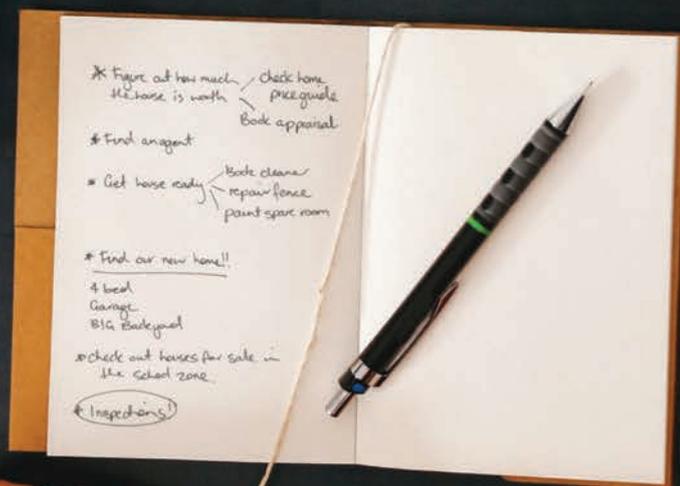


Domain

Annual Report 2019



* Figure out how much the house is worth

* Find an agent

* Get house ready

* Find our new home!

* Inspections!

check home price/guide
Book appraisal

Book cleaners
repair fence
paint spare room



CONTENTS

BUSINESS PERFORMANCE OVERVIEW	2
CHAIRMAN'S REPORT	4
CEO'S REPORT	6
CORPORATE SOCIAL RESPONSIBILITY REPORT	10
DIRECTORS' REPORT	15
AUDITOR'S INDEPENDENCE DECLARATION	21
REMUNERATION REPORT	22
CORPORATE GOVERNANCE STATEMENT	37
MANAGEMENT DISCUSSION AND ANALYSIS REPORT	46
2019 FINANCIAL REPORT	48
SHAREHOLDER INFORMATION	99
CORPORATE DIRECTORY	IBC



AUSTRALIA'S HOME OF PROPERTY

Domain's purpose is to inspire confidence in all of life's property decisions.

We are a leading property technology and services business that is home to one of the largest portfolios of property brands in Australia.

Domain helps agents and consumers at every step in the property lifecycle - renting, buying, selling, investing, financing, insurance and utilities.

The Domain Group is home to Domain, Allhomes, Commercial Real Estate, CommercialView, Pricefinder, Homepass, MyDesktop, Domain Loan Finder, Domain Insure, Domain Connections, and more.

As a customer-centric Australian property marketplace, we are committed to making the property journey easier, more enjoyable and connected at every stage.

10:26

42 Waratah Road, Dover Heights 2030

4 Beds 2 Baths 1 Car • House

[Calculate monthly repayments](#)

Stylishly Transformed Coastal Family Home

This character-filled corner semi has been transformed into a gorgeous two-storey family home that exudes laidback coastal chic. Capturing ocean views from its upper-level master suite, it opens to wonderfully private, low-maintenance alfresco entertaining space. Stylish interiors, abundant natural light and a desirable setting make it a fabulous family address. At one end of the street you'll find cafes, supermarkets and CBD buses and at the other you'll find dramatic oceanfront clifftops and parkland, while Dudley Page Reserve lies just around the corner.

Call Email

BUSINESS PERFORMANCE

FY19 has been a year of progress in implementing our strategy to drive long-term growth notwithstanding the difficult property market environment.

DIGITAL REVENUE INCREASED 0.2% WITH YIELD GAINS OFFSETTING LOWER LISTINGS VOLUMES IN KEY MARKETS. WE SEE FURTHER ROOM TO MAXIMISE YIELD BY USING OUR RICH DATA TO IMPLEMENT MARKET-BY-MARKET STRATEGIES.

✓ CORE DIGITAL

FY19 Revenue \$252.5m

FY19 EBITDA \$108.7m

Core Digital comprises Residential; Media, Developers & Commercial; and Agent Services subscription and premium products. These are powerful marketing platforms to help agents and corporates grow and deliver results for their customers.

RESIDENTIAL

Residential includes 'for sale' and rental property listings and editorial content across desktop, mobile and social platforms. The majority of revenue is derived from the sale of premium (depth) products which are sold on a per listing basis, with the balance coming from monthly subscriptions.

Residential revenue increased 0.5%, a solid result in the context of lower listings volumes in key markets with auction volume declines in Sydney and Melbourne of 25% and 28% respectively. Despite these lower volumes, yield growth was achieved with sales of depth products at the highest level in the Company's history. This strong support from agents and vendors is recognition of the value Domain delivers to its users. A data-driven approach to segmenting Residential markets underpins distinct market-by-market strategies to customise the approach to audience, agent coverage, pricing and product upsell to maximise yield. This is reflected in FY19's yield performance, and underpins longer-term growth opportunities.

MEDIA, DEVELOPERS & COMMERCIAL

Media includes digital display advertising solutions. Developers comprises revenue from listings and advertising related to residential property developments. Commercial revenues include digital subscription, listings and display advertising revenue on commercial property listings portals commercialrealestate.com.au (CRE), as well as commercialview.com.au which was acquired during the year.

Revenue declined 12.9% with diverging trends across the three verticals reflecting the underlying market environment for each business and the implementation of strategies to optimise margin. In Media, the decision to transition to a programmatic offering resulted in significantly lower revenue, as expected. However, margins improved reflecting this lower cost model. The Developer market operated against a challenging backdrop of financing constraints and other regulatory issues resulting in particular weakness in high-rise developments in NSW and Victoria. CRE delivered more than 30% underlying growth in revenue supported by strong positions in listings, audience and leads.

AGENT SERVICES

Agent Services includes Pricfinder, Homepass and MyDesktop. Pricfinder provides comprehensive property data, insights and reporting tools to the property industry, financial institutions and other businesses. Homepass is the leading open-for-inspection app and MyDesktop is the leading real estate customer relationship management platform.

Revenue increased 15% underpinned by yield growth and the consolidation of Homepass following the increase in Domain's ownership stake during the year. Underlying revenue increased 10%. Each of the Agent Services businesses has a solid subscriber base of agents and is benefiting from bundling across the property cloud suite. Continued investment in innovation is enriching the agent and consumer experience. The increased ownership of Homepass links Domain to real-world property experiences, provides deeper understanding of user behaviour and enhances the value Domain can provide to consumers and agents.

Note: Comparisons are based on FY19 trading performance excluding significant items, compared to FY18 proforma results.

FY18 proforma results provide a view of the financials as if Domain had been a separately listed entity for the full 12 months of FY18. The Domain separation was implemented on 22 November 2017.

BUSINESS PERFORMANCE

✓ CONSUMER SOLUTIONS & OTHER

FY19 Revenue \$26.9m
FY19 EBITDA \$(7.2)m

Consumer Solutions (previously Transactions) encompasses Domain's home loans, insurance and utilities connections businesses. Domain partners with specialists to operate Domain Loan Finder and Domain Insure. Domain Connections is a residential utilities connection lead generation service. During the year, Domain's interest in utilities comparison business Compare & Connect was divested to focus on a higher margin model.

Consumer Solutions revenue increased 10% compared with FY18 growth of 75%. This reflected slower growth at Compare & Connect and the impact of the divestment. There were pleasing trends in Domain Loan Finder home loan approvals and settlements. Commercial model expansion via Consumer Solutions provides significant opportunity for future revenue growth and diversification. These are large markets adjacent to the core listings business that are strategically well placed to leverage Domain's audience and trusted brand.

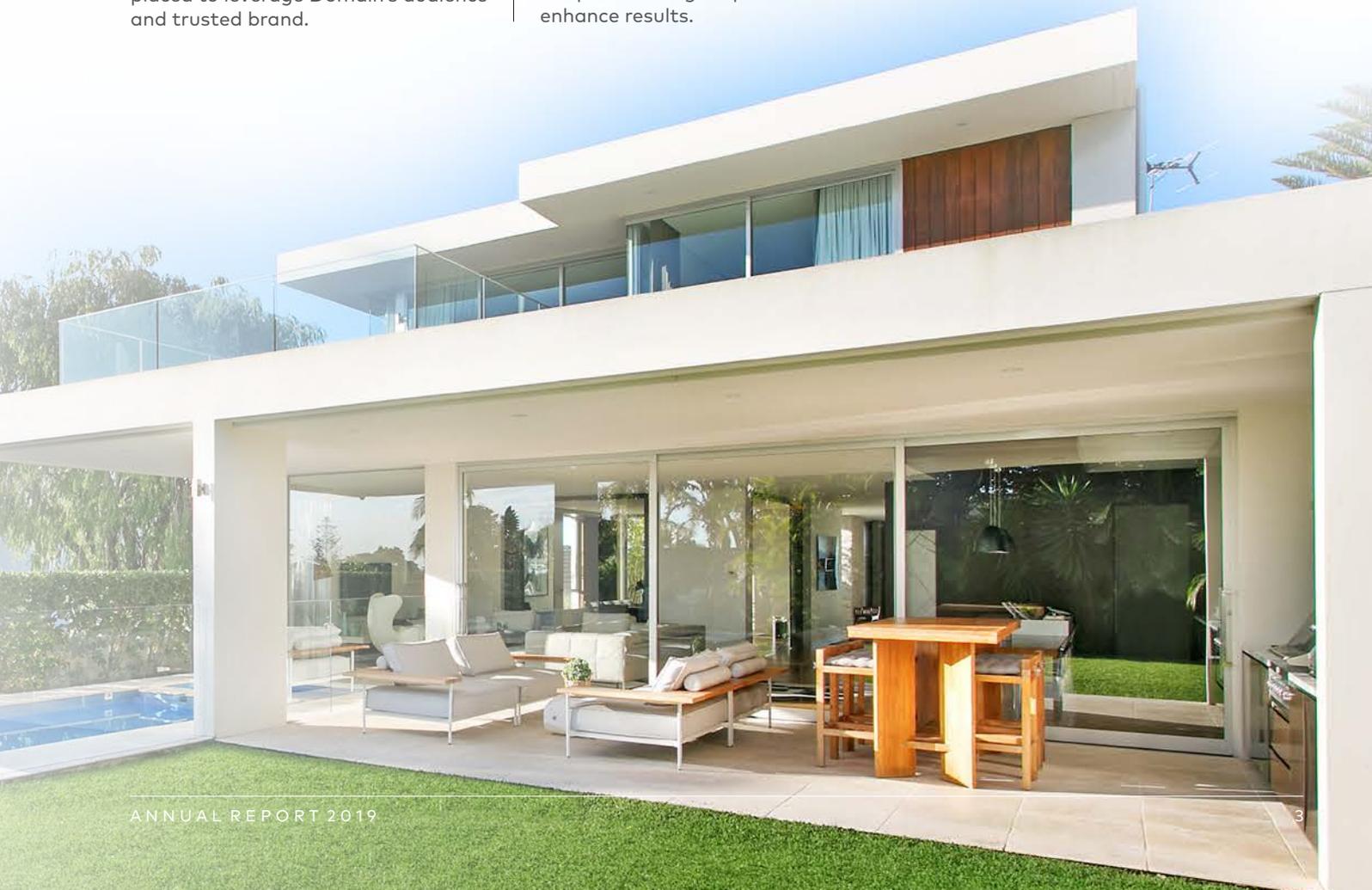
✓ PRINT

FY19 Revenue \$54.3m
FY19 EBITDA \$13.9m

Print comprises the *Domain* and *Allhomes* magazines and other editorial content in Australia's leading metropolitan dailies *The Sydney Morning Herald*, *The Age*, *The Australian Financial Review* and *Canberra Times*. Premium lifestyle and property listings magazine *Domain Review* focuses on affluent suburbs in Melbourne. The *Star Weekly* titles were divested at the end of the financial year.

