor the performance of the business on the basis of Operating Earnings for each segment. Operating Earnings represents the group's underlying and recurring earnings from its operations and is determined by adjusting the statutory net profit after tax for items.

As required by Australian Accounting Standards, comparative information has been restated to align to the new reportable segments.

The information reported to the CODM is on a monthly basis. The group only operates in Australia.

*Major customers*

During the year ended 30 June 2024, there were three (30 June 2023: two) major customers from the Real Estate segment of the group generating more than 10% of the group's external revenue.

*Operating segment information*

<b>Consolidated - 30 June 2024</b>	<b>Real Estate \$m</b>	<b>Private Equity \$m</b>	<b>Corporate \$m</b>	<b>Total \$m</b>
<b>Revenue</b>				
Management fee income	77.6	3.5	-	81.1
Other property income	-	-	-	-
<b>Total revenue</b>	<u>77.6</u>	<u>3.5</u>	<u>-</u>	<u>81.1</u>
<b>Operating earnings (before income tax)</b>	84.6	78.0	(33.3)	129.3
Depreciation expenses	-	-	(1.1)	(1.1)
Donation expenses	-	-	(3.1)	(3.1)
Acquisition and transaction costs	(18.8)	(1.0)	(3.4)	(23.2)
Amortisation of borrowing costs	-	-	(1.0)	(1.0)
Share of associate profit (adjusted)	(20.6)	-	-	(20.6)
Non-controlling interest	-	48.4	-	48.4
<b>Profit/(loss) before income tax expense</b>	<u>45.2</u>	<u>125.4</u>	<u>(41.9)</u>	<u>128.7</u>
Income tax expense				(14.3)
<b>Profit after income tax expense</b>				<u>114.4</u>
<b>Assets</b>				
Segment assets	800.3	768.6	218.9	1,787.8
<b>Total assets</b>				<u>1,787.8</u>
<i>Total assets includes:</i>				
Investments in associates	575.5	-	-	575.5

Note 4. Operating segments (continued)

	Real Estate \$m	Private Equity \$m	Corporate \$m	Total \$m
<b>Consolidated - 30 June 2024</b>				
<b>Liabilities</b>				
Segment liabilities	-	209.4	71.6	281.0
<b>Total liabilities</b>				<b>281.0</b>
	Real Estate \$m	Private Equity \$m	Corporate \$m	Total \$m
<b>Consolidated - 30 June 2023 (restated)</b>				
<b>Revenue</b>				
Management fee income	68.4	-	-	68.4
Other property income	0.3	-	-	0.3
<b>Total revenue</b>	<b>68.7</b>	<b>-</b>	<b>-</b>	<b>68.7</b>
<b>Operating earnings (before income tax)</b>				
Depreciation expenses	-	-	(1.2)	(1.2)
Fair value movements	(0.2)	-	(3.4)	(3.6)
Acquisition and transaction costs	(1.3)	(1.0)	(3.0)	(5.3)
Amortisation of borrowing costs	-	-	(0.4)	(0.4)
Share of associate profit (adjusted)	(11.9)	-	-	(11.9)
Non-controlling interest	-	26.2	-	26.2
<b>Profit/(loss) before income tax expense</b>	<b>65.6</b>	<b>53.5</b>	<b>(33.2)</b>	<b>85.9</b>
Income tax expense				(2.6)
<b>Profit after income tax expense</b>				<b>83.3</b>
<b>Assets</b>				
Segment assets	913.5	399.7	31.5	1,344.7
<b>Total assets</b>				<b>1,344.7</b>
<i>Total assets includes:</i>				
Investments in associates	612.5	-	-	612.5
<b>Liabilities</b>				
Segment liabilities	2.0	55.0	87.3	144.3
<b>Total liabilities</b>				<b>144.3</b>

Note 5. Revenue

	<b>Consolidated</b>	
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>\$m</b>	<b>\$m</b>
Management fee income	81.1	68.4
Other property income	-	0.3
	<b>81.1</b>	<b>68.7</b>

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

	<b>Consolidated</b>	
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>\$m</b>	<b>\$m</b>
Net fair value gain on remeasurement of financial instruments	63.4	48.9
Realised gain on disposal of derivative instruments	0.9	14.7
Realised gain/(loss) on disposal of financial instruments	57.1	(10.1)
Realised gain on disposal of investments	-	4.8
	121.4	58.3

**Note 7. Expenses**

	<b>Consolidated</b>	
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>\$m</b>	<b>\$m</b>
<i>Employee benefits expenses</i>		
Salaries and wages	26.4	22.9
Defined contribution superannuation expense	1.7	1.5
Share-based payments	4.9	4.2
Other employee benefits	2.7	1.6
Total employee benefits expenses	35.7	30.2
<i>Acquisition and transaction costs</i>		
Transaction and group reorganisation costs	7.5	6.6
Loss on sale of investments in associates due to selective buyback	6.2	-
Loss on disposal of investment in associates	9.5	-
Total acquisition and transaction costs	23.2	6.6
<i>Finance costs</i>		
Interest and finance charges on borrowings	15.9	8.0
Interest and finance charges on lease liabilities	0.1	0.2
Amortisation of borrowing costs	1.0	0.4
Finance costs expensed	17.0	8.6

*Change in expense classification:*

During the year, the group amended its expense allocation on the consolidated statement of profit and loss and other comprehensive income and related notes to align to its current funds management strategies. The new reporting format provides transparency of costs incurred by the group and enhance the information available to the users of the report.

The comparatives have been realigned to current year presentation. The total of corporate expenses of \$27.6 million and property and fund management expenses of \$25.0 million as at 30 June 2023 have been disaggregated further into the following categories.

	Previously reported	Adjustment	30 June 2023 Reclassified
	\$m	\$m	\$m
Property and funds management expense	25.0	(25.0)	-
Employee benefits expenses	-	30.2	30.2
Corporate expenses	27.6	(8.7)	18.9
Other expenses	-	3.5	3.5
Total expense	52.6	-	52.6



**Note 8. Income tax (continued)**

	<b>Consolidated</b>	
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>\$m</b>	<b>\$m</b>
<i>Provision for income tax</i>		
Provision for income tax	12.1	-

*Tax losses not recognised*

	<b>Consolidated</b>	
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>\$m</b>	<b>\$m</b>
Unused tax losses for which no deferred tax asset has been recognised	2,494.3	2,496.6
Potential tax benefit at statutory tax rates	748.3	749.0

The group has not brought to account \$2,494.3 million (2023: \$2,496.6 million) of tax losses, which includes the benefit arising from tax losses incurred prior to the Company's IPO. The benefits of unused tax losses will only be brought to account (with the recognition of a deferred tax asset) when there is convincing evidence that it is probable that they will be realised.

This benefit of tax losses will only be obtained if:

- the group derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- the group continues to comply with the conditions for deductibility imposed by tax legislation, in particular the group continues to meet the Business Continuity Test; and
- no changes in tax legislation adversely affect the group in realising the benefit from the deductions for the losses.

**Note 9. Cash and cash equivalents**

	<b>Consolidated</b>	
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>\$m</b>	<b>\$m</b>
<i>Current assets</i>		
Cash at bank	186.6	48.8

**Note 10. Trade and other receivables**

	<b>Consolidated</b>	
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>\$m</b>	<b>\$m</b>
<i>Current assets</i>		
Trade receivables	9.4	14.3
Allowance for expected credit losses	-	(0.2)
	9.4	14.1
Distributions receivables	7.8	7.5
Accrued income	8.9	10.9
Other receivables	3.1	0.5
	19.8	18.9
	29.2	33.0

**Note 11. Other assets**

	<b>Consolidated</b>	
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>\$m</b>	<b>\$m</b>
<i>Current assets</i>		
Prepayments	0.2	39.9
Deposits	9.0	1.8
	9.2	41.7
	9.2	41.7

*HMC Wholesale Healthcare Fund ('HWHF')*

In March 2023, HMC Wholesale Healthcare Fund – a fund managed by HMC Capital acquired a portfolio of private hospitals leased to private hospital operator Healthscope. As at 30 June 2023, HMC Capital provided short term underwriting support for a third party institutional investor undertaking advanced due diligence, which was settled in December 2023.

*Acquisition deposits*

In May 2024, HMC Capital announced it had agreed terms to acquire 100% of Payton Capital ('Payton') and made a \$3.5m deposit into an escrow account. In February 2024, HMC Capital announced it had agreed terms to acquire 100% of Stratcap LLC ('Stratcap') and made a \$4.4m deposit into an escrow account.

**Note 12. Financial assets at fair value through profit or loss**

	<b>Consolidated</b>	
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>\$m</b>	<b>\$m</b>
<i>Current assets</i>		
Cash backed - equity total return swap	-	66.9
Australian listed equity securities	60.7	-
	60.7	66.9
<i>Non-current assets</i>		
Australian listed equity securities	733.1	346.3
	793.8	413.2
	793.8	413.2

*Reconciliation*

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening fair value	413.2	-
Additions	496.9	565.0
Disposals	(237.7)	(190.6)
Revaluation increments	121.4	38.8
	793.8	413.2
Closing fair value	793.8	413.2

Refer to note 26 for further information on fair value measurement.