Print revenues declined around 30% reflecting the continued structural shift to digital, exacerbated by market cyclicality in Sydney and Melbourne. Markets that demonstrated stronger cyclical outcomes experienced lower rates of decline. Ongoing cost initiatives and lower print volume contributed to a 29% decline in expenses. Print continues to deliver strategic value to agents by attracting valuable and passive buyers, building agent profile and brand, and promoting the Domain brand in key markets. Print is also bundled with our premium digital products to enhance results.

**PREMIUM
(DEPTH)
PRODUCT
PENETRATION
WAS AT THE
HIGHEST
LEVEL IN
DOMAIN'S
HISTORY**



CHAIRMAN'S REPORT

Nick Falloon



Domain has strong fundamentals and great competitive strength as a leading Australian property technology and services business. In a very challenging year for property listings, Domain delivered an impressive yield performance, testament to the value it delivers to consumers and agents at all points of the property lifecycle. We are confident in Domain's long-term growth prospects and have a strategy in place to build on our solid foundation, scale, and capability as we enter our next phase of growth.

\$335.6m

REVENUE*

\$98.0m

EBITDA*

\$37.4m

NPAT*

6.4¢

EARNINGS PER SHARE*

6.0¢

TOTAL DIVIDEND PER SHARE

1.2x

NET DEBT TO EBITDA*

* Reflects trading performance excluding significant items.

CHAIRMAN'S REPORT

Thank you for your support of Domain as one of our shareholders. FY19 has been a year of progress in implementing our strategy to drive long-term growth notwithstanding the difficult property market environment, with unprecedented declines in high value auction markets in Sydney and Melbourne. Everyone in our business is working to inspire confidence for all of life's property decisions. We welcomed Nine Entertainment Co Holdings Ltd as a 59% shareholder following the merger of Fairfax Media Limited and Nine in December 2018. This strategic partnership provides Domain access to valuable new audiences and marketing inventory and the opportunity to drive monetisation. In his report, CEO Jason Pellegrino provides details of some of the initiatives which are underway, and the opportunities to leverage the unique scale of Domain and Nine's combined audience and data.

FINANCIAL PERFORMANCE

Domain's trading results (excluding significant items) for the 2019 financial year are outlined below, with reference to FY18 proforma results. Statutory results are set out in the Management Discussion and Analysis Report on pages 46 and 47 of the Annual Report.

Domain's revenue declined 6% to \$335.6 million, largely reflecting the challenging market environment. Property market cyclicality weighed on the performance of digital and exacerbated the structural challenges of print.

Expenses were down 1%, even with continued investment in our new Consumer Solutions businesses, products and staff. Production and distribution costs reduced 26% reflecting print cost savings initiatives, lower print volumes, and other efficiency savings. Underlying expenses (excluding investment in new Consumer Solutions businesses) declined 5%, reflecting our focus on driving operational efficiency while maintaining our commitment to disciplined investment in the growth of the business.

Earnings before interest, tax, depreciation, and amortisation (EBITDA) declined 15% to \$98.0 million. Earnings before interest and tax (EBIT) declined 26% to \$65.9 million, reflecting higher depreciation and amortisation expense. This related to increased investment in product development, which has a short amortisation period, as well as the impact of acquired entities.

Underlying Net Profit After Tax (NPAT) of \$37.4 million reduced 29%. Domain reported a statutory net loss of \$137.6 million after taking into account significant items. The accounting standard AASB 136 required assessment of carrying values of intangible assets as a result of the lower FY19 listings environment, particularly in Sydney and Melbourne. These lower growth assumptions resulted in a non-cash impairment charge of \$178.8 million being recognised. The charge is non-cash in nature and there is no impact on banking covenants. Other significant items include gain on contingent consideration payable, sale of controlled entities and restructuring charges.

Earnings per share were 6.4 cents and total dividends were 6.0 cents, 100% franked. The dividend was lower than in FY18 reflecting the underlying market environment.

Domain's balance sheet remains strong with net debt of \$113.2 million, which represents a leverage ratio of 1.2 times EBITDA.

DELIVERING OUR STRATEGY

Our vision is to build a customer-centric Australian property marketplace. We are doing this by boosting our existing listings business and growing and extending our ability to deliver a broader range of solutions directly to consumers. The new organisational structure introduced during the year aligns with the three objectives of our strategy:

- Grow the core listings business
- Grow new revenue in Consumer Solutions
- Simplify and optimise our business

Our core listings business comprises Residential; Media, Developers & Commercial; and Agent Services subscription and premium products. These are powerful marketplaces that connect our large audiences across digital, print and social to a rich platform of property listings. They support our agent and corporate customers and help them grow their businesses. During the year, we strengthened our core listings platform with the acquisition of CommercialView and the increase in our ownership stake in Homepass.

Consumer Solutions comprises partnerships with industry-leading experts to deliver direct-to-consumer services spanning home loans, insurance and utilities connections. We are concentrating on large markets adjacent to our core listings business

that are strategically well placed to leverage Domain's core audience and trusted brand. Domain is extending its engagement with consumers beyond the property buying and selling cycle, which is typically measured in months, to a multi-year relationship with many opportunities to offer solutions.

Simplifying and optimising our business involves disciplined cost management in order to redirect resources and investment towards funding growth. We are focusing our business on its core in order to maximise returns. During the year we divested Compare & Connect and *Star Weekly* to drive improved margins across the business. We see substantial headroom to improve performance by using our data to build products and offerings that better meet the needs of buyers, vendors and agents.

OUR COMPANY

As highlighted in the Corporate Social Responsibility section of the Annual Report, Domain is committed to helping our people thrive personally and professionally by creating a culture of diversity and inclusion. During the year a framework of purpose and values was established to unify our people. Domain is committed to further developing its diversity and gender equality practices.

I would like to take this opportunity to thank my fellow Board members for the contributions they make to Domain. Their expertise and support have been invaluable in guiding the Company since Domain separated from Fairfax and listed on the ASX. Your Board looks forward to meeting with shareholders at our second Annual General Meeting on 11 November 2019.

On behalf of the Board, I would like to thank our talented people for their commitment and dedication in another year of significant change and progress. I would also like to take this opportunity to acknowledge Jason Pellegrino and the astute leadership he has demonstrated during his first year at Domain. The progress demonstrated by Jason and his team makes us confident that Domain will emerge from this period of property market cyclicality even stronger, and with upside benefits from market recovery.



Nick Falloon
Chairman

CEO'S REPORT

Jason Pellegrino

Domain's
purpose is
to inspire
confidence
in all of life's
property
decisions.

In my first report as CEO, I am pleased to say that Domain is in good shape, despite the challenging year the Australian property industry faced in 2019. Having built on our solid foundations, we are better placed than ever to deliver on our growth ambitions. This will be further supported as the market returns to a more positive listings environment.

In FY19, the resilience of our business faced a test like never before. Tighter lending conditions following the Royal Commission into the financial services industry and APRA regulation of investor and interest-only loans, together with declining house prices, combined to create historically low listings volumes.

Despite this challenging market environment, we have delivered higher yield and increased uptake of our premium products. These results have proven that our business model works throughout the property cycle.

We are structuring the Company to achieve higher margin and have prioritised our investment in developing innovative products and services to help our customers.

In FY19, we established our purpose as "inspiring confidence in all of life's property decisions" and focused on our three key strategic objectives of growing our core listings business, growing new revenue in consumer solutions, and simplifying and optimising the business.

Our strategies are being implemented across Domain's three segments: Core Digital (comprising Residential; Media, Developers & Commercial; and Agent Services); Consumer Solutions & Other; and Print.

CORE DIGITAL

Residential

During the year, we delivered against our objective to grow our core listing business. This included an impressive 12% growth in residential yield, which mitigated the substantial decline we have seen in the volume of residential property listings.

In Residential, our revenue increased 0.5%, a sound result in the context of significantly lower listings volumes in key markets. This is reflected in two of Domain's most important markets, Sydney and Melbourne, where auction volumes declined 25% and 28% respectively.

The national market saw low double digit declines in new listings. Despite these lower volumes, penetration of our premium products was at the highest level in Domain's history. More customers are buying more premium products.

Yield growth was supported by the greater uptake of depth as well as the impact of price increases, which recognise the increasing value Domain is delivering to agents and consumers.

We see further room to maximise yield by using our rich data to implement market-by-market strategies. Across our local markets, we see the opportunity to boost performance and drive long-term growth by customising our approach to audience, agent coverage, pricing, and product upsell.

Media, Developers & Commercial

Media, Developers & Commercial revenue declined 12.9%. This reflected a challenging market environment for Media and Developers, the adoption of a new operating model for Media, and a strong performance from our Commercial (CRE) business.

As highlighted in last year's annual report, we made the strategic decision to streamline digital media sales by transitioning to a programmatic advertising offering. While, as expected, this new model delivers lower revenue, it is also much lower cost and has delivered an improved margin.

The Developer market reflected significant weakness in NSW and Victoria. Financing constraints and other regulatory issues have shifted market demand from investors to owner-occupiers, and from large high rise developments to smaller boutique projects which require a lower level of marketing support. Market share gains were achieved in our emerging markets.

CRE's growth momentum continued, with underlying revenue growth of more than 30% benefiting from higher depth penetration and product innovation. The acquisition of CommercialView during the year further strengthens CRE's market position in Victoria.

Agent Services

Our Agent Services business has a long history of partnering with Agents to deliver rich data and unique insights through our trusted agent tools. We continue to enrich the agent experience through ongoing investment in innovation.

Agent Services revenue increased 15% underpinned by yield growth and the consolidation of Homepass following the increase in Domain's ownership stake during the year. Excluding the acquisition, revenue increased by 10%.

We are excited about the launch of Domain's new agent portal, Domain for Agents, which leverages our rich data to create a single entry point for agents to access our valuable products and services. This initiative enhances the value agents can provide to their customers by providing a wide range of market, listing, vendor, and enquiry insights.

CEO'S REPORT

✓ HIGHLIGHTS

12% growth in Residential yield

Domain Loan Finder and Domain Insure revenues tripled reflecting encouraging trends in approvals and settlements

Underlying expenses (excluding investment in new Consumer Solutions businesses) reduced by 5%, even with continued business investment

Increased data capability to build valuable user experiences

30%+ growth in Commercial Real Estate revenues

Acquisition of CommercialView

Increased ownership stake in Homepass to 68.5%

Portfolio rationalisation with sale of Compare & Connect and *Star Weekly*

Organisational structure aligned to B2B / B2C strategy

CONSUMER SOLUTIONS & OTHER (PREVIOUSLY TRANSACTIONS)

Consumer Solutions revenue increased 10%, a slower rate of growth than in FY18. Underlying revenue from our new businesses Domain Loan Finder and Domain Insure, while still modest, more than tripled in size.

Domain Loan Finder is seeing very encouraging trends in approvals and settlements, and high consumer ratings reflecting the quality of the product and great customer experience.

Momentum slowed at Compare & Connect, which was responsible for the bulk of Consumer Solutions' revenue. There was a further impact from our strategic decision to sell Compare & Connect to focus on developing a higher margin model. In the utilities connections vertical, we see lead generation as the right model to leverage our strong relationships and engagement with major energy companies.

We see significant potential for revenue growth and diversification from our emerging Consumer Solutions business. Our trusted brand positions us well to leverage the opportunity by servicing the broader needs of our audience in natural adjacencies to the core listings platform.

PRINT

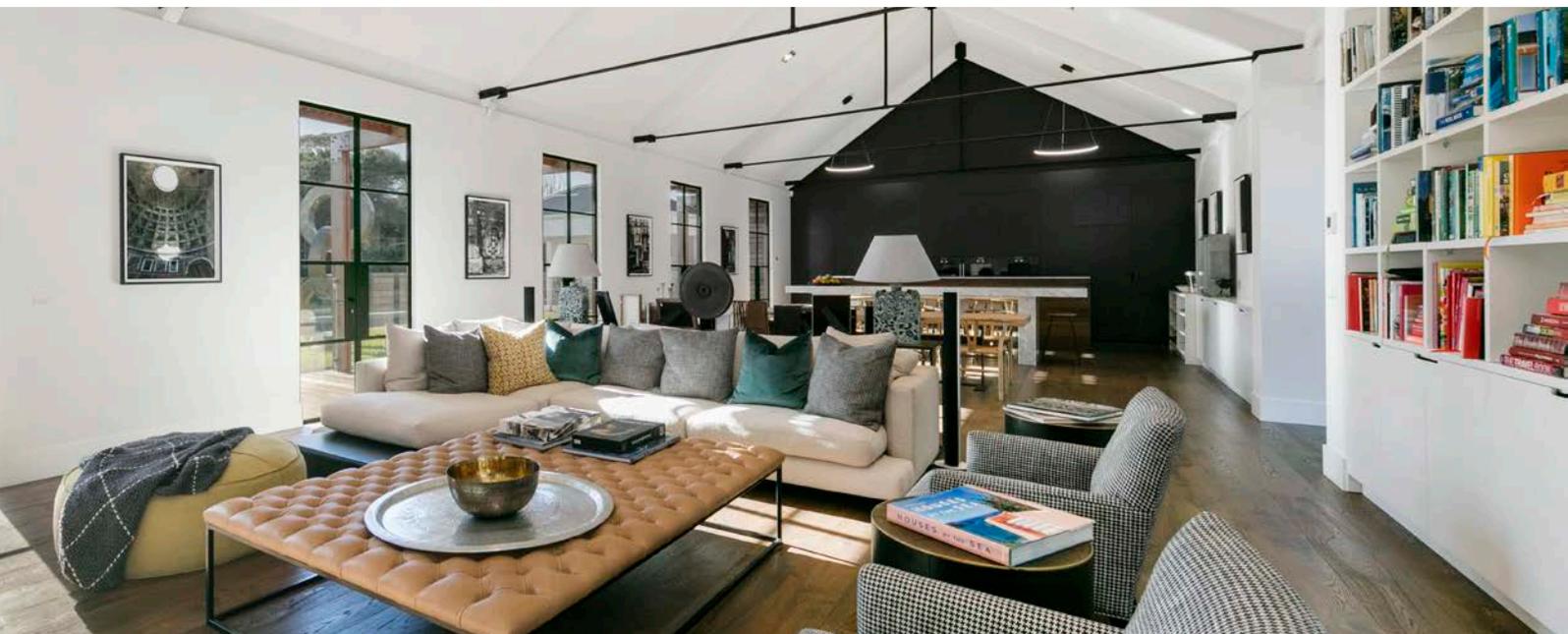
Print revenues declined around 30% with cyclical pressures adding to the ongoing structural shift to digital. Print is particularly exposed to high value auction and developer markets in Sydney and Melbourne, which were especially impacted by the market downturn. Markets that experienced a lesser property downturn demonstrated lower rates of print revenue declines. Expenses reduced 29% as a result of cost discipline and lower print volumes, providing some offset to the lower revenue.

The sale of the *Star Weekly* titles late in FY19 reflects our focus on higher margin models across all our businesses. Adjusted for the impact of this divestment, print margins increased year-on-year, a significant achievement in the context of the market environment. Valuable passive audiences and print's platform to build agent profile and brand underpin the strategic value of our print products to agents.

CUSTOMER-CENTRIC PROPERTY MARKETPLACE

To align with our vision to build a customer-centric Australian property marketplace, we introduced a new organisational structure with two streams of B2B and B2C.

This new structure aligns to agents and corporates, and consumers. It enables more effective coordination of product, content and audience, go-to-market and sales activities.



CEO'S REPORT

We have a strong leadership team and highly experienced hands at the helm of our business and consumer divisions. These divisions are headed up by a Chief Commercial Officer and a new Chief Consumer Officer. In addition we have appointed a new Chief Product Officer. I am confident we now have the right leadership capability to take us through this next and exciting phase of customer-centricity.

OUR NINE PARTNERSHIP

Our strategic partnership with Nine provides unparalleled opportunity to expand Domain's reach and engagement through Nine's broadcast and digital assets.

We have several initiatives underway, including a new *Your Domain* TV show, launching soon, and other TV integrations including our highly successful collaboration on *The Block*. Our major sponsorship of *The Block* helped us reach a national TV audience of 14 million in the 2018 season with the show number one in its timeslot for all key demographics.

Leveraging the unique audience scale of Domain and Nine includes tapping Nine's national TV audience of close to 19 million Australians each month. Nine also has a large digital audience, the majority of which does not currently use Domain.

Maximising commercial results includes enhancing advertiser solutions through cross-platform opportunities and deepening partnerships to drive premium revenue.

The initiatives we have underway are expected to make Domain's brand even stronger, increase our audience reach and frequency, drive premium revenue, and further improve yield.

HELPING AGENTS PROSPER

We are committed to providing our customers with an experience tailored to their unique needs. We strive to deepen our relationships with them by delivering insights and value unavailable elsewhere. This provides Domain with a unique advantage to understand more about our users and deliver greater value through personalisation.

Aligning Domain and Nine's data adds to this by providing richer and deeper insights into audience behaviours and opportunities.

Domain's track record of delivering trusted data-based models at scale has been expanded recently with our data commercialisation pilot with McGrath Real Estate.

For 2020, we are focused on how we can help agents prosper. How we can help them find the next listing, win the listing, sell the listing efficiently, and improve their performance and profitability.

OUR PEOPLE

In a challenging year, I am proud of the positive attitude and approach of our people. I want to say a huge thank you to our staff and our Executive Leadership Team. Reflecting over the past year, I have been constantly impressed by the dedication, innovation, collaboration and commitment they have all displayed and their continued focus on our customers. Their positivity and passion have been truly inspiring.