**Note 13. Investments accounted for using the equity method**

	Consolidated 30 June 2024	30 June 2023
	\$m	\$m
<i>Non-current assets</i>		
Associate - HomeCo Daily Needs REIT	360.7	434.0
Associate - HealthCo Healthcare and Wellness REIT	201.4	166.6
Joint venture - General Medical Precinct Trust	2.5	2.5
Joint venture - Life Sciences Medical Precinct Trust	10.9	9.4
	<u>575.5</u>	<u>612.5</u>

**Interests in associates and joint ventures**

Interests in associates and joint ventures are accounted for using the equity method of accounting. Information relating to associates that are material to the group are set out below:

Name	Principal place of business/ Country of incorporation	Ownership interest	
		30 June 2024 %	30 June 2023 %
HomeCo Daily Needs REIT	Australia	12.1%	14.1%
HealthCo Healthcare and Wellness REIT	Australia	22.3%	16.3%
General Medical Precinct Trust	Australia	27.4%	25.0%
Life Sciences Medical Precinct Trust	Australia	31.9%	30.7%

*Summarised financial information*

	HDN		HCW		Joint ventures	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	\$m	\$m	\$m	\$m	\$m	\$m
<i>Summarised statement of financial position</i>						
Current assets	109.5	52.2	52.7	65.3	0.3	-
Non-current assets	4,676.8	4,773.2	1,388.7	1,659.2	43.8	40.5
Total assets	<u>4,786.3</u>	<u>4,825.4</u>	<u>1,441.4</u>	<u>1,724.5</u>	<u>44.1</u>	<u>40.5</u>
Current liabilities	409.7	106.0	40.6	62.5	0.4	-
Non-current liabilities	1,384.1	1,643.3	480.9	703.7	-	-
Total liabilities	<u>1,793.8</u>	<u>1,749.3</u>	<u>521.5</u>	<u>766.2</u>	<u>0.4</u>	<u>-</u>
Net assets	<u>2,992.5</u>	<u>3,076.1</u>	<u>919.9</u>	<u>958.3</u>	<u>43.7</u>	<u>40.5</u>

*Summarised statement of profit or loss and other comprehensive income*

Revenue and fair value changes	272.2	273.7	82.5	67.1	-	6.8
Expenses	(190.2)	(171.5)	(75.2)	(45.9)	-	-
Profit before income tax	82.0	102.2	7.3	21.2	-	6.8
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	<u>82.0</u>	<u>102.2</u>	<u>7.3</u>	<u>21.2</u>	<u>-</u>	<u>6.8</u>

**Note 13. Investments accounted for using the equity method (continued)**

	HDN		HCW		Joint ventures	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	\$m	\$m	\$m	\$m	\$m	\$m
<i>Reconciliation of the group's carrying amount</i>						
Opening carrying amount	434.0	443.2	166.6	136.9	11.9	28.6
Additional investments acquired during the year	-	0.6	49.9	32.0	1.5	15.4
Share of profit after income tax	10.9	14.5	1.5	3.4	-	-
Share of distributions paid/payable	(23.3)	(24.2)	(9.2)	(5.7)	-	-
Loss recognised on disposal	(9.5)	-	-	-	-	-
Disposal/others	(51.4)	(0.1)	(7.4)	-	-	(32.1)
Closing carrying amount	<u>360.7</u>	<u>434.0</u>	<u>201.4</u>	<u>166.6</u>	<u>13.4</u>	<u>11.9</u>

*Commitments*

	Consolidated	
	30 June 2024	30 June 2023
	\$m	\$m
Committed at the reporting date but not recognised as liabilities:		
Capital expenditure	82.7	120.0
Property acquisitions	141.1	75.3

**Note 14. Property, plant and equipment**

	Consolidated	
	30 June 2024	30 June 2023
	\$m	\$m
<i>Non-current assets</i>		
Fixtures, fittings and equipment - at cost	3.4	3.4
Less: Accumulated depreciation	<u>(2.4)</u>	<u>(1.3)</u>
	<u>1.0</u>	<u>2.1</u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Furniture, fittings and equipment
	\$m
Balance at 1 July 2022	3.1
Additions	0.1
Depreciation expense	<u>(1.1)</u>
Balance at 30 June 2023	2.1
Depreciation expense	<u>(1.1)</u>
Balance at 30 June 2024	<u>1.0</u>



**Note 15. Intangible assets**

	<b>Consolidated</b>	
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>\$m</b>	<b>\$m</b>
<i>Non-current assets</i>		
Goodwill	49.3	49.3
Management rights	137.4	137.4
	186.7	186.7

*Impairment testing*

Goodwill and management rights are allocated to the Funds Management group of cash generating units ('Funds Management CGU') and are tested annually for impairment or when there are indicators of impairment. Goodwill and management rights are considered to be impaired if their recoverable amount is less than their carrying amount. As part of annual impairment testing, goodwill generated as a result of the recognition of deferred tax on management rights acquired in a business combination is offset against a corresponding and equal deferred tax liability when calculating the carrying value of the cash generating unit.

No impairment expense was recognised for the year ended 30 June 2024 and 30 June 2023 as the estimated recoverable amount is greater than the carrying value for the Funds Management CGU.

The recoverable amount of goodwill and management rights was determined using the value in use approach and valued using discounted cash flow projections. Key assumptions adopted in the discounted cash flow valuation are as follows:

Cash flows	5 years (2023: 5 years)
Discount rate (pre-tax)	13.6% (2023: 13.2%)
Management fee revenue	11.6% (2023: 17.3%) (5 year compound annual growth rate, 'CAGR')
Terminal growth rate	3.0% (2023: 3.0%)

Cash flow projections were based on financial budgets for the year ending 30 June 2024. Cash flows beyond the projected period are extrapolated using estimated growth rates.

Terminal growth rates are estimated based on the expected long-term earnings growth and macro-economic factors. Discount rates applied to cash flow projections are calculated by reference to the group's weighted average cost of capital. Discount rates are adjusted for risks specific to the cash generating unit which include funds under management growth assumptions.

*Sensitivity analysis*

A 50 basis point increase/decrease in the discount rate would result in a \$17.6 million decrease/\$19.2 million increase in the recoverable value of the cash generating unit.

A 50 basis point increase/decrease in the terminal growth rate would result in a \$13.8 million increase/\$12.7 million decrease in the recoverable value of the cash generating unit.

**Note 16. Right-of-use assets**

	<b>Consolidated</b>	
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>\$m</b>	<b>\$m</b>
<i>Non-current assets</i>		
Right-of-use assets	4.9	4.9
Less: Accumulated depreciation	(2.0)	(1.1)
	2.9	3.8

### Note 16. Right-of-use assets (continued)

The group leases office premises under an agreement expiring in three years, with an option to extend. The lease has various escalation clauses.

#### Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	Office premises \$m
Balance at 1 July 2022	4.8
Depreciation expense	(1.0)
Balance at 30 June 2023	3.8
Depreciation expense	(0.9)
Balance at 30 June 2024	<u>2.9</u>

For other AASB 16 lease-related disclosures refer to the following:

- note 7 for details of interest on lease liabilities and other lease expenses;
- note 21 for details of lease liabilities at the beginning and end of the financial year;
- note 25 for the maturity analysis of lease liabilities; and
- consolidated statement of cash flows for repayment of lease liabilities.

### Note 17. Convertible notes

	<b>Consolidated</b> 30 June 2024	30 June 2023
	\$m	\$m
<i>Non-current assets</i>		
Convertible notes	<u>2.9</u>	<u>2.9</u>

Convertible notes represent an investment in a related party and derive interest at a variable rate plus a margin. The convertible notes have a 7-year term and may be converted between a date that is five years after the commencement date and the maturity date.

### Note 18. Trade and other payables

	<b>Consolidated</b> 30 June 2024	30 June 2023
	\$m	\$m
<i>Current liabilities</i>		
Trade payables	2.3	0.3
Rent received in advance	0.2	0.1
Accrued expenses	24.3	14.4
Other payables	1.5	2.7
	<u>28.3</u>	<u>17.5</u>

Refer to note 25 for further information on financial instruments.

**Note 19. Borrowings**

	<b>Consolidated</b>	
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>\$m</b>	<b>\$m</b>
<i>Current liabilities</i>		
Secured margin loan (HMC Capital Partners Fund I, non-recourse borrowings)	200.0	50.0
Secured bank debt (HMC Capital)	-	36.5
Capitalised borrowing costs	(0.9)	(0.2)
	199.1	86.3
	199.1	86.3

Refer to note 25 for further information on financial instruments.

HMC Capital Partners Fund I margin loan comprises a \$70.0 million non-recourse debt facility and a \$130.0 million non-recourse debt facility which has been utilised for acquiring investments in Australian listed equities. These facilities are secured by HMC Capital Partners Fund I investments in Australian listed equities. The \$70.0 million facility's maturity date is 5 September 2024. The \$130.0 million facility's maturity date is 24 October 2024.

HMC Capital's bank debt comprises a \$355.0 million secured syndicated debt facility. During the year, the maturity date of the facility was extended to 30 September 2025. The bank debt is secured by group assets. This was undrawn as at 30 June 2024.

*Financing arrangements*

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

	<b>Consolidated</b>	
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>\$m</b>	<b>\$m</b>
<b>Total facilities</b>		
Secured margin loan	200.0	50.0
Secured bank debt	355.0	275.0
	555.0	325.0
<b>Used at the reporting date</b>		
Secured margin loan	200.0	50.0
Secured bank debt	-	36.5
	200.0	86.5
<b>Unused at the reporting date</b>		
Secured margin loan	-	-
Secured bank debt	355.0	238.5
	355.0	238.5

*Compliance with loan covenants*

The group has complied with the financial covenants of its debt facilities during the financial year ended 30 June 2024 and 30 June 2023.

**Note 20. Employee benefit obligations**

	<b>Consolidated</b>	
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>\$m</b>	<b>\$m</b>
<i>Current liabilities</i>		
Annual leave	1.2	0.9
Other employee benefits	0.1	1.0
	1.3	1.9
<i>Non-current liabilities</i>		
Employee benefits	0.5	-
	1.8	1.9
	1.8	1.9

**Note 21. Lease liabilities**

	<b>Consolidated</b>	
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>\$m</b>	<b>\$m</b>
<i>Current liabilities</i>		
Lease liability	0.9	0.8
<i>Non-current liabilities</i>		
Lease liability	2.0	2.8
	2.9	3.6
	2.9	3.6

Refer to note 25 for maturity analysis of lease liabilities.

**Note 22. Contributed equity**

	<b>Consolidated</b>			
	<b>30 June 2024</b>	<b>30 June 2023</b>	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$m</b>	<b>\$m</b>
Ordinary shares - fully paid	373,051,656	347,613,058	5,367.6	5,204.7
Less: Treasury shares	(213,729)	(72,462)	(1.5)	(0.3)
	372,837,927	347,540,596	5,366.1	5,204.4
	372,837,927	347,540,596	5,366.1	5,204.4

**Note 22. Contributed equity (continued)**

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>\$m</b>
Balance	1 July 2022	299,617,806	5,036.7
Issue of shares to the Trust (at \$4.92 per ordinary share)	25 August 2022	635,264	3.1
Issue of shares to the Trust (at \$4.72 per ordinary share)	28 September 2022	524,075	2.5
Issue of shares under Institutional Placement (at \$3.50 per ordinary share)	5 April 2023	35,714,286	125.0
Issue of shares under Share Purchase Plan (SPP) (at \$3.50 per ordinary share)	28 April 2023	11,053,908	38.7
Issue of shares under SPP (at \$3.50 per ordinary share)	5 May 2023	67,719	0.2
Share issue transaction costs, net of tax		-	(1.5)
Balance	30 June 2023	347,613,058	5,204.7
Issue of shares to the Trust (at \$5.26 per ordinary share)	23 August 2023	957,646	5.0
Issue of shares to the Trust (at \$6.50 per ordinary share)	21 February 2024	126,671	0.8
Issue of shares under institutional placement (at \$6.50 per ordinary share)	30 May 2024	15,384,616	100.0
Issue of shares under SPP (at \$6.50 per ordinary share)	25 June 2024	8,969,665	58.3
Share issue transaction costs, net of tax		-	(1.2)
Balance	30 June 2024	<u>373,051,656</u>	<u>5,367.6</u>

*Movements in treasury shares*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>\$m</b>
Balance	1 July 2022	-	-
Acquisition of shares by the Trust (at \$4.92 per ordinary share)	25 August 2022	(635,264)	(3.1)
Acquisition of shares by the Trust (at \$4.72 per ordinary share)	28 September 2022	(524,075)	(2.5)
Acquisition of shares through on-market purchase	30 September 2022	(74,116)	(0.3)
Vesting of employee awards		1,160,993	5.6
Balance	30 June 2023	(72,462)	(0.3)
Acquisition of shares by the Trust (at \$5.26 per ordinary share)	23 August 2023	(957,646)	(5.0)
Acquisition of shares by the Trust (at \$6.50 per ordinary share)	21 February 2024	(126,671)	(0.8)
Vesting of employee awards		943,050	4.6
Balance	30 June 2024	<u>(213,729)</u>	<u>(1.5)</u>

*Ordinary shares*

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the company be wound up in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and HMC Capital 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.

*Treasury shares*

Treasury shares are shares in HMC Capital Limited held by the HMC Capital Limited Employee Share Plan Trust (Trust) for the purposes of issuing shares under the group's employee share scheme and executive incentive plans. Shares issued to employees, upon satisfaction of relevant vesting conditions, are recognised on a first in first out basis.

*Share buy-back*

There is no current on-market share buy-back.

## Note 22. Contributed equity (continued)

### Capital risk management

The group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the prior year.

## Note 23. Reserves

	<b>Consolidated</b>	
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>\$m</b>	<b>\$m</b>
Share-based payments reserve	7.3	4.0
Non-controlling interest ("NCI") reserve	(1,232.5)	(1,232.5)
	<u>(1,225.2)</u>	<u>(1,228.5)</u>

### Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration.

### Non-controlling interest reserve

The reserve is used to recognise the difference between the amount of the adjustment to non-controlling interests in Home Consortium Development Limited (HCDL) and any consideration paid or received attributable to HMC Capital on de-stapling from the group. The securities in HCDL and HMC Capital were destapled effective from 24 December 2021.

### Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

<b>Consolidated</b>	Share-based payments reserve \$m	NCI reserve \$m	Total \$m
Balance at 1 July 2022	5.1	(1,232.5)	(1,227.4)
Share-based payments	4.5	-	4.5
Vesting of employee awards (note 22)	(5.6)	-	(5.6)
Balance at 30 June 2023	4.0	(1,232.5)	(1,228.5)
Share-based payments	7.9	-	7.9
Vesting of employee awards (note 22)	(4.6)	-	(4.6)
Balance at 30 June 2024	<u>7.3</u>	<u>(1,232.5)</u>	<u>(1,225.2)</u>

## Note 24. Dividends

### Dividends

Dividends declared during the financial year were as follows:

	Consolidated 30 June 2024 \$m	30 June 2023 \$m
Final dividend to shareholders registered on 30 August 2023 of 6.0 cents (2023: 6.0 cents) per ordinary share	20.9	18.0
Interim dividend for the year ended 30 June 2024 of 6.0 cents (2023: 6.0 cents) per ordinary share	20.9	18.0
	41.8	36.0

On 20 August 2024, the directors determined to pay a dividend of 6.0 cents per ordinary share. The dividends will be paid on 2 October 2024 to eligible shareholders on the register on 28 August 2024.

### Franking credits

	Consolidated 30 June 2024 \$m	30 June 2023 \$m
Franking credits available for subsequent financial years based on a tax rate of 30%	0.7	1.1

The above amounts represent the balance of the franking account as at the end of the financial year.

## Note 25. Financial instruments

### Financial risk management objectives

The group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group. The group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the group's operating units. Finance reports to the Board on a quarterly basis.

### Market risk

#### Foreign currency risk

The group is not exposed to any significant foreign currency risk.

#### Price risk

The group's main exposure to price risk arises from the equity total return swap (equity swap) and investment in financial assets at fair value through profit or loss disclosed in note 12 to the financial statements.

#### Australian listed equity securities and cash backed equity swaps

All securities present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instrument as recorded in the statement of financial position.

**Note 25. Financial instruments (continued)**

The table below demonstrates the impact of a 10% movement in price of investments with direct equity exposure in active markets with quoted prices or prices that are observable either directly or indirectly. This sensitivity analysis has been performed to assess the direct risk of holding equity securities with all other variables held constant. It assumes that the relevant changes occur at the reporting date.

Consolidated - 30 June 2024	% change	Average price increase		Average price decrease		
		Effect on profit before tax \$m	Effect on equity \$m	Effect on profit before tax \$m	Effect on equity \$m	
Australian listed equity securities	10.0%	79	55	10.0%	(79)	(55)

**Interest rate risk**

The group's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the group to interest rate risk. Borrowings obtained at fixed rates expose the group to fair value risk. The group uses derivative financial instruments such as interest rate swap contracts to hedge certain risk exposures when necessary.

As at the reporting date, the group had the following variable rate borrowings outstanding:

Consolidated	30 June 2024		30 June 2023	
	Weighted average interest rate %	Balance \$m	Weighted average interest rate %	Balance \$m
Bank loans *	6.68%	-	9.67%	36.5
Margin loan	6.54%	200.0	6.44%	50.0
Net exposure to cash flow interest rate risk		200.0		86.5

\* Weighted average interest rate includes commitment fee on undrawn debt (5.3% per annum on drawn debt only for 30 June 2023)

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

An official increase/decrease in interest rates of 50 (2023: 50) basis points per annum would have an adverse/favourable effect on profit before tax of \$1.0m (2023: \$0.4m). The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The group does not hold any collateral.

The group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all receivables of the group based on recent experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than one year.



**Note 25. Financial instruments (continued)**

**Liquidity risk**

Vigilant liquidity risk management requires the group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Refer to note 19 for details of unused borrowing facilities at the reporting date.

**Remaining contractual maturities**

The following tables detail the group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

<b>Consolidated - 30 June 2024</b>	1 year or less \$m	Between 1 and 2 years \$m	Between 2 and 5 years \$m	Over 5 years \$m	Remaining contractual maturities \$m
<b>Non-derivatives</b>					
<i>Non-interest bearing</i>					
Trade payables	2.3	-	-	-	2.3
Other payables	1.5	-	-	-	1.5
<i>Interest-bearing - variable</i>					
Bank loans	-	-	-	-	-
Margin loan	200.0	-	-	-	200.0
<i>Interest-bearing - fixed rate</i>					
Lease liability	0.9	1.0	1.0	-	2.9
<b>Total non-derivatives</b>	<b>204.7</b>	<b>1.0</b>	<b>1.0</b>	<b>-</b>	<b>206.7</b>

<b>Consolidated - 30 June 2023</b>	1 year or less \$m	Between 1 and 2 years \$m	Between 2 and 5 years \$m	Over 5 years \$m	Remaining contractual maturities \$m
<b>Non-derivatives</b>					
<i>Non-interest bearing</i>					
Trade payables	0.3	-	-	-	0.3
Borrowings	2.7	-	-	-	2.7
<i>Interest-bearing - variable</i>					
Bank loans	38.6	-	-	-	38.6
Margin loan	50.5	-	-	-	50.5
<i>Interest-bearing - fixed rate</i>					
Lease liability	0.9	2.0	1.0	-	3.9
<b>Total non-derivatives</b>	<b>93.0</b>	<b>2.0</b>	<b>1.0</b>	<b>-</b>	<b>96.0</b>

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

**Note 26. 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

<b>Consolidated - 30 June 2024</b>	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
<i>Assets</i>				
Australian listed equity securities	793.8	-	-	793.8
Total assets	793.8	-	-	793.8

<b>Consolidated - 30 June 2023</b>	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
<i>Assets</i>				
Cash backed - equity total return swap	66.9	-	-	66.9
Australian listed equity securities	346.3	-	-	346.3
Total assets	413.2	-	-	413.2

There were no transfers between levels during the financial 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 27. Key management personnel disclosures**

*Compensation*

The aggregate compensation made to directors and other members of key management personnel of the group is set out below:

	<b>Consolidated</b>	
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Short-term employee benefits	3,118	3,113
Post-employment benefits	125	141
Share-based payments	2,329	2,032
	<u>5,572</u>	<u>5,286</u>

## Note 28. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by KPMG, the auditor of the Company:

	<b>Consolidated</b>	
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Audit services - KPMG</i>		
Audit or review of the financial statements	490	446
<i>Other services - KPMG</i>		
Other assurance services - sustainability data assurance	58	-
<i>Total remuneration to KPMG</i>	<u>548</u>	<u>446</u>

## Note 29. Contingent liabilities

The group had no contingent liabilities as at 30 June 2024 and 30 June 2023.