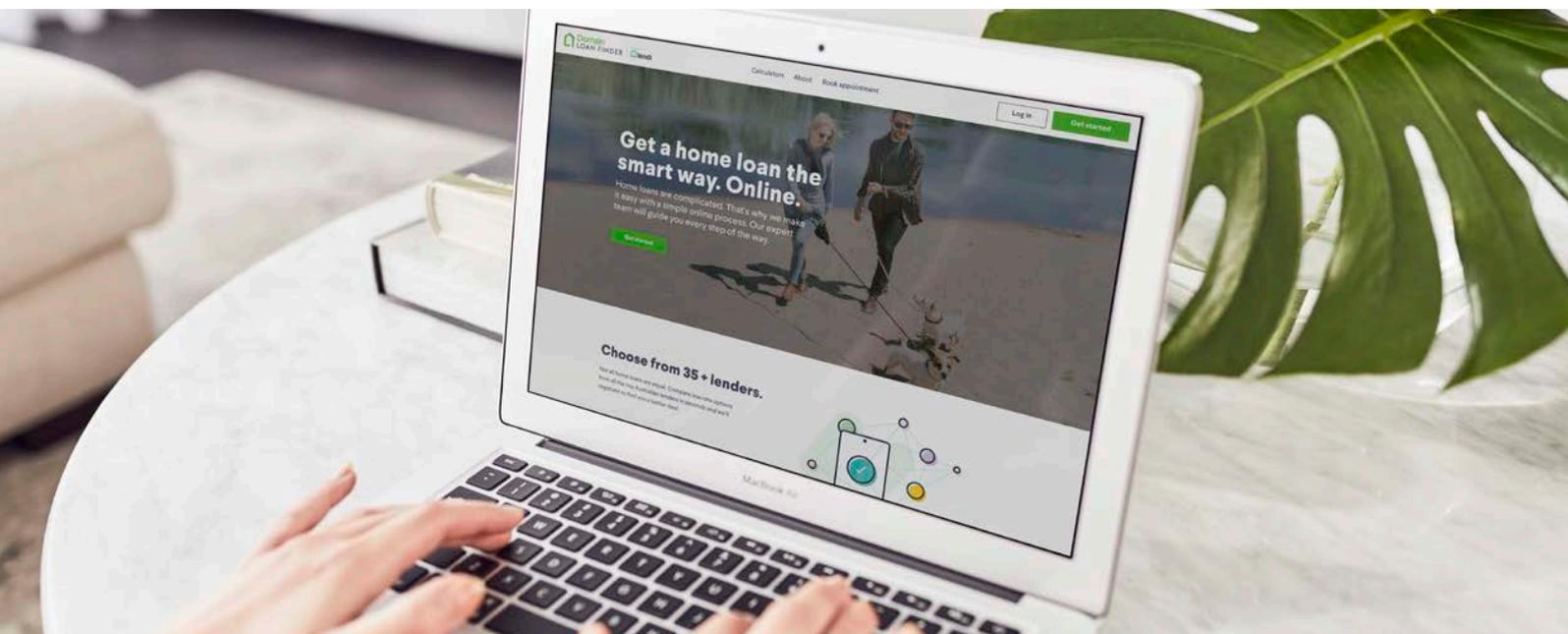
I would like to express my appreciation to our Chairman Nick Falloon and the Board for their expert guidance. To our shareholders, I would like to thank you for your support and reaffirm our commitment to delivering growth in line with our strategy and vision.

We have big ambitions for Domain. FY19's performance shows that Domain is well placed to navigate tough conditions, and is proof not only of Domain's resilience but of our strength as a leading property technology and services business.

We look forward to a year of executing on our vision of customer-centricity and helping to inspire confidence for all of life's property decisions.



Jason Pellegrino
Domain CEO



GOOD & GREEN

Corporate Social Responsibility

Domain is committed to meeting and leading standards of corporate social responsibility (CSR) across our business. This year we have focused on four key pillars – our environment, our community, our people, and our financial sustainability. To make progress against each of these four pillars, Domain has encouraged a culture of participation in CSR which resulted in a substantial step-up in activities throughout FY19.



OUR ENVIRONMENT

In line with its Charter, Domain's People and Culture Committee oversees CSR and sustainability, including environmental reporting and performance.

Domain is committed to positive environmental and sustainability outcomes and is focused on integrating environmentally friendly practices into our everyday activities. Domain is committed to transparency with regard to its environmental footprint and will participate in reporting through CDP, a not-for-profit charity which runs a global environmental disclosure system.

Domain's total greenhouse gas emissions (GHG) and total energy consumption over the past four years are highlighted in Figures 1 and 2. The increase in Domain's GHG emissions and energy consumption between FY16 and FY18 reflects the expansion in the number of Domain's office premises across Australia as the business accelerated its investment in growth. Having achieved its full national rollout of premises in FY18, Domain successfully reduced both GHG emissions and overall energy consumption during FY19.



FIGURE 1: TOTAL GREENHOUSE GAS (GHG) EMISSIONS

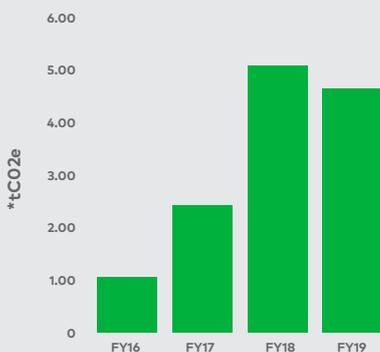
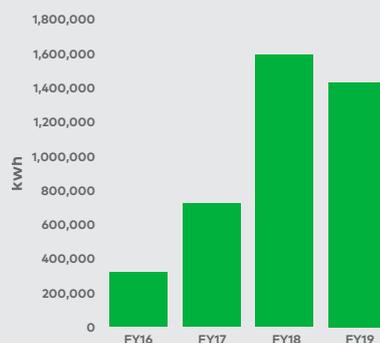


FIGURE 2: TOTAL ENERGY CONSUMPTION (KWH)



The reduction in our energy consumption has been assisted and accompanied by a set of staff-driven sustainability initiatives including:

- Establishment of Domain Green, a cross-functional group designed to champion the environment and share ideas on how to improve sustainability
- A periodic staff newsletter highlighting and encouraging participation in sustainability activities

*Tonnes of carbon dioxide equivalent (tCO2e) is a measure that allows comparison of the emissions of other greenhouse gases relative to one unit of Carbon Dioxide (CO2). It is calculated by multiplying the greenhouse gas's emissions (e.g. methane) by its 100-year global warming potential

GOOD & GREEN



International Women's Day Breakfast at Domain's Sydney Headquarters

OUR COMMUNITY

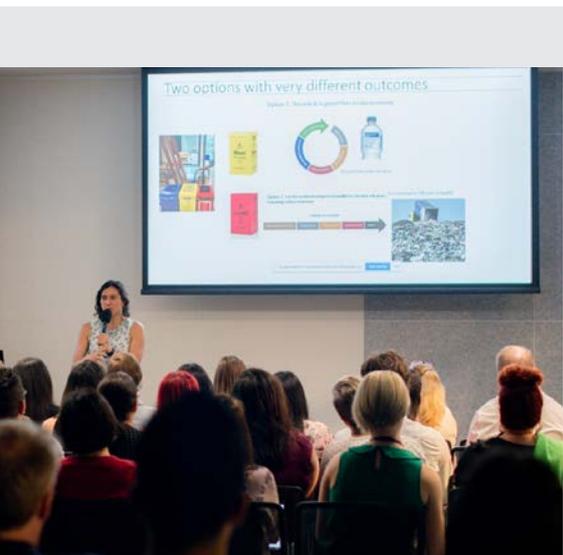
As a customer-centric Australian property marketplace, our community is at the core of our business. We demonstrate this through commitment to people's rights and the betterment of the communities in which we operate. As Australia's home of property, we are committed to addressing homelessness and the issues facing young people, and in FY19 focused our fundraising efforts in these areas. Through our involvement with initiatives such as Raize the Roof and Vibewire's Hack4homelessness we mobilised our deep expertise in technology and property to make a meaningful contribution. We also worked with other members of the real estate industry to participate in the Real Estate Sleepout in support of Youth off the Streets.

In keeping with our commitment to our community, Domain is committed

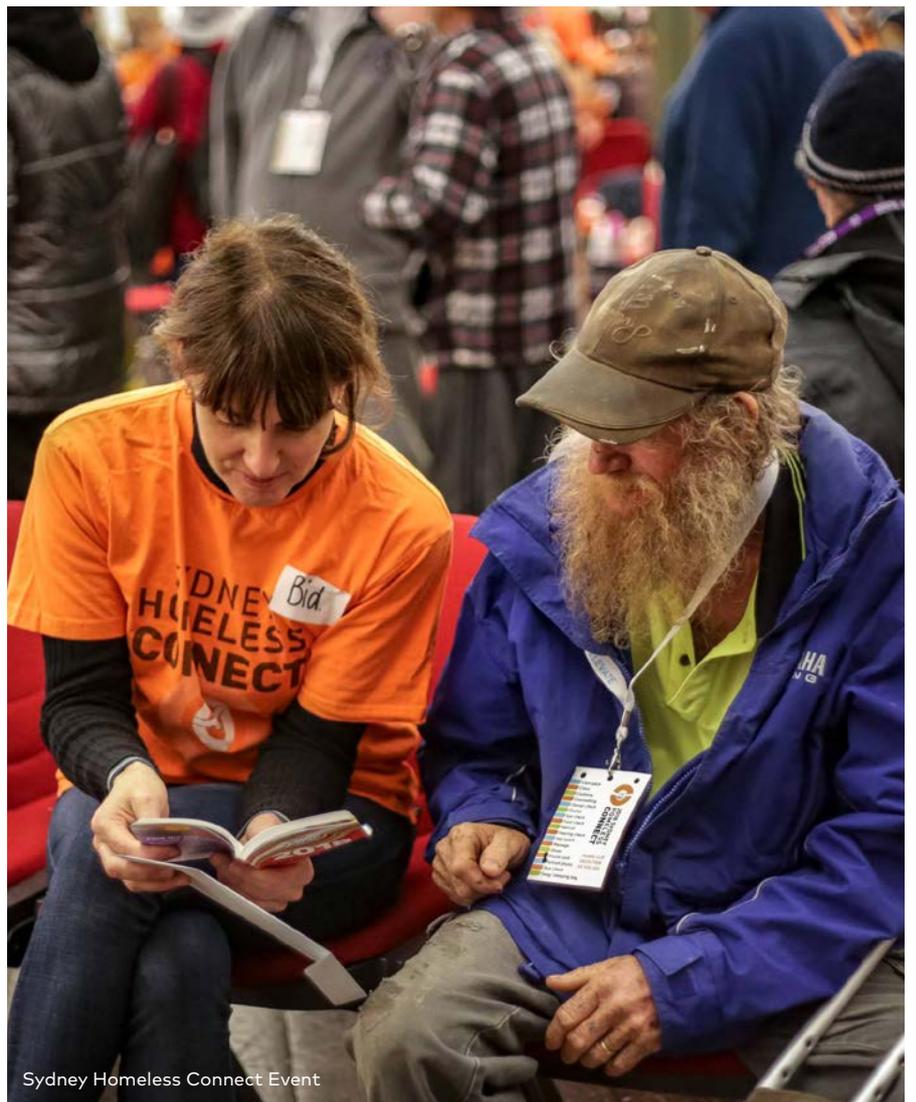
to the highest ethical standards in business. Honesty, trust and integrity are defining characteristics of the way we operate. In June we released our Supplier Code of Conduct to ensure our suppliers are aware of our expectations that ethical, environmental, labour and human rights standards should be upheld throughout our supply chain.