## Note 30. Commitments

	<b>Consolidated</b>	
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>\$m</b>	<b>\$m</b>
<i>Capital commitments</i>		
Committed at the reporting date but not recognised as liabilities:		
Acquisitions	<u>146.9</u>	<u>432.4</u>

## Note 31. Related party transactions

### *Parent entity*

HMC Capital Limited is the parent entity of the group.

### *Subsidiaries*

Interests in subsidiaries are set out in note 33.

### *Associates*

Interests in associates are set out in note 13.

### *Key management personnel*

Disclosures relating to key management personnel are set out in note 27 and the remuneration report included in the directors' report.

### *Related party transactions with HealthCo Healthcare and Wellness REIT ('HCW')*

HCW Funds Management Limited was appointed as the responsible entity of HCW in the 2022 financial year. The Responsible Entity has appointed HMC Property Management Pty Limited (the 'Property Manager') and HMC Investment Management Pty Ltd (the 'Investment Manager') to provide certain asset management, investment management and development management services to HCW 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.

In May 2023 the base management fee threshold under the HCW Investment Management Agreement was amended from 0.65% to 0.55% on incremental GAV above \$800 million (previously \$1.5 billion).

**Note 31. Related party transactions (continued)**

*Related party transactions with HomeCo Daily Needs REIT ('HDN')*

HMC Funds Management Limited was appointed as the responsible entity of HDN in the 2021 financial year. The Responsible Entity has appointed HMC Property Management Limited (the 'Property Manager') and HMC 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.

*Transactions with related parties entered during the current financial year:*

*HealthCo Healthcare and Wellness REIT (HCW)*

In July 2023, an extraordinary general meeting of unitholders of HCW was held to obtain unitholder approval to HMC Capital's participation in, and support of the capital raising undertaken by HCW to fund the acquisition of a property portfolio leased to a private hospital operator. A resolution was passed to amend the Investment Management Agreement to permit the payment of acquisition or disposal fees by way of issues of units to HMC Capital as investment manager, in lieu of cash. In September 2023, 5,368,042 units were issued by HCW in lieu of cash to HMC Capital to satisfy an acquisition fee that arose as a result of the acquisition.

Further, a resolution to enter a selective buy back agreement pursuant to which the responsible entity of HCW agreed to buy back, and HMC Capital agreed to sell, up to 8,456,608 units held by HMC Capital for nominal consideration was also passed to facilitate a bonus unit provided to eligible HCW unitholders, that was funded by HMC Capital. During the year, HCW executed the selective buyback of 3,486,061 units from HMC Capital pursuant to the selective buy back agreement.

In February 2024, HMC opted to unwind its position in a cash backed – equity total return swap and acquire ordinary units for HCW at \$1.335 per unit. This resulted in an additional 31,912,867 units being acquired, which increased HMC's direct investment in HCW at the time from 16.4% to 22.1%.

*HMC Wholesale Healthcare Fund (previously referred as Healthcare and Life Sciences Unlisted Fund)*

During the year, HMC Capital reached the financial close on the \$1.3 billion HMC Wholesale Healthcare Fund with \$650.0 million of equity commitments including \$328.0 million from four global institutional investors and \$322.0 million from HCW.

**Note 31. Related party transactions (continued)**

*Related party transactions entered during the financial year are disclosed below:*

	<b>Consolidated</b>	
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Sale of goods and services:		
Investment management and property management fees derived from:		
HDN	51,034	46,944
HCW	13,129	18,665
Other funds	11,033	1,815
Responsible Entity expenses reimbursed from:		
HDN	755	835
HCW	856	812
Management fees derived from director and KMP related entity (Home Consortium Leasehold Pty Ltd)	475	600
Payment for goods and services:		
Payment for settlement adjustments relating to tenant rent and property expenses	-	464
Other transactions:		
(i) Rental guarantee expenses payable to HDN and HCW	-	1,156
(ii) Receipts from HDN (predominately reimbursement of insurance and travel costs)	5,350	6,219
(iii) Receipts from HCW (predominately reimbursement of insurance and travel costs)	976	1,324
(iv) Receipts from unlisted funds (predominately reimbursement of insurance and travel costs)	550	644
(v) Acquisition of HCW units	-	32,000
(vi) Sale of The George Trust to HCW	-	32,700
(vii) Disposal of HCW units	6,217	-
(viii) Investment in Life Science	1,586	419

*Receivable from and payable to related parties*

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

	<b>Consolidated</b>	
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Current receivables:		
HDN	11,273	9,545
HCW	5,746	13,067
Other funds	391	2,855
Current payables:		
Payables to HDN and HCW	21	372

*Loans to/from related parties*

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

	<b>Consolidated</b>	
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Non-current receivables:		
Convertible notes in a director and KMP related entity (Aurrum Childcare Pty Limited)	2,869	2,869

All related party receivables are considered to be recoverable.

**Note 31. Related party transactions (continued)**

*Terms and conditions*

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

**Note 32. Parent entity information**

Set out below is the supplementary information about the parent entity.

*Statement of profit or loss and other comprehensive income*

	<b>Parent</b>	
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>\$m</b>	<b>\$m</b>
Profit/(loss) after income tax	59.6	(1,000.4)
Total comprehensive income	59.6	(1,000.4)

*Statement of financial position*

	<b>Parent</b>	
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>\$m</b>	<b>\$m</b>
Total current assets	253.5	60.9
Total assets	1,466.4	1,299.2
Total current liabilities	29.7	48.1
Total liabilities	32.4	48.1
Equity		
Contributed equity	5,366.1	5,204.4
Profits reserve	57.5	39.7
Share-based payments reserve	7.3	4.0
Accumulated losses	(3,997.0)	(3,997.0)
Total equity	<u>1,434.0</u>	<u>1,251.1</u>

*Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

The parent entity and its wholly owned subsidiaries are party to a deed of cross guarantee under which each company guarantees the debts of the others. Refer to note 34 for further details.

*Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

*Capital commitments*

Refer to note 30 for commitments of the group which is the same for the parent entity.

*Material accounting policy information*

The accounting policies of the parent entity are consistent with those of the group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries and distributions received from associates are recognised as other income by the parent entity.

**Note 33. Interests in subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following principal material subsidiaries in accordance with the accounting policies described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		30 June 2024 %	30 June 2023 %
Home Consortium Property Pty Ltd	Australia	100.0%	100.0%
Home Consortium Property Trust	Australia	100.0%	100.0%
Aventus Holdings Pty Limited	Australia	100.0%	100.0%
HMC Capital Partners Trust B	Australia	100.0%	100.0%
Home Consortium Developments Pty Ltd	Australia	100.0%	100.0%
HomeCo Childcare Pty Ltd	Australia	100.0%	100.0%
HMC Funds Management Limited	Australia	100.0%	100.0%
HMC Investment Management Pty Ltd	Australia	100.0%	100.0%
HMC Property Management Pty Ltd	Australia	100.0%	100.0%
HCW Funds Management Limited	Australia	100.0%	100.0%
HMC Capital Funds Management Pty Ltd	Australia	100.0%	100.0%
HMC Capital Investments Limited	Australia	100.0%	100.0%

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary with non-controlling interests in accordance with the accounting policy described in note 2:

Name	Principal place of business/ Country of incorporation	Principal activities	Parent		Non-controlling interest	
			Ownership interest 30 June 2024 %	Ownership interest 30 June 2023 %	Ownership interest 30 June 2024 %	Ownership interest 30 June 2023 %
HMC Capital Partners Fund I	Australia	Equity Investments	45.9%	51.6%	54.1%	48.4%

**Note 33. Interests in subsidiaries (continued)**

*Summarised financial information*

Summarised financial information of the subsidiary with non-controlling interests that are material to the group are set out below. The summarised financial information represents amounts before intragroup eliminations.

	<b>HMC Capital Partners Fund 1</b>	
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>\$m</b>	<b>\$m</b>
<i>Summarised statement of financial position</i>		
Current assets	35.4	53.4
Non-current assets	733.1	346.3
<b>Total assets</b>	<b>768.5</b>	<b>399.7</b>
Current liabilities	225.0	55.0
Non-current liabilities	-	-
<b>Total liabilities</b>	<b>225.0</b>	<b>55.0</b>
<b>Net assets</b>	<b>543.5</b>	<b>344.7</b>
<i>Summarised statement of profit or loss and other comprehensive income</i>		
Revenue and other income	134.4	63.6
Expenses	(25.3)	(9.4)
Profit before income tax expense	109.1	54.2
Income tax expense	-	-
Profit after income tax expense	109.1	54.2
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>109.1</b>	<b>54.2</b>
<i>Statement of cash flows</i>		
Net cash used in operating activities	(3.6)	(1.5)
Net cash used in investing activities	(229.3)	(310.7)
Net cash from financing activities	239.8	340.5
<b>Net increase in cash and cash equivalents</b>	<b>6.9</b>	<b>28.3</b>
<i>Other financial information</i>		
Profit/(loss) attributable to non-controlling interests	48.4	(26.2)
Accumulated non-controlling interests at the end of reporting period	283.9	166.8

HMC Capital Partners Fund I margin loan comprises a \$70.0 million non-recourse debt facility and a \$130.0 million non-recourse debt facility which has been utilised for acquiring investments in Australian listed equities. These facilities are secured by HMC Capital Partners Fund I investments in Australian listed equities. The \$70.0 million facility's maturity date is 5 September 2024. The \$130.0 million facility's maturity date is 24 October 2024.



### Note 34. Deed of cross guarantee

HMC Capital and its wholly owned subsidiaries are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and Directors' report under ASIC Corporation (Wholly-owned Companies) Instrument 2016/785.

HMC Capital and its wholly owned subsidiaries represent a 'Closed Group' for the purposes of the Instrument, and as there were no other parties to the deed of cross guarantee that are controlled by HMC Capital, they also represented the 'Extended Closed Group'. HMC Capital Partners Fund I is not a wholly-owned entity and is therefore not part of the Closed Group.