Protecting Your Data

As a technology business, we are mindful that a key role we play in looking after our community is protecting the data we receive from our customers and consumers. We have an in-house information security team that oversees our data security practices, conducts periodic testing on our systems, and assesses new vendors for IT security risks. This is all with a view to ensuring that the data we receive is and remains secure. As an organisation, we also



- Implementation of printing, recycling, and water awareness programs
- Waste reduction initiatives including replacing single-use office and catering items with reusable versions
- Reducing the number of printers available on our networks to encourage paperless working
- Introducing organic waste bins to staff kitchens to enable sustainable disposal of organic materials



Sydney Homeless Connect Event

GOOD & GREEN

✓ HIGHLIGHTS

Joined City of Sydney's CitySwitch Green Office program, working to reduce our carbon footprint and improve day-to-day energy, waste and operating efficiency

Teamed up with Dexu and co-tenants in our Sydney building to compete in the Better Buildings Cup, aiming to make our Sydney office building one of Australia's healthiest and most sustainable workspaces

Deployed the AllHomes editorial and listings platforms to assist Raize the Roof in the sale of a volunteer-built home for \$855,000, with proceeds donated to the Starlight Children's Foundation and SOS Children's Villages, Botswana

Raised over \$13,000 and supplied care packs to Sydney Homeless Connect

Participated in The Real Estate Sleep Out, raising over \$9,000 for Father Chris Riley's Youth Off The Streets

Participated in Vibewire's Hack4Homelessness, including sharing a Domain API with all hack teams to support attempts to solve the housing supply crisis

Raised \$8,000 for Whitelion, a community organisation aimed at helping young offenders break the cycle of reoffending and move past their experiences in juvenile detention

Participated in Clean Up Australia Day, International Women's Day and World Mental Health Day

Promoted charitable giving by streamlining the process for staff wishing to make charitable donations directly out of payroll

Raised over \$2,500 for the Cancer Council's Australia's Biggest Morning Tea

As Australia's home of property, we are committed to addressing homelessness and the issues facing young people. In FY19, we mobilised our deep expertise in technology and property to make a meaningful contribution.



Domain employee Natalie Hodges at Whitelion's annual Bail Out event with UnLtd

regularly review our personal data, privacy and data security policies and practices to ensure they are consistent with community standards and expectations. In FY19, we held monthly cross-functional Data Council meetings to ensure all proposals for sharing Domain data with third parties were appropriately justified. The multi-disciplinary team comprises data scientists, product managers, engineers, researchers and lawyers. In FY20, we will be continuing our focus on ensuring data governance at Domain is in line with best practice.

OUR PEOPLE

We are committed to helping our people thrive, personally and professionally. In FY19, in response to employee feedback, Domain invested in articulating a vision for the Company and creating a framework of purpose and values to unify our people. Our efforts were focused on improving employee experience and encouraging diversity and inclusion. Domain is committed to further developing its diversity and gender equality policies and practices through broad stakeholder engagement programs and culture and people-

focused workplace initiatives.

Domain takes safety seriously and has been working to develop and improve our Health, Safety & Environment (HSE) management system. The key aspects of this system include training, risk management and emergency preparedness. The HSE Committee was established to enable consultation. In December, Domain upgraded its records system to support improved reporting which has delayed the disclosure of safety metrics until FY20. We are committed to reporting on safety to drive performance improvements and promote accountability.

OUR FINANCIAL SUSTAINABILITY

At Domain we are committed to ensuring the financial viability and sustainability of the organisation for all stakeholders including shareholders, employees, customers and suppliers. The three pillars of Domain's strategy are designed to support long term growth in profitability which benefits all these stakeholders through greater returns for shareholders, increased job security for employees and suppliers, and improved services to customers.

GOOD & GREEN



Domain staff Jon McConkey, Sarah Penfold, Arabella Cuneo and Nathan Simpson, with Damien Cooley of Cooley Auctions (centre) at The Real Estate Sleep Out for Father Chris Riley's Youth off the Streets

✓ DID YOU KNOW

Domain has a culturally diverse workforce, with employees heralding from more than 50 countries around the world. We celebrate this diversity through a calendar of staff events

The FY19 "Domain Engage" staff survey showed overall favourable engagement across the Domain workforce

Domain held firm-wide inclusivity workshops which included a virtual reality component to simulate the impacts of inclusive and non-inclusive behaviours in a virtual work environment

Over 32% of Domain employees are multilingual

Domain has near gender parity across the organisation, with a workforce comprising 52% males and 48% females as at the end of the reporting period

DOMAIN CONFIRMED AS A FTSE4GOOD INDEX SERIES CONSTITUENT



FTSE4Good

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Domain Holdings Australia Limited has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products



From L to R - Lincoln and Danielle Dal Cortivo (Raize the Roof), auctioneer, Jason Roses (Luton) and Sisters from Southside stylist, Maria Cerne at Raize the Roof's fundraising event

TABLE OF CONTENTS

Appendix 4E and Annual Financial Report

FINANCIAL STATEMENTS	Directors' Report						15
	Auditor's Independence Declaration						21
	Remuneration Report						22
	Corporate Governance Statement						37
	Management Discussion and Analysis Report						46
	Consolidated Statement of Profit or Loss and Other Comprehensive Income						48
	Consolidated Balance Sheet						49
	Consolidated Cash Flow Statement						50
	Consolidated Statement of Changes in Equity						51
NOTES TO THE FINANCIAL STATEMENTS	1. Summary of significant accounting policies						53
	KEY NUMBERS	GROUP STRUCTURE	OPERATING ASSETS AND LIABILITIES	CAPITAL STRUCTURE AND FINANCIAL COSTS	UNRECOGNISED ITEMS	OTHER	
2. Revenues	6. Business combinations, acquisitions, disposals, and investments in controlled entities	7. Intangible assets	13. Financial and capital risk management	17. Commitments and contingencies	19. Related parties and entities		
3. Expenses		8. Interest bearing liabilities	14. Equity	18. Events subsequent to reporting date	20. Taxation		
4. Significant items		9. Receivables	15. Dividends paid and proposed		21. Employee Entitlements		
5. Segment reporting		10. Payables	16. Earnings per share		22. Remuneration of Auditors		
		11. Provisions			23. Notes to the Cash Flow Statement		
		12. Property, plant and equipment					
FINANCIAL STATEMENTS	Directors' Declaration						94
	Independent Auditor's Report						95
ASX INFORMATION	Shareholder Information						99
	Corporate Directory						IBC

DIRECTORS' REPORT

The Board of Directors presents its report together with the financial report of Domain Holdings Australia Limited (the **Company** or **Domain**) and of the consolidated entity (**Domain Group**), being the Company and its controlled entities for the period 25 June 2018 to 30 June 2019 (**FY19**), and the auditor's report thereon.

DIRECTORS

The Directors of the Company during FY19 and up to the date of this report are as follows.

NICK FALLOON

Non-Executive Director and Chairman

Appointed 16 November 2017

(Executive Chairman from 22 January 2018 to 26 August 2018)

Committee Membership: Nomination Committee, People and Culture Committee

PATRICK ALLAWAY

Non-Executive Director

Appointed 16 November 2017

Committee Membership: Audit and Risk Committee

DIANA EILERT

Non-Executive Independent Director

Appointed 16 November 2017

Committee Membership: Audit and Risk Committee, Nomination Committee, People and Culture Committee

GREG ELLIS

Non-Executive Independent Director

Appointed 16 November 2017

GAIL HAMBLY

Non-Executive Director

Appointed 2 October 2014

GEOFF KLEEMANN

Non-Executive Independent Director

Appointed 16 November 2017

Committee Membership: Audit and Risk Committee, Nomination Committee, People and Culture Committee

JASON PELLEGRINO

Managing Director and Chief Executive Officer

Appointed 27 August 2018

A profile of each Director holding office at the date of this report is included in the Board of Directors section on pages 16 and 17.

COMPANY SECRETARY

Catriona McGregor is Group General Counsel and Company Secretary of Domain. She is responsible for legal and regulatory matters across the Domain Group. She is also Domain's Privacy Officer. Catriona has a law degree with Honours and a diploma in legal practice from the University of Glasgow, Scotland and she has also studied law at the University of Tilburg in the Netherlands and the University of Sydney. She is dual-qualified as a solicitor in the UK and NSW and is admitted to the Supreme Court of New South Wales. Catriona is a registered notary public in Scotland and is a member of the Association of Corporate Counsel Australia.

BOARD OF DIRECTORS



NICK FALLOON

Chairman

Nick Falloon is the Chairman of Domain. He was previously Chairman of Fairfax Media Limited and became Deputy Chairman of Nine Entertainment Co Holdings Limited on 7 December 2018 following the merger between Nine and Fairfax. He has 30 years' experience in the media industry, including 19 years working for the Packer-owned media interests from 1982 until 2001.

Nick Falloon served as Chief Executive Officer of Publishing and Broadcasting Limited (PBL) from 1998 to 2001 and before that as Chief Executive Officer of PBL Enterprises and Group Financial Director of PBL. This experience provided a strong background in television, pay TV, magazines, radio and the internet. From 2002, he spent nine years as Executive Chairman and CEO of Ten Network Holdings.

Nick Falloon holds a Bachelor of Management Studies (BMS) from Waikato University in New Zealand.



JASON PELLEGRINO

Managing Director and Chief Executive Officer

Jason Pellegrino joined Domain as Managing Director and Chief Executive Officer in August 2018.

He was previously Google's Managing Director Australia and New Zealand and a member of the Asia-Pacific regional leadership team. He joined Google in 2008 and held leadership positions including Managing Director of Asia-Pacific Sales Operations & Strategy, Sales Director, Australia, and Head of Sales and Operations and Strategy for Google's Australia & New Zealand business.

Prior to Google, Jason Pellegrino worked in several roles over 15 years spanning corporate strategy, mergers and acquisitions and finance at Dakota Capital Partners, LEK Consulting, PepsiCo International and KPMG.

He holds a Bachelor of Commerce degree from the University of Wollongong and an MBA from London Business School.



PATRICK ALLAWAY

Non-Executive Director

Patrick Allaway has senior Executive and Non-Executive Board experience in large multi-national companies across finance, retail, wholesale, and media.

He was previously Managing Director at Swiss Bank Corporation (now UBS) and a member of the global Investment Bank Executive Board based in London and Zurich. Prior to joining Swiss Bank he worked at Citibank in Sydney, London and New York.

Patrick Allaway is currently a Non-Executive Director of Nine Entertainment Co Holdings Limited, a position he has held since Nine acquired Fairfax Media Limited in December 2018. He was previously a Non-Executive Director of Fairfax Media Limited from April 2016 to December 2018. He is also currently a Non-Executive Director (since May 2019) and Chair-Elect of Bank of Queensland. He will commence as Chair in October 2019. Patrick Allaway was formerly a Non-Executive Director of Metcash Limited from November 2012 to June 2018 and also of Macquarie Goodman Group (now Goodman Group), Woolworths South Africa, David Jones, and Country Road Group.

Mr Allaway holds a Bachelor of Arts/Law from The University of Sydney.

BOARD OF DIRECTORS



DIANA EILERT
Independent Non-Executive Director

Diana Eilert is currently a Non-Executive Director of ASX-listed companies Super Retail Group Limited (appointed October 2015) and Elders Limited (appointed November 2017), and has previously been a Director of Navitas Limited (July 2014 - July 2019), REA Group Ltd, Veda Group, Onthehouse Holdings Ltd and OurDeal Pty Ltd.

Her senior executive career includes roles as Head of Strategy and Corporate Development for News Limited and Group Executive for Suncorp's entire insurance business and subsequently Group Executive for Technology, People and Marketing. She spent 10 years with Citibank, and held roles including Head of Credit Risk Policy, running the Mortgage business and also Lending Operations for Australia and New Zealand. She was also a Partner with IBM.

Diana Eilert holds a Bachelor of Science (Pure Mathematics) from The University of Sydney and a Master of Commerce from The University of New South Wales.



GREG ELLIS
Independent Non-Executive Director

Greg Ellis has been involved in the digital sector for the past 15 years. During that time he has held a variety of senior executive roles in Australia and overseas.

Most recently in Australia he was the Chief Executive Officer and Managing Director of REA Group Ltd from 2008 to 2014. He was the Chief Executive Officer of Scout24, a Frankfurt Stock Exchange-listed online classifieds business from April 2014 until December 2018. He was previously a Non-Executive Director of Sportsbet Pty Ltd.

Greg Ellis holds a Bachelor of Business Management from Queensland University of Technology.



GAIL HAMBLY
Non-Executive Director

Gail Hambly has over 20 years' experience as a senior media executive. From 1992 to 2018 she was Group General Counsel and Company Secretary of Fairfax Media Limited, with responsibility for legal services, government and corporate relations, as well as internal audit and risk. She has been deeply involved in the growth and development of Domain. From 2011 to 2016, she was a Director of Trade Me Limited, a dual ASX and New Zealand Exchange-listed company whose businesses include one of the major real estate listing sites in New Zealand as well as other online businesses.

Gail Hambly holds a degree in Law from The University of New South Wales and degrees in Economics and Science from The University of Sydney.



GEOFF KLEEMANN
Independent Non-Executive Director

Geoff Kleemann commenced his career at Deloitte, and subsequently completed approximately twenty years as a senior executive in a listed environment, as Chief Financial Officer for Crown Limited, Publishing and Broadcasting Limited, Woolworths Limited and Pioneer International Limited. He is currently a Non-Executive Director of the NSW Telco Authority.

He was previously Non-Executive Director and chair of the Audit Committee of Asciano Limited from 2009 to 2016, Non-Executive Director and Chair of the Audit Committee of Broadspectrum Limited from 2014 to 2016 and a Non-Executive Director of Investa Listed Funds Management Limited, the responsible entity for Investa Office Fund, from 2016 to 2018.

Geoff Kleemann is a member of the Institute of Chartered Accountants.

DIRECTORS' REPORT

DIRECTORS' MEETINGS

The table below shows the number of Board and Committee meetings held during the financial year and the number attended by each Director or Committee member.

	MEETINGS									
	BOARD MEETING		AUDIT AND RISK		NOMINATION		PEOPLE AND CULTURE			
DIRECTORS	NO. HELD*	NO. ATTENDED	NO. HELD*	NO. ATTENDED	NO. HELD*	NO. ATTENDED	NO. HELD*	NO. ATTENDED		
Nick Falloon	8	8	–	4**	2	2	4	4		
Patrick Allaway	8	8	4	4	–	0	–	1**		
Diana Eilert	8	8	4	4	2	2	4	4		
Greg Ellis	8	8	–	0	–	0	–	0		
Gail Hambly	8	8	–	4**	–	2**	–	4**		
Geoff Kleemann	8	8	4	4	2	2	4	4		
Jason Pellegrino	7***	7	–	2**	–	0	–	2**		

– Means a Director is not a member of the relevant Committee

* The number of meetings held refers to the number of meetings held while the Director was a member of the Board or Committee

** Several Directors attend meetings as an invitee of the Committee, rather than as a member

*** Mr Pellegrino was appointed as a Director on 27 August 2018 and accordingly did not attend the first Board meeting of the financial year which was prior to his appointment date

CORPORATE STRUCTURE

Domain Holdings Australia Limited is a public company limited by shares that is incorporated and domiciled in Australia.

PRINCIPAL ACTIVITIES

Domain is a real estate technology and services business focused on the Australian property market.

The business offers residential and commercial property marketing services via its listings portals on desktop and mobile, and via social media and print magazines.

Domain also provides media and lead-generation solutions for advertisers looking to promote their products and services to consumers. Domain creates property market content to engage consumers and support audience growth.

In addition to operating residential and commercial real estate portals, Domain provides data and technology services to real estate agencies through customer relationship management (CRM) services, property data and research subscriptions, and property inspection management tools.

Through a series of investments and commercial arrangements in recent years, Domain has expanded its offerings to include other services available to consumers at different points in the property lifecycle, including home loan and insurance brokerage and residential utilities lead generation.

REVIEW OF OPERATIONS

Statutory revenue and income for the Domain Group was higher than the prior year at \$343.3 million (FY18: \$286.6 million). After adjusting for significant items of \$174.9 million expense (FY18: \$29.6 million expense) the Domain Group generated an underlying net profit after tax attributable to members of \$37.4 million (FY18 profit: \$23.5 million). Underlying earnings per share were 6.43 cents (FY18: profit of 5.92 cents).

The statutory result for FY18 is not representative of the underlying performance of the business owing to the timing of Domain's separation from Fairfax Media Limited which occurred in November 2017.

Further information is provided in the Management Discussion and Analysis Report.

DIRECTORS' REPORT

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the consolidated entity during the financial year were as follows.

- On 27 August 2018, Jason Pellegrino commenced as Managing Director and Chief Executive Officer and Nick Falloon resumed his Non-Executive role of Chairman
- On 31 August 2018, Domain increased its holding in Homepass to become the majority shareholder with a 68.5% stake
- On 31 October 2018, Domain divested its 9% holding in media company Real Estate Investar Limited
- On 7 December 2018, following the merger between Nine and Fairfax, Nine became the ultimate holding company of Domain
- On 21 December 2018, Domain, through one of its controlled subsidiaries Commercial Real Estate Media Pty Ltd (**CREM**), acquired 100% of the issued share capital in Commercialview.com.au Limited (**CommercialView**). The consideration payable is contingent on targets relating to the future performance of the CREM and CommercialView businesses
- On 31 May 2019, Domain entered into binding documentation to sell its 50% interest in residential utilities comparison and connection service Compare & Connect (Residential Connections Pty Ltd) to its joint venture partner, TW Australia Holdings 2 Pty Ltd. The transaction completed during the reporting period
- On 28 June 2019, Domain, through one of its wholly owned subsidiaries, MMP Community Network Pty Ltd, disposed of its interest in MMP Star Pty Ltd

CONSOLIDATED RESULT

The loss attributable to members of the Company for the financial year was \$137.6 million (FY18: loss \$6.2 million).

DIVIDENDS

On 4 September 2018, the Company paid a dividend of \$0.04 per ordinary share, 70% franked. On 7 March 2019, a fully franked dividend of \$0.02 per ordinary share was paid.

Since the end of the financial year, the Directors have resolved to pay a dividend of \$0.04 per fully paid ordinary share, 100% franked, at the corporate tax rate of 30%. This dividend is payable on 10 September 2019.

EVENTS SUBSEQUENT TO REPORTING DATE

There are no matters or circumstances that have arisen since the end of FY19 and the date of this report that have significantly affected or may significantly affect the Company.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The consolidated entity's prospects and strategic direction are discussed in the Management Discussion and Analysis Report on pages 46-47 of the Annual Report.

Further information about likely developments in the operations of the consolidated entity and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the consolidated entity.

ENVIRONMENTAL REGULATION AND PERFORMANCE

At the Domain Group we take seriously our responsibility to care for and protect the environment in which we operate.

In FY19, Domain has not received or been subject to any environmental breach notices, improvement notices, fines or non-compliance notices from any environmental regulators and, based on reasonable enquiries, the Board is not aware of any significant environmental breaches as a result of business operations.

Domain did not participate in the Carbon Disclosure Project (CDP) program during FY19 but intends to participate in the CDP program in the next financial year.

REMUNERATION REPORT

A Remuneration Report is set out on pages 22-36 of the Annual Report and forms part of this Directors' Report.

DIRECTORS' INTERESTS

The relevant interest of each Director in the equity of the Company and related bodies corporate as at the date of this report are disclosed in the Remuneration Report.

DIRECTORS' REPORT

INDEMNIFICATION AND INSURANCE OF OFFICERS

The Directors of the Company and such other officers as the Directors determine, are entitled to receive the benefit of an indemnity contained in the Constitution of the Company to the extent allowed by the Corporations Act 2001 (Cth), including against liabilities incurred by them in their respective capacities in successfully defending proceedings against them. No indemnification payment has been made to any Director or officer during or since the end of FY19.

During or since the end of FY19, the Company has paid premiums under contracts insuring the Directors and officers of the Company and its controlled entities against liability incurred in that capacity to the extent allowed by the Corporations Act 2001 (Cth). The terms of the policies prohibit disclosure of the details of the liability and the premium paid.

Each Director has entered into a Deed of Access, Disclosure, Insurance and Indemnity which provides for indemnity by the Company against liability as a Director to the extent allowed by the law.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No indemnification payment has been made to Ernst & Young during or since FY19.