Set out below is a consolidated statement of profit or loss and other comprehensive income and statement of financial position of the 'Closed Group'.

	30 June 2024	30 June 2023
	\$m	\$m
<b>Statement of profit or loss and other comprehensive income</b>		
Revenue	81.1	68.7
Share of profits of associates and joint ventures accounted for using the equity method	12.4	17.9
Other income	0.3	0.7
Interest income	1.7	1.3
Dividend income	3.0	1.3
Change in assets/liabilities at fair value through profit or loss	(2.6)	0.1
Employee benefits expenses	(35.7)	(30.2)
Acquisition and transaction costs	(22.9)	(5.3)
Finance costs	(7.6)	(5.9)
Corporate expenses	(24.5)	(18.2)
Other expenses	14.4	1.3
<b>Profit before income tax expense</b>	19.6	31.7
Income tax expense	(14.3)	(2.6)
<b>Profit after income tax expense</b>	5.3	29.1
Other comprehensive income for the year, net of tax	-	-
<b>Total comprehensive income for the year</b>	<u>5.3</u>	<u>29.1</u>
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>\$m</b>	<b>\$m</b>
<b>Equity - accumulated losses</b>		
Accumulated losses at the beginning of the financial year	(2,970.2)	(2,963.3)
Profit after income tax expense	5.3	29.1
Dividends paid	(41.8)	(36.0)
Accumulated losses at the end of the financial year	<u>(3,006.7)</u>	<u>(2,970.2)</u>

**Note 34. Deed of cross guarantee (continued)**

<b>Statement of financial position</b>	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>\$m</b>	<b>\$m</b>
<b>Current assets</b>		
Cash and cash equivalents	151.3	20.5
Trade and other receivables	29.0	32.8
Financial assets at fair value through profit or loss	60.7	42.0
Other assets	9.2	41.7
	<u>250.2</u>	<u>137.0</u>
<b>Non-current assets</b>		
Investments accounted for using the equity method	575.5	612.5
Other financial assets	171.0	150.0
Property, plant and equipment	1.0	2.1
Intangible assets	186.7	186.8
Right-of-use assets	2.9	3.8
Convertible notes	2.9	2.9
	<u>940.1</u>	<u>958.1</u>
<b>Total assets</b>	<u>1,190.2</u>	<u>1,095.1</u>
<b>Current liabilities</b>		
Trade and other payables	3.4	12.6
Borrowings	(0.9)	36.3
Employee benefit obligations	1.2	1.9
Lease liabilities	0.9	0.8
Income tax	12.1	-
	<u>16.7</u>	<u>51.6</u>
<b>Non-current liabilities</b>		
Lease liabilities	2.0	2.8
Employee benefit obligations	0.5	-
Provisions	0.5	0.5
Deferred tax liability	36.3	34.5
	<u>39.3</u>	<u>37.8</u>
<b>Total liabilities</b>	<u>56.0</u>	<u>89.4</u>
<b>Net assets</b>	<u>1,134.2</u>	<u>1,005.7</u>
<b>Equity</b>		
Contributed equity	5,366.1	5,204.5
Reserves	(1,225.2)	(1,228.6)
Accumulated losses	(3,006.7)	(2,970.2)
<b>Total equity</b>	<u>1,134.2</u>	<u>1,005.7</u>

**Note 35. Earnings per share**

	<b>Consolidated</b>	
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>\$m</b>	<b>\$m</b>
Profit after income tax	114.4	83.3
Non-controlling interest	(48.4)	(26.2)
	<u>66.0</u>	<u>57.1</u>

**Note 35. Earnings per share (continued)**

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	349,657,127	310,893,576
Adjustments for calculation of diluted earnings per share:		
Options/rights over ordinary shares	<u>2,801,102</u>	<u>1,588,570</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>352,458,229</u>	<u>312,482,146</u>
	Cents	Cents
Basic earnings per share	18.88	18.37
Diluted earnings per share	18.73	18.27

**Note 36. Share-based payments**

The share-based payment expense for the year was \$7.9 million (2023: \$4.5 million).

*Share rights*

The following share rights are issued to employees and key management personnel of the group.

*Share rights issued in the 2024 financial year*

During the financial year, the group made a number of equity awards. These included the following:

- FY24 awards (performance rights with predetermined relative TSR and aggregated Operating Earnings performance hurdles and service conditions);
- FY24 NED fee sacrifice rights (which upon vesting are only subject to disposal restrictions);
- Retention awards (Rights only subject to service conditions); and
- A number of sign-on awards to newly appointed executives in compensation for equity awards forgone from prior employers (rights with service conditions only).

Set out below are summaries of share rights granted under the plans:

Note 36. Share-based payments (continued)

30 June 2024		Estimated vesting date	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Plan details	Grant date						
FY20 COVID-19 grant	25/08/2020	30/09/2022	89,042		(78,159)		10,883
FY21 LTIP (MD & CEO)	25/11/2020	27/08/2023	376,083		(376,083)		-
FY21 LTIP (Executive KMP, excluding MD & CEO)	18/01/2021	27/08/2023	338,344		(294,099)		44,245
Sign-on award	14/03/2022	27/08/2023	14,399		(14,399)		-
FY22 LTIP	14/03/2022	28/08/2024	478,427			(19,130)	459,297
Recognition rights	14/03/2022	30/06/2022	3,592		(3,592)		-
Sign-on award	14/03/2022	1/04/2024	37,500		(37,500)		-
Sign-on award	19/05/2022	26/04/2024	20,172				20,172
Sign-on award	19/05/2022	26/04/2025	20,172				20,172
Retention awards	18/10/2022	24/08/2023	22,750		(22,750)		-
Retention awards	18/10/2022	24/08/2024	22,750				22,750
FY23 LTIP	18/10/2022	25/08/2025	989,224			(68,610)	920,614
FY23 NEDEP fee sacrifice rights	24/10/2022	24/08/2023	60,197		(60,197)		-
Sign-on award	5/12/2022	1/07/2023	125,701				125,701
Sign-on award	5/12/2022	1/07/2024	125,701				125,701
Sign-on award	5/12/2022	1/07/2025	125,701				125,701
Sign-on award	26/06/2023	27/02/2024	28,728		(16,000)		12,728
Sign-on award	26/06/2023	27/02/2025	28,728				28,728
FY24 LTIP	12/10/2023	24/08/2026		904,728		(84,590)	820,138
Retention awards	12/10/2023	24/08/2024		23,411			23,411
Retention awards	12/10/2023	24/08/2025		23,411			23,411
Sign-on award	6/11/2023	1/10/2024		52,075			52,075
Sign-on award	6/11/2023	1/10/2025		52,075			52,075
FY24 NED Fee Sacrifice Rights - T1	16/11/2023	21/02/2024		40,271	(40,271)		-
FY24 NED Fee Sacrifice Rights - T2	16/11/2023	24/08/2024		40,267			40,267
FY24 LTIP	23/11/2023	24/08/2026		363,808			363,808
FY23 STI Deferral Rights	23/11/2023	24/08/2024		12,409			12,409
Sign-on award	28/03/2024	1/03/2025		7,204			7,204
Sign-on award	11/04/2024	1/04/2025		35,145			35,145
Sign-on award	11/04/2024	1/04/2026		35,146			35,146
Sign-on award	17/05/2024	8/05/2025		7,468			7,468
Sign-on award	18/06/2024	1/06/2025		6,945			6,945
			2,907,211	1,604,363	(943,050)	(172,330)	3,396,194
30 June 2023		Estimated vesting date	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Plan details	Grant date						
IPO employee grant	14/10/2019	14/10/2022	335,624	-	(335,624)	-	-
FY20 LTIP	14/10/2019	27/08/2022	436,485	-	(436,485)	-	-
FY20 COVID-19 grant	25/08/2020	30/09/2022	262,567	-	(173,525)	-	89,042
FY21 LTIP (MD & CEO)	25/11/2020	27/08/2023	376,083	-	-	-	376,083
FY21 LTIP (Executive KMP, excluding MD & CEO)	18/01/2021	27/08/2023	338,344	-	-	-	338,344
Sign-on award	14/03/2022	25/08/2022	25,235	-	(25,235)	-	-
Sign-on award	14/03/2022	27/08/2023	14,399	-	-	-	14,399
Sign-on award	14/03/2022	31/01/2024	9,885	-	-	(9,885)	-
FY22 LTIP	14/03/2022	28/08/2024	488,985	-	-	(10,558)	478,427
FY22 NEDEP fee sacrifice rights	14/03/2022	25/08/2022	69,377	-	(69,377)	-	-
Recognition rights	14/03/2022	30/06/2022	104,167	-	(85,489)	-	18,678
Sign-on award	14/03/2022	01/04/2024	37,500	-	-	-	37,500
Sign-on award	19/05/2022	26/04/2024	20,172	-	-	-	20,172
Sign-on award	19/05/2022	26/04/2025	20,172	-	-	-	20,172
Sign-on award	19/05/2022	26/04/2023	20,172	-	(20,172)	-	-
Retention awards	18/10/2022	24/08/2023	-	25,250	-	(2,500)	22,750