NO OFFICERS ARE FORMER AUDITORS

No officer of the consolidated entity has been a partner of an audit firm or a Director of an audit company that is the auditor of the Company and the consolidated entity for FY19.

NON-AUDIT SERVICES

Under its Charter of Audit Independence, the Company may employ the auditor to provide services additional to statutory audit duties where the type of work performed and the fees for services do not impact on the actual or perceived independence of the auditor.

Details of the amounts paid or payable to the auditor, Ernst & Young, for non-audit services provided during the financial year are set out below. Details of amounts paid or payable for audit services are set out in Note 22 to the financial statements.

The Board of Directors has received advice from the Audit and Risk Committee and is satisfied that the provision of the non-audit services did not compromise the auditor independence requirements of the Corporations Act 2001 (Cth) because none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

A copy of the auditor's independence declaration under section 307C of the Corporations Act 2001 (Cth) follows this report.

During FY19, Ernst & Young received or were due to receive the following amounts for the provision of non-audit services.

Subsidiary companies, other audits and other assurance services required by contract or regulatory or other bodies:

- Australia Nil

Non-assurance services:

- Australia \$10,000

ROUNDING

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report. Amounts contained in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Signed on behalf of the Directors in accordance with a resolution of the Directors.



Nick Falloon
Chairman

16 August 2019

AUDITOR'S INDEPENDENCE DECLARATION



**Building a better
working world**

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Auditor's Independence Declaration to the Directors of Domain Holdings Australia Limited

As lead auditor for the audit of Domain Holdings Australia Limited for the financial year ended 30 June 2019, I declare to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Domain Holdings Australia Limited and the entities it controlled during the financial year.

A handwritten signature in black ink that reads 'EY + Young'.

Ernst & Young

A handwritten signature in black ink, appearing to be 'Christopher George'.

Christopher George
Partner
16 August 2019

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

REMUNERATION REPORT

Domain

Dear Shareholders,

Thank you for your continued support of Domain. On behalf of the Board, I am pleased to present our Remuneration Report for FY19.

The Chairman and Chief Executive Officer have outlined in their respective reports the strategies which the Company is implementing to drive shareholder value. Jason Pellegrino and the entire Domain management team are delivering pleasing progress in the context of a very challenging property market environment.

Domain's remuneration principles aim to attract and retain talented people and align their interests with the long-term interests of the Company. The remuneration structure is designed to address the challenges of hiring and retaining staff in a competitive environment for digital talent.

To achieve this objective, short term and long term incentives are awarded to Domain's Executive Key Management Personnel (Executive KMP) being the CEO and CFO. Executive KMP are eligible for short term incentives based on a mix of financial and personal performance objectives. The challenging market environment during FY19 meant that financial performance measures were not achieved, resulting in no payout in relation to the financial component. Personal performance targets were achieved.

Long term incentives are designed to ensure that remuneration outcomes are linked to the creation of sustainable shareholder returns. Long term incentives are awarded as options which only vest on the achievement of Total Shareholder Return (TSR) targets over a three year period.

On behalf of the Board, I would like to thank the staff at Domain for their skills and energy in delivering on the strategic priorities of the Company, and their commitment to driving long-term performance for shareholders.

We look forward to your feedback.

Yours sincerely



Diana Eilert

Chair of the People and Culture Committee

REMUNERATION REPORT

The Remuneration Report contains the following sections:

1. Introduction
2. People and Culture Committee
3. Key Management Personnel (KMP)
4. Remuneration principles and framework
5. Linking Executive remuneration to performance
6. Executive Incentive Plan for FY19 (EIP)
7. Long term incentives for FY19
8. Executive remuneration table for FY19
9. Executive service agreements
10. Executive shareholdings
11. Remuneration of Non-Executive Directors
12. Loans to KMP
13. Financial performance of the Company in key shareholder value measures

REMUNERATION REPORT

Audited

1. INTRODUCTION

This report forms part of the Company's FY19 Directors' Report and sets out Domain Holdings Australia Limited's (**Domain**, or **the Company**) remuneration arrangements for Key Management Personnel (**KMP**) in accordance with the requirements of the Corporations Act 2001 (Cth) and its subordinate regulations.

2. PEOPLE AND CULTURE COMMITTEE

The People and Culture Committee (**P&C Committee**) has oversight of the remuneration and employment terms of KMP and the senior leadership team. This is achieved through setting appropriate governance principles and strategies that support the achievement of the Company's overall strategies.

The remuneration governance principles of the P&C Committee are:

- To ensure the Company's remuneration structures are equitable and aligned with the long-term interests of the Company and its shareholders and follow relevant Company policies
- To attract and retain skilled executives
- To structure short and long-term incentives that are challenging and linked to the creation of sustainable shareholder returns
- To ensure any termination benefits are justified and appropriate
- To ensure that in the discharge of the P&C Committee's responsibilities, no senior leader is directly involved in determining their own remuneration
- To have regard to all legal and regulatory requirements, including any necessary shareholder approvals

In regards to remuneration, the P&C Committee approves major changes and developments in the remuneration policies, superannuation arrangements, personnel practices, and industrial relations strategies for the Company. The P&C Committee's activities to this end include:

- Reviewing and recommending to the Board employment and retention arrangements for the CEO and the CEO's direct reports, including contract terms, annual remuneration and participation in the Company's short and long term incentive plans
- Reviewing and approving the short and long-term incentive performance targets and bonus payments for the CEO and the senior management reporting directly to the CEO
- Overseeing the operation of employee equity incentive plans, including reviewing and recommending to the Board major changes and developments in relation to the plans
- Reviewing and recommending to the Board the remuneration arrangements for the Non-Executive Directors, including fees, travel and other benefits
- Approving the appointment of remuneration consultants for the purposes of the Corporations Act 2001 (Cth)
- Monitoring and reviewing the Company's employee relations strategy including compliance with awards and agreements

The members of the P&C Committee during FY19 were:

- Diana Eilert, Chair of the P&C Committee
- Nick Falloon
- Geoff Kleemann

Other Non-Executive Directors, as well as the CEO, CFO, Group General Counsel and Company Secretary, Group Director Employee Experience and Head of Employee Rewards and Systems attend P&C Committee meetings as invitees except when their own performance or remuneration arrangements are being discussed.

3. KEY MANAGEMENT PERSONNEL (KMP)

The P&C Committee provides recommendations on remuneration, incentive policies and practices, as well as specific recommendations on remuneration and terms of employment for the Chairman, CEO, CFO and Non-Executive Directors, jointly known as KMP.

The KMP have the authority and responsibility for planning, directing and controlling the activities of the Company. The KMP for the financial year are set out in Table 3.1.

Of Domain's KMP, Executive KMP are Jason Pellegrino (**CEO**) and Robert Doyle (**CFO**) (the **Executive KMP**).

REMUNERATION REPORT

Audited

3.1 KMP FY19

	APPOINTMENT DATE	KMP ROLE
Nick Falloon	16 November 2017	Chairman/Executive Chairman ^(a)
Jason Pellegrino	27 August 2018	Chief Executive Officer
Robert Doyle	16 November 2017	Chief Financial Officer
<i>Non-Executive Directors</i>		
Diana Eilert	16 November 2017	Independent Non-Executive Director
Greg Ellis	16 November 2017	Independent Non-Executive Director
Geoff Kleemann	16 November 2017	Independent Non-Executive Director
Patrick Allaway	16 November 2017	Non-Executive Director
Gail Hambly	2 October 2014	Non-Executive Director

a) Nick Falloon continued in the role of Executive Chairman until Jason Pellegrino commenced on 27 August 2018, at which point Nick Falloon resumed the role of Chairman in a Non-Executive capacity.

3.2 Change in KMP

Domain announced on 3 July 2018 that Jason Pellegrino had been appointed as Domain's Managing Director and Chief Executive Officer, effective 27 August 2018. Shareholders approved the cash bonus, options and shares provided to Jason Pellegrino as part of his on-boarding with Domain at the Annual General Meeting held on 20 November 2018.

Nick Falloon was appointed Chairman on 16 November 2017, and then Executive Chairman from 22 January 2018 until 26 August 2018 whilst a global search for a replacement CEO was conducted. He then resumed the role of Chairman in a Non-Executive capacity on 27 August 2018 upon appointment of Jason Pellegrino to the role of Managing Director and Chief Executive Officer.

4. REMUNERATION PRINCIPLES AND FRAMEWORK

The remuneration of Executive KMP is reviewed annually. In making remuneration decisions, the P&C Committee considers general economic conditions, market rates of remuneration, the Company's financial performance, and individual performance.

Remuneration for Executive KMP is comprised of the following components which are a mix of fixed, short and long-term incentives:

1. Total Package Value (**TPV**): defined as base salary, fixed allowances and superannuation
2. Executive Incentive Plan (**EIP**): the name of our short term incentives
3. Long Term Incentive Options (**LTI Options**): options over Domain shares
4. Retention and Engagement Shares: once-off historical grants of restricted shares to Executive KMP, which are described in more detail in section 7.3 of this Remuneration Report. Retention Shares and Engagement Shares do not form part of Domain's ordinary remuneration.

Each component of Domain's remuneration is designed to deliver value to the Company and its shareholders. Our incentives have a balance of financial and non-financial measures to ensure that Company targets are met and delivered. These measures consist of a blend of calculated and discretionary objectives to ensure the P&C Committee has the ability to align remuneration outcomes with Company performance and shareholder value.

REMUNERATION REPORT

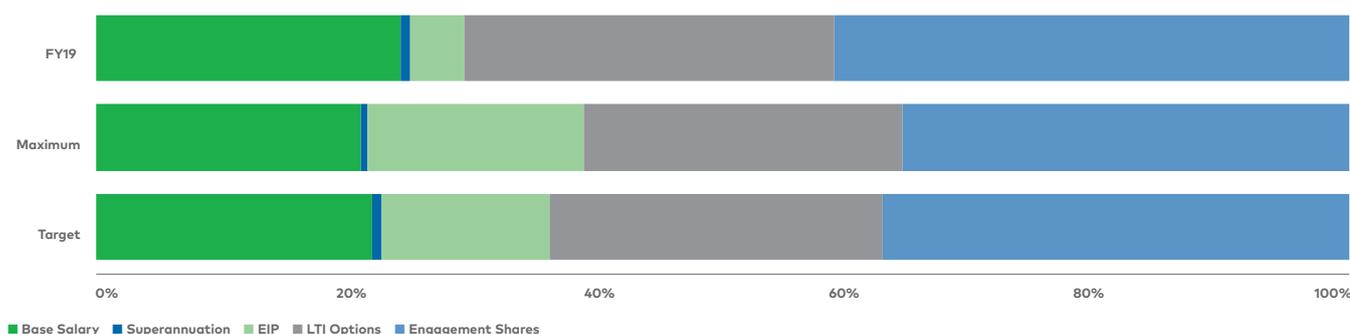
Audited

Remuneration at risk

EIP and LTI awards are considered as "at risk" remuneration. Of the KMP, only the Executive KMP have "at risk" remuneration. The proportion of each Executive KMP's remuneration that was at risk during FY19 is set out in this section.

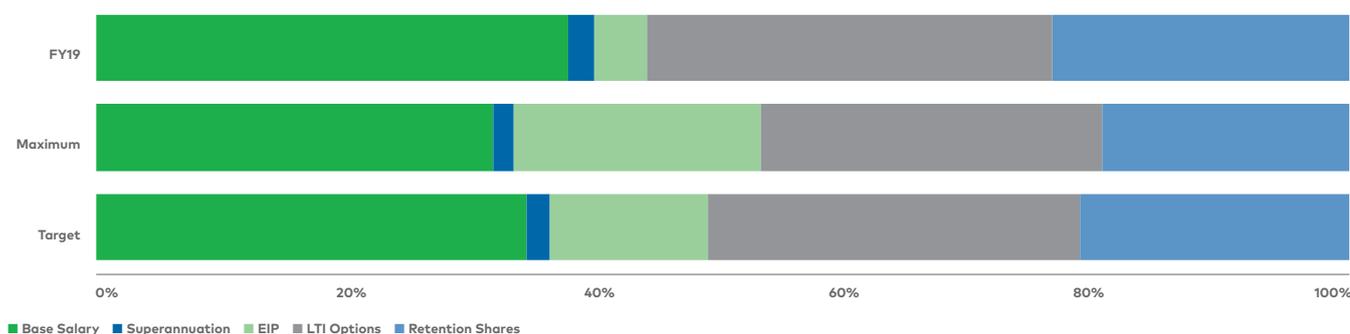
The remuneration at risk for Jason Pellegrino, the CEO, is illustrated below in illustration 4.1. In FY19, a maximum of 67% of Jason Pellegrino's remuneration was at risk.

FY19 ILLUSTRATION 4.1



The remuneration at risk for Robert Doyle, the CFO, is illustrated below in illustration 4.2. In FY19 a maximum of 59% of Robert Doyle's remuneration was at risk.

FY19 ILLUSTRATION 4.2



The remuneration at risk shown in the above illustrations is annualised for FY19. The "at risk" remuneration is the EIP, LTI Options and either Engagement Shares for Jason Pellegrino or Retention Shares for Robert Doyle. The base salary and superannuation remain fixed in each illustration. Only the proportion of the various remuneration components changes. The target and maximum illustrations assume performance measures, as described in sections 5, 6 and 7 of this Remuneration Report, have been met according to each plan. The basis for calculating each Executive KMP's annual allocations of EIP and LTI Options are set out in sections 6 and 7 of this report, respectively.

Retention and Engagement Shares will be shown in Domain's remuneration at risk illustrations until they vest.

REMUNERATION REPORT

Audited

5. LINKING EXECUTIVE REMUNERATION TO PERFORMANCE

Domain uses the EIP to focus the Executive KMP on achieving annual performance objectives, which are based on Key Performance Indicators (KPIs). KPIs are mainly centred on creating sustainable shareholder value. Performance is assessed against financial and non-financial (personal) objectives. Financial performance is assessed against Revenue and EBITDA objectives being achieved. Personal performance is assessed against the achievement of non-financial metrics that are set annually.

In addition to the use of the EIP, Domain grants long term incentive options (LTI Options) to Executive KMP to align executive remuneration with shareholder returns. LTI Options have a three year performance period to provide long-term alignment with the interests of the Company's shareholders. Performance is measured using the absolute total shareholder return (TSR) over a three year period.

6. EXECUTIVE INCENTIVE PLAN FOR FY19 (EIP)

The EIP is designed to ensure that the Executive KMP are focused on achieving strategic, growth and profit targets of the Company, as well as delivering shareholder value. To achieve this, Executive KMP awards under the EIP are assessed on annual performance. Annual performance is assessed against financial and personal criteria as follows

- Financial criteria: 70% of EIP is awarded based on Company performance against Revenue and EBITDA targets split as follows.
 - + 35% Revenue
 - + 35% EBITDA
- Personal criteria: 30% of EIP is awarded based on personal performance against a set of agreed individual KPIs set annually by the Board

Revenue and EBITDA are aligned with shareholders' interests as these are the financial measures that the Company is assessed by. To ensure that the Company is achieving the non-financial objectives, individual KPIs as performance measures are used to focus individuals on critical non-financial areas. These performance measures relate to matters such as management accountability, market growth, agent relationships and staff engagement, and are reviewed annually.

On target and maximum awards available under the EIP for the Executive KMP are as follows.

	ON TARGET INCENTIVE	MAXIMUM INCENTIVE
CEO	60% of TPV	80% of TPV
CFO	35% of TPV	60% of TPV

6.1 EIP Outline

EIP			ACHIEVEMENT	
	MEASURE	WEIGHTING	TARGET (ON PLAN)	MAXIMUM
Financial	Achieve Domain EBITDA Target	35%	Budget	Budget +5%
	Achieve Domain Revenue Target	35%	Budget	Budget +5%
Personal	Individually assigned	30%	Delivery of measure	Discretion approved by Board

REMUNERATION REPORT

Audited

6.2 FY19 EIP Outcomes

In FY19 most of the Executive KMPs' short term incentive opportunity was tied to the Company meeting financial objectives of EBITDA and Revenue targets (70%). The remaining 30% was assessed against personal objectives such as driving performance of key business outcomes in Domain's business plan and strategy.

The outcomes of the EIP in FY19 are as follows.

- Domain Group did not achieve its EBITDA and Revenue targets. As a result, the EIP did not pay out in relation to the 70% of the Executive KMP EIP opportunity that was tied to financial objectives
- The Executive KMP met their personal non-financial KPIs, resulting in 30% of their target award paying out

The table below sets out the amount awarded in FY18 and FY19 to each of the Executive KMP under the EIP.

	ON TARGET EIP	MAXIMUM EIP	EIP EARNED	EIP FORFEITED	% OF MAXIMUM EIP EARNED	% OF MAXIMUM EIP FORFEITED
Jason Pellegrino						
FY19 ^(a)	\$607,562	\$810,082	\$182,268	\$627,814	22%	78%
FY18	-	-	-	-	-	-
Robert Doyle						
FY19	\$201,250	\$345,000	\$60,375	\$284,625	17%	83%
FY18 ^(b)	\$83,125	\$142,500	\$83,125	\$59,375	58%	42%
Former Executives						
Antony Catalano^(c)						
FY19	-	-	-	-	-	-
FY18	\$720,000	\$960,000	\$0	\$960,000	0%	100%
Total FY19	\$808,812	\$1,155,082	\$242,643	\$912,439	21%	79%
Total FY18	\$803,125	\$1,102,500	\$83,125	\$1,019,357	8%	92%

a) Jason Pellegrino joined Domain on 27 August 2018. As a result, he was eligible on a pro-rated basis for 84% of the incentive award in FY19.

b) Robert Doyle was appointed on 16 November 2017. He was eligible for 6 months of incentive award in FY18.

c) Antony Catalano resigned on 22 January 2018, forfeiting his FY18 incentives.

The Chairman and Non-Executive Directors are not eligible to participate in the EIP. As such no EIP payments have been made to the Chairman or Non-Executive Directors in FY19 or FY18.

REMUNERATION REPORT

Audited

7. LONG TERM INCENTIVES FOR FY19

7.1 LTI Options

LTI Options are an annual allocation of options over Company shares. Long-term performance is measured against performance hurdles based on the absolute TSR over a three year period (2.5 years for the FY18 grant).

Executive KMP annual allocations are determined as follows.

	ANNUAL ALLOCATION
CEO	120% of TPV
CFO	100% of TPV

Each option entitles the relevant Executive KMP to subscribe for one ordinary share in the capital of the Company subject to the achievement of the vesting criteria described in the vesting schedule and payment of the exercise price.

The options are personal to the Executive KMP and are held in his or her own name. Unless the Board determines otherwise, they are not transferable either legally or beneficially to any other person or entity nor may they be encumbered by any other third party interest whether directly or indirectly.

The exercise price of each option is the VWAP of the Company's shares over a 30 trading day period beginning 15 trading days prior to the first trading day of the financial year.

The performance period for testing whether the options will vest is between the grant date and 30 June of the vesting year (30 June 2021 for the FY19 grant). The percentage of options that vest and become exercisable (if any) will be determined by the Board with reference to the vesting schedule.

ABSOLUTE TSR OVER THE PERFORMANCE PERIOD	% OF OPTIONS THAT BECOME EXERCISEABLE
Less than 10% Compound Annual Growth Rate (CAGR)	Nil
10% CAGR (threshold performance)	20%
Between 10% and 15% CAGR	Straight line pro rata vesting between 20% and 40%
15% CAGR	40%
Between 15% and 20% CAGR	Straight line pro rata vesting between 40% and 70%
20% CAGR	70%
Between 20% CAGR and 25% CAGR	Straight line pro rata vesting between 70% and 100%
25% CAGR or above	100%

The absolute TSR for the performance period will be calculated using the relevant opening and closing share prices, determined as follows.

- Opening share price: the VWAP of the Company's shares over the 30 trading day period beginning 15 trading days prior to the first trading day of the financial year in which the option is issued
- Closing share price: the VWAP of the Company's shares over the 30 day period up to and including the last day of the performance period

Compound Annual Growth Rate (CAGR), which is the accumulation index with dividends reinvested, is used to determine the absolute TSR performance.

The Board retains the discretion to deem vesting criteria to have been met or not met if vesting would otherwise only occur, or not occur, as a result of extraneous factors.

If any options remain unvested after notification