**Note 36. Share-based payments (continued)**

30 June 2024		Estimated vesting date	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Plan details	Grant date						
FY20 COVID-19 grant	25/08/2020	30/09/2022	89,042		(78,159)		10,883
FY21 LTIP (MD & CEO)	25/11/2020	27/08/2023	376,083		(376,083)		-
FY21 LTIP (Executive KMP, excluding MD & CEO)	18/01/2021	27/08/2023	338,344		(294,099)		44,245
Sign-on award	14/03/2022	27/08/2023	14,399		(14,399)		-
FY22 LTIP	14/03/2022	28/08/2024	478,427			(19,130)	459,297
Recognition rights	14/03/2022	30/06/2022	3,592		(3,592)		-
Sign-on award	14/03/2022	1/04/2024	37,500		(37,500)		-
Sign-on award	19/05/2022	26/04/2024	20,172				20,172
Sign-on award	19/05/2022	26/04/2025	20,172				20,172
Retention awards	18/10/2022	24/08/2023	22,750		(22,750)		-
Retention awards	18/10/2022	24/08/2024	22,750				22,750
FY23 LTIP	18/10/2022	25/08/2025	989,224			(68,610)	920,614
FY23 NEDEP fee sacrifice rights	24/10/2022	24/08/2023	60,197		(60,197)		-
Sign-on award	5/12/2022	1/07/2023	125,701				125,701
Sign-on award	5/12/2022	1/07/2024	125,701				125,701
Sign-on award	5/12/2022	1/07/2025	125,701				125,701
Sign-on award	26/06/2023	27/02/2024	28,728		(16,000)		12,728
Sign-on award	26/06/2023	27/02/2025	28,728				28,728
FY24 LTIP	12/10/2023	24/08/2026		904,728		(84,590)	820,138
Retention awards	12/10/2023	24/08/2024		23,411			23,411
Retention awards	12/10/2023	24/08/2025		23,411			23,411
Sign-on award	6/11/2023	1/10/2024		52,075			52,075
Sign-on award	6/11/2023	1/10/2025		52,075			52,075
FY24 NED Fee Sacrifice Rights - T1	16/11/2023	21/02/2024		40,271	(40,271)		-
FY24 NED Fee Sacrifice Rights - T2	16/11/2023	24/08/2024		40,267			40,267
FY24 LTIP	23/11/2023	24/08/2026		363,808			363,808
FY23 STI Deferral Rights	23/11/2023	24/08/2024		12,409			12,409
Sign-on award	28/03/2024	1/03/2025		7,204			7,204
Sign-on award	11/04/2024	1/04/2025		35,145			35,145
Sign-on award	11/04/2024	1/04/2026		35,146			35,146
Sign-on award	17/05/2024	8/05/2025		7,468			7,468
Sign-on award	18/06/2024	1/06/2025		6,945			6,945
			<u>2,907,211</u>	<u>1,604,363</u>	<u>(943,050)</u>	<u>(172,330)</u>	<u>3,396,194</u>
30 June 2023		Estimated vesting date	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Plan details	Grant date						
Retention awards	18/10/2022	24/08/2023	-	25,250	-	(2,500)	22,750
FY23 LTIP	18/10/2022	25/08/2025	-	1,054,394	-	(65,170)	989,224
FY23 NEDEP fee sacrifice rights	24/10/2022	24/08/2023	-	60,197	-	-	60,197
Sign-on award	05/12/2022	01/07/2023	-	125,701	-	-	125,701
Sign-on award	05/12/2022	01/07/2024	-	125,701	-	-	125,701
Sign-on award	05/12/2022	01/07/2025	-	125,701	-	-	125,701
Sign-on award	26/06/2023	27/02/2024	-	28,728	-	-	28,728
Sign-on award	26/06/2023	27/02/2025	-	28,728	-	-	28,728
			<u>2,559,167</u>	<u>1,599,650</u>	<u>(1,145,907)</u>	<u>(90,613)</u>	<u>2,922,297</u>

There are 213,729 share rights that are vested and exercisable as at 30 June 2024 (2023: 107,720). The weighted average remaining contractual life of share rights outstanding at the end of the financial year was 1.2 years (2023: 1.1 years).

**Note 36. Share-based payments (continued)**

For the share rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Plan details	Grant date	Estimated Vesting date	Share price at grant date \$	Expected Volatility %	Dividend yield %	Risk-free interest rate %	Fair value at grant date \$
FY24 LTI awards (excl. MD&CEO)	12/10/2023	24/08/2026 24/08/2024	4.68	39	2.53	3.92	3.40
FY24 Retention awards Sign-on award	12/10/2023	24/08/2025 1/10/2024	4.68	39	2.60	4.1	4.53
FY24 NED Fee Sacrifice Rights	6/11/2023 16/11/2023	1/10/2025 21/02/2024 22/08/2024	4.63 5.00	39 33	2.62 2.52	4.42 4.35	4.47 4.93
FY24 LTI awards (MD&CEO)	23/11/2023	24/08/2026	4.67	39	2.51	4.16	3.40
FY23 STI Deferral Rights Sign-on award	23/11/2023 28/03/2024	24/08/2024 1/03/2025 1/04/2025	4.67 7.19	33 31	2.6 2.03	4.29 3.75	4.58 7.06
Sign-on award	11/04/2024	1/04/2026	6.71	31	2.06	3.95	6.51
Sign-on award	18/06/2024	1/06/2025	6.99	32	1.88	4.00	7.29
Sign-on award	17/05/2024	8/05/2025	6.99	32	1.97	3.96	6.86

**Note 37. Cash flow information**

*Reconciliation of profit after income tax to net cash from operating activities*

	<b>Consolidated</b>	
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>\$m</b>	<b>\$m</b>
Profit after income tax expense for the year	114.4	83.3
Adjustments for:		
Depreciation expenses	2.1	2.1
Share-based payments expenses	4.6	4.5
Share of profit from associates and joint ventures	(12.4)	(17.9)
Net gain on disposal of investments	(58.0)	(4.8)
Net fair value adjustment on remeasurement of financial instruments	(63.4)	(53.5)
Transaction costs	15.7	-
Amortisation of capitalised borrowing costs	1.0	0.4
Donation paid in lieu of cash	2.7	-
Dividend income recognised as investing activities	(11.9)	(4.9)
Change in operating assets and liabilities, net of effects from purchase of controlled entities:		
Decrease in trade and other receivables	4.1	0.3
(Increase)/decrease in other operating assets	2.1	(1.7)
Increase/(decrease) in trade and other payables	23.0	(5.3)
Increase in deferred tax liability	2.2	2.6
Decrease in other operating liabilities	(0.8)	(4.8)
Net cash from operating activities	<u>25.5</u>	<u>0.3</u>

**Note 37. Cash flow information (continued)**

*Changes in liabilities arising from financing activities*

<b>Consolidated</b>	Secured margin loan \$m	Secured bank debt \$m	Lease liabilities \$m	Total \$m
Balance at 1 July 2022	-	-	4.3	4.3
Net cash (used in)/from financing activities	50.0	36.5	(0.7)	85.8
Balance at 30 June 2023	50.0	36.5	3.6	90.1
Net cash (used in)/from financing activities	150.0	(36.5)	(0.7)	112.8
Balance at 30 June 2024	200.0	-	2.9	202.9

**Note 38. Events subsequent to the end of the financial year**

In May 2024, the group announced the acquisition of Payton Capital. In July 2024, the group reached financial close for the acquisition. At the date of this report, acquisition accounting is incomplete and will be disclosed in the next reporting period.

In July 2024, the group made an investment in StorEnergy Pty Limited ('StorEnergy'), a specialist developer, owner and operator of utility-scale battery energy storage systems. This represents the first investment by HMC's Energy Transition platform which is seeking to assemble an asset portfolio across the energy value chain. The group will continue to make further investments over a three year period resulting in a total expected investment of up to ~\$50 million to secure a majority interest.

No other matter or circumstance has arisen since 30 June 2024 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.



Entity name	Entity type	Ownership		Tax residency
		Place formed / Country of incorporation	interest %	
HMC Capital Limited	Company	Australia	100.0%	Australia
Home Consortium Developments Pty Ltd	Company	Australia	100.0%	Australia
HMC Investment Management Pty Ltd	Company	Australia	100.0%	Australia
HMC Property Management Pty Ltd	Company	Australia	100.0%	Australia
HMC Capital Funds Management Pty Ltd	Company	Australia	100.0%	Australia
Home Consortium Developments Property Pty Ltd	Company	Australia	100.0%	Australia
Home Consortium Property Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo Childcare Pty Ltd	Company	Australia	100.0%	Australia
Aventus Holdings Pty Ltd	Company	Australia	100.0%	Australia
Aventus Property Group Pty Ltd	Company	Australia	100.0%	Australia
Aventus Custodian Pty Ltd	Company	Australia	100.0%	Australia
Aventus Funds Management Pty Ltd	Company	Australia	100.0%	Australia
Aventus Property Management Pty Ltd	Company	Australia	100.0%	Australia
Aventus Services Pty Ltd	Company	Australia	100.0%	Australia
Aventus National Operations Pty Ltd	Company	Australia	100.0%	Australia
Aventus Investment Management Holdings Pty Ltd	Company	Australia	100.0%	Australia
Aventus Investment Management Pty Ltd	Company	Australia	100.0%	Australia
HomeCo (Upper Coomera) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Coffs Harbour) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Box Hill) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Braybrook) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Hawthorn East) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Keysborough) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Knoxfield) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Mornington) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Roxburgh Park) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (South Morang) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Wagga Wagga) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Lismore) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Rutherford) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Marsden Park) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Bathurst) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Ellenbrook) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Joondalup) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Butler) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Parafield) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Rosenthal) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (Gregory Hills TC) LeaseCo Pty Ltd	Company	Australia	100.0%	Australia
HomeCo (Gregory Hills HC) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Hawthorn East) Development Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HMC (Park Ridge) Pty Ltd	Company	Australia	100.0%	Australia
HomeCo (Glen Huntly) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Greystanes) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Temporary Warehouse) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HMC Investor (LML) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HMC HWHF Investor Pty Ltd	Company - Trustee	Australia	100.0%	Australia
Home Consortium Property Trust	Trust	Australia	100.0%	Australia
HomeCo (Upper Coomera) Property Trust	Trust	Australia	100.0%	Australia
HomeCo (Coffs Harbour) Property Trust	Trust	Australia	100.0%	Australia
HomeCo (Box Hill) Property Trust	Trust	Australia	100.0%	Australia
HomeCo (Braybrook) Property Trust	Trust	Australia	100.0%	Australia
HomeCo (Hawthorn East) Property Trust	Trust	Australia	100.0%	Australia
HomeCo (Keysborough) Property Trust	Trust	Australia	100.0%	Australia

Entity name	Entity type	Ownership		Tax residency
		Place formed / Country of incorporation	interest %	
HomeCo (Knoxfield) Property Trust	Trust	Australia	100.0%	Australia
HomeCo (Mornington) Property Trust	Trust	Australia	100.0%	Australia
HomeCo (Roxburgh Park) Property Trust	Trust	Australia	100.0%	Australia
HomeCo (South Morang) Property Trust	Trust	Australia	100.0%	Australia
HomeCo (Wagga Wagga) Property Trust	Trust	Australia	100.0%	Australia
HomeCo (Lismore) Property Trust	Trust	Australia	100.0%	Australia
HomeCo (Rutherford) Property Trust	Trust	Australia	100.0%	Australia
HomeCo (Marsden Park) Property Trust	Trust	Australia	100.0%	Australia
HomeCo (Bathurst) Property Trust	Trust	Australia	100.0%	Australia
HomeCo (Ellenbrook) Property Trust	Trust	Australia	100.0%	Australia
HomeCo (Joondalup) Property Trust	Trust	Australia	100.0%	Australia
HomeCo (Butler) Property Trust	Trust	Australia	100.0%	Australia
HomeCo (Parafield) Property Trust	Trust	Australia	100.0%	Australia
HomeCo (Rosenthal) Property Trust	Trust	Australia	100.0%	Australia
HomeCo (Gregory Hills HC) Property Trust	Trust	Australia	100.0%	Australia
HomeCo (Hawthorn East) Development Property Trust	Trust	Australia	100.0%	Australia
HomeCo (Glen Huntly) Property Trust	Trust	Australia	100.0%	Australia
HomeCo (Greystanes) Property Trust	Trust	Australia	100.0%	Australia
HomeCo (Temporary Warehouse) Property Trust	Trust	Australia	100.0%	Australia
HMC Investor (LML) Trust	Trust	Australia	100.0%	Australia
HMC HWHF Investor Property Trust	Trust	Australia	100.0%	Australia
HMC Funds Management Limited	Company - Responsible Entity	Australia	100.0%	Australia
HomeCo DNR (Penrith) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (Prestons) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (Vincentia) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (Butler) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (Braybrook) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (Richlands) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (Upper Coomera CC) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (Keysborough) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (Tingalpa) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (Rosenthal) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (Mornington) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (Joondalup) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (Hawthorn East) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (Ellenbrook) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (Glenmore Park) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (Gregory Hills TC) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (Parafield) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (Seven Hills) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (Marsden Park NSW) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (Box Hill) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (Armstrong Creek) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (Marsden Park) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (Bundall) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (Coffs Harbour) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (Mackay) Pty Ltd	Company - Trustee	Australia	100.0%	Australia

Entity name	Entity type	Ownership		Tax residency
		Place formed / Country of incorporation	interest %	
HomeCo DNR (South Morang) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (Toowoomba) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (Upper Coomera) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (Pakenham) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (Victoria Point) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (Leppington) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (North Lakes) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (Gregory Hills Home) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (Richlands Land) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (Cranbourne West) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (Kellyville West) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HDN (Southlands Boulevard) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HDN (LML Fund) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (HDN No.1) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (HDN No.2) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (No. 1) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (No. 2) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (No. 3) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (No. 5) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (No. 6) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (No. 7) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (No. 8) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (No. 9) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (No. 10) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo DNR (No. 12) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
Aventus Properties Pty Ltd	Company - Trustee	Australia	100.0%	Australia
Aventus Landowner Holdings Pty Ltd	Company - Trustee	Australia	100.0%	Australia
Aventus McGraths Hill Pty Ltd	Company - Trustee	Australia	100.0%	Australia
Aventus Belrose Pty Ltd	Company - Trustee	Australia	100.0%	Australia
Aventus Caringbah Pty Ltd	Company - Trustee	Australia	100.0%	Australia
Aventus Cranbourne Pty Ltd	Company - Trustee	Australia	100.0%	Australia
Aventus Cranbourne Thompsons Road Pty Ltd	Company - Trustee	Australia	100.0%	Australia
Aventus Diversified Pty Ltd	Company - Trustee	Australia	100.0%	Australia
Aventus Epping Pty Ltd	Company - Trustee	Australia	100.0%	Australia
Aventus H1 Pty Ltd	Company - Trustee	Australia	100.0%	Australia
Aventus Jindalee Pty Ltd	Company - Trustee	Australia	100.0%	Australia
Aventus Kotara South Pty Ltd	Company - Trustee	Australia	100.0%	Australia
Aventus Mile End Pty Ltd	Company - Trustee	Australia	100.0%	Australia
Aventus Mile End Stage 3 Pty Ltd	Company - Trustee	Australia	100.0%	Australia
Aventus Midland Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HDN (Midland Home) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
Aventus Peninsula Pty Ltd	Company - Trustee	Australia	100.0%	Australia
Aventus Sunshine Coast Pty Ltd	Company - Trustee	Australia	100.0%	Australia
Aventus T1 Pty Ltd	Company - Trustee	Australia	100.0%	Australia
Aventus Tuggerah Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HDN No. 3 Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HDN No. 4 Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HDN No. 5 Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HDN No. 6 Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HCW Funds Management Limited	Company - Responsible Entity	Australia	100.0%	Australia

Entity name	Entity type	Ownership		Tax residency
		Place formed / Country of incorporation	interest %	
HomeCo (Erina) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Morayfield HH) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Tarneit) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Essendon) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Southport) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Woolloongabba) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Five Dock) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Concord) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (St Marys) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Rouse Hill) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Armadale) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Nunawading) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Ballarat) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Cairns) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Springfield) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Everton Park) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HCW (Vitality Village) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HCW (Pine Rivers) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HCW (Victorian Rehab Centre) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HCW (Northpark) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HCW (Geelong) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HCW (WHF) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (GC Bundaberg) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (GC Chermside) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (GC Nambour) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (GC Ringwood) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (GC Shepparton) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (GC Southport) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (GC Urraween SSR) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (GC Urraween UC) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (GC Wembley) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (GC Wembley Salvado) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Avondale Heights) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Beaconsfield) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Boronia) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Bulleen) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Chadstone) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Chirnside Park) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Croydon) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Frankston) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Melton) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Ormond) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Seaford) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Yallambie) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (Maylands) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HCW (Bundoora) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HCW (Clyde North) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HCW (Donnybrook) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HCW (Forest Hill) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HCW (Junction Village) Pty Ltd	Company - Trustee	Australia	100.0%	Australia

Entity name	Entity type	Ownership		Tax residency
		Place formed / Country of incorporation	interest %	
HCW (Mitcham) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HCW (Reservoir) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HCW (Sunshine) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HCW (View B) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (New Temporary Warehouse) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (HCW First) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HomeCo (HCW Third) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HCW Co-Ownership Holding Company Pty Ltd	Company	Australia	100.0%	Australia
HCW No. 1 Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HCW No. 2 Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HCW No. 3 Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HMC Capital Partners Holdings Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HMC Capital Partners No. 1 Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HMC Capital Partners No. 2 Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HMC Capital Partners No. 3 Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HMC Capital Partners No. 4 Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HMC Capital Investments Limited	Responsible Entity		100.0%	
HMC Capital Partners Fund 1 Pty Ltd	Company	Australia	100.0%	Australia
HMC Capital No. 2 Pty Ltd	Company	Australia	100.0%	Australia
HMC Capital No. 3 Pty Ltd	Company	Australia	100.0%	Australia
HMC Capital Partners Holdings Trust	Trust	Australia	46.0%	Australia
HMC Capital Partners Trust A	Trust	Australia	-	Australia
HMC Capital Partners Trust B	Trust	Australia	100.0%	Australia
HMC Capital Partners Trust C	Trust	Australia	-	Australia
HMC Capital Partners Trust D	Trust	Australia	100.0%	Australia
HMC LML No.1 Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HMC (Menai Marketplace) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HMC (Settlement City) Pty Ltd	Company	Australia	100.0%	Australia
HMC (Southlands Boulevard) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HMC LML (No. 2) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HMC LML (No. 3) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HMC WHF No. 1 Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HWHF (Knox) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HWHF (Ringwood) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HWHF (Campbelltown) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HWHF (Nepean) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HWHF (The Mount) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HWHF (Sydney Southwest) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HWHF (SB) Pty Ltd	Company - Trustee	Australia	100.0%	Australia
The George AH Pty Ltd	Company - Trustee	Australia	91.0%	Australia
Life Sciences Medical Precinct AH Pty Ltd	Company - Trustee	Australia	60.0%	Australia
General Medical Precinct AH Pty Ltd	Company - Trustee	Australia	50.0%	Australia
HMC Energy Transition Holdings Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HMC Energy Transition No. 1 Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HMC Energy Transition No. 2 Pty Ltd	Company - Trustee	Australia	100.0%	Australia
HMC Energy Transition Holdings Trust	Trust	Australia	100.0%	Australia
HMC Energy Transition No. 1 Trust	Trust	Australia	100.0%	Australia
HMC Energy Transition No. 2 Trust	Trust	Australia	100.0%	Australia
HMC USA Holdings LLC	Company	USA	100.0%	USA

*Determination of Tax Residency*

Section 295 (3A) of the Corporations Act 2001 requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an Australian resident, 'Australian resident' has the meaning provided in the Income Tax Assessment Act 1997. The determination of tax residency may involve judgement as determination of tax residency is fact dependent.

In determining tax residency, the consolidated entity has applied the following interpretations:

- Australian tax residency – The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in Tax Ruling TR 2018/5 and Practical Compliance Guideline PCG 2018/19.
- Foreign tax residency – the consolidated entity has applied current legislation and where available judicial precedent in determination of foreign tax residency.

*Partnership and Trusts:*

Australian tax law does not contain specific residency tests for partnerships and trusts. Generally, these entities are taxed on a flowthrough basis, meaning the partners and unitholders have the obligation to pay tax in relation to their involvement in the partnership or trust, so there is no need for a general residence test. For this reason, the tax residence of trusts has been disclosed as the same tax residence of the relevant trust's trustee.

In the directors' opinion:

- the attached consolidated financial statements and notes of HMC Capital Limited comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached consolidated financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached consolidated financial statements and notes give a true and fair view of the group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 34 to the financial statements; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The directors have been given the declarations required by section 295A of the Corporations Act 2001, from the Chief Executive Officer and Chief Financial Officer for the year ended 30 June 2024.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Chris Saxon  
Chair



David Di Pilla  
Director

20 August 2024



# Independent Auditor's Report

To the shareholders of HMC Capital Limited

## Report on the audit of the Financial Report

### Opinion

We have audited the **Financial Report** of HMC Capital Limited (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the **Group's** financial position as at 30 June 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2024
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Consolidated entity disclosure statement and accompanying basis of preparation as at 30 June 2024
- Notes, including material accounting policy information
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.



## Key Audit Matters

The **Key Audit Matters** we identified are:

- Valuation of intangibles;
- Revenue recognition; and
- Investments accounted for using the equity method.

**Key Audit Matters** are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Valuation of intangibles (\$186.7 million)

Refer to Note 2 *Material accounting policy* information and Note 15 *Intangible assets to the Financial Report*

The key audit matter	How the matter was addressed in our audit
<p>Valuation of intangibles is a Key Audit Matter due to:</p> <ul style="list-style-type: none"> <li>• the size of the balance (being 10% of total assets); and</li> <li>• the high level of judgement exercised in assessing the inputs to the Group's annual assessment of impairment model.</li> </ul> <p>We focused on significant forward-looking assumptions the Group applied in its value in use model, including:</p> <ul style="list-style-type: none"> <li>• forecast cash flows, growth rates and terminal growth rates which are influenced by subjective drivers and market conditions.</li> <li>• discount rates, which are subjective in nature and vary according to the specific conditions and environment of the Group of Cash Generating Units (CGU).</li> </ul> <p>We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• considering the applicability of the value in use method applied by the Group to perform the annual test of intangibles for impairment against the requirements of the accounting standards.</li> <li>• assessing the integrity of the value in use model used, and the accuracy of the underlying calculations.</li> <li>• assessing the historical accuracy of the Group's forecasts by comparing to actual results, to use in our evaluation of forecasts incorporated in the value in use model.</li> <li>• challenging the Group's significant forecast cash flow and growth rate assumptions. We compared key forecast assumptions to the Board approved plan and strategy. We compared forecast growth rates and terminal growth rates to publicly available data of a group of comparable entities and the industry trends, and considered differences for the Group's operations.</li> <li>• together with our valuation specialists, using our knowledge of the Group and its industry to independently develop a discount rate range using publicly available reports for comparable entities, and compared it to the Group's discount rate.</li> <li>• considering the sensitivity of the model by varying key assumptions, such as forecast</li> </ul>

	<p>growth rates, terminal growth rates and discount rates, within a reasonably possible range. We did this to identify those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures.</p> <ul style="list-style-type: none"> <li>• assessing the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.</li> </ul>
<b>Revenue recognition (\$81.1 million)</b>	
<p>Refer to Note 2 <i>Material accounting policy information</i> and Note 5 <i>Revenue</i> to the Financial Report</p>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>Revenue recognition is a Key Audit Matter due to:</p> <ul style="list-style-type: none"> <li>• its significance to the financial performance of the Group; and</li> <li>• the significant audit effort required as a result of the various streams of revenue generated from a diverse range of services, each with varying rates and contractual terms.</li> </ul> <p>Significant revenue streams include fees from the provision of investment management services and property management services for properties managed on behalf of third parties.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• inquiring of the Group to obtain an understanding of processes for significant revenue streams, and testing the controls at the Group relating to review and approval of investment management fee invoices for these revenue streams.</li> <li>• assessing the Group's accounting policies related to revenue recognition against the requirements of the accounting standard and our understanding of the business.</li> <li>• testing samples, which included statistical samples, of revenue across each key revenue stream. We: <ul style="list-style-type: none"> <li>- evaluated the terms and conditions of the respective contracts with investment funds against the requirements of <i>AASB 15 Revenue from Contracts with Customers</i>, checking for contractual features which distinguish the accounting treatment between over time or point in time recording of revenue. We checked our evaluation against the Group's accounting policies.</li> <li>- recalculated the investment management and property management services revenue recognised based on the fee rates in the underlying contracts, and the underlying Funds under Management ("FuM"). We compared this to the revenue recognised by the Group.</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>- using the terms and conditions of the respective contracts for acquisitions and disposals services we tested revenue amounts and the timing thereof to underlying settlement contracts and the Group's revenue recognition policy.</li> <li>- using the tenancy schedule as per the lease agreements we tested revenue amounts and the timing of the receipt of the lease agreements against the Group's revenue recognition policy.</li> <li>• assessing the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standard.</li> </ul>
<b>Investments accounted for using the equity method (\$575.5 million)</b>	
<p>Refer to Note 2 <i>Material accounting policy information</i> and Note 13 <i>Investments accounted for using the equity method</i> to the Financial Report</p>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>Investments accounted for using the equity method is a Key Audit Matter due to the:</p> <ul style="list-style-type: none"> <li>• the size of the balance (being 32% of total assets);</li> <li>• the high level of judgement exercised in assessing if the Group has control or significant influence over the equity accounted investees, as this drives differing accounting outcomes; and</li> <li>• the high level of judgement exercised in assessing the Group's assessment of impairment indicators for the equity accounted investments.</li> </ul>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• instructing appointed auditors of the equity accounted investments to perform procedures we have determined relevant to our role in gathering evidence on the share of profit that is attributable to the Group and forms a significant part of the Group's financial results.</li> <li>• discussing with those audit teams to identify and address any issues that may impact results of the Group.</li> <li>• reading the reporting provided to us by those auditors in conjunction with inspecting their files for consistency between the reporting provided to us, our instructions, and the underlying audit work.</li> <li>• evaluating the Group's assessment of whether there are impairment indicators with respect to the recoverability of the equity accounted investments.</li> <li>• assessing the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standard.</li> </ul>

## Other Information

Other Information is financial and non-financial information in the Group's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report, Operating and Financial Review and Remuneration Report. The Chair and Chief Executive Officer's Letter and Additional Shareholder Information are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

## Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and that is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on



the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf). This description forms part of our Auditor's Report.

## Report on the Remuneration Report

### Opinion

In our opinion, the Remuneration Report of the Group for the year ended 30 June 2024, complies with *Section 300A* of the *Corporations Act 2001*.

### Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

### Our responsibilities

We have audited the Remuneration Report included in pages 10 to 36 of the Directors' report for the year ended 30 June 2024.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Brendan Twining

*Partner*

Sydney

20 August 2024

The Shareholder information set out below was applicable as at 15 July 2024.

**Distribution of equitable shares**

Analysis of number of equitable shareholders by size of holding:

	<b>Ordinary shares</b>	
	<b>Number of holders of shares</b>	<b>% of total shares issued</b>
1 to 1,000	822	0.08
1,001 to 5,000	874	0.74
5,001 to 10,000	720	1.46
10,001 to 100,000	1,101	6.75
100,001 and over	62	90.97
	<u>3,579</u>	<u>100.00</u>
Holding less than a marketable parcel	<u>160</u>	<u>-</u>

**Equity shareholders**

*Twenty largest quoted equity shareholders*

The names of the twenty largest shareholders of quoted equity shares are listed below:

	<b>Ordinary shares</b>	
	<b>Number held</b>	<b>% of total shares issued</b>
HSBC Custody Nominees (Australia) Limited	97,094,485	26.03
Home Investment Consortium Trust*	90,380,913	24.23
J P Morgan Nominees Australia Pty Limited	53,813,753	14.43
Citicorp Nominees Pty Limited	37,655,420	10.09
National Nominees Limited	7,625,137	2.04
Aurum Holdings Pty Ltd	7,023,606	1.88
Goat Properties Pty Ltd	6,729,606	1.80
BNP Paribas Nominees Pty Ltd	5,206,652	1.40
Netwealth Investments Limited	4,296,704	1.15
UBS Nominees Pty Ltd	3,885,885	1.04
BNP Paribas Noms Pty Ltd	2,702,519	0.72
Citicorp Nominees Pty Limited	2,450,238	0.66
CW Property Nominees Pty Ltd	2,238,806	0.60
HSBC Custody Nominees (Australia) Limited	1,868,733	0.50
Goat Properties Pty Ltd	1,138,195	0.31
Balmoral Financial Investments Pty Ltd	1,117,280	0.30
SG Foundation Investments Pty Ltd	1,071,014	0.29
Pacific Custodians Pty Limited	1,046,693	0.28
BNP Paribas Nominees Pty Ltd	1,045,488	0.28
BNP Paribas Noms (NZ) Ltd	1,020,305	0.27
	<u>329,411,432</u>	<u>88.30</u>

\* Home Investment Consortium Trust holding includes all subsidiaries.

*Unquoted equity shares*

	Number on issue	Number of holders
Share rights	3,087,944	40

**Substantial shareholders**

Substantial holders in the Company are set out below:

	Ordinary shares % of total shares issued
Home Investment Consortium Trust*	24.23

\* Home Investment Consortium Trust holding includes all subsidiaries.

**Voting rights**

The voting rights attached to ordinary shares are set out below:

*Ordinary shares*

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.

There are no other classes of equity securities.

**Restricted shares**

Class	Expiry date	Number of securities
Ordinary shares	Upon retirement from the Board	284,519

Directors	Chris Saxon David Di Pilla Zac Fried Brendon Gale Greg Hayes Kelly O'Dwyer Susan Roberts
Company secretary	Andrew Selim
Registered office and Principal place of business	Level 7 Gateway 1 Macquarie Place Sydney NSW 2000
Share register	Link Market Services Limited Level 12, 680 George Street Sydney NSW 2000 Telephone: 1300 554 474
Auditor	KPMG Level 38, Tower 3 International Towers Sydney 300 Barangaroo Avenue Sydney NSW 2000
Stock exchange listing	HMC Capital Limited shares are listed on the Australian Securities Exchange (ASX code: HMC)
Website	<a href="https://www.hmccapital.com.au/">https://www.hmccapital.com.au/</a>
Corporate Governance Statement	<a href="https://hmccapital.com.au/investor-centre">https://hmccapital.com.au/investor-centre</a>



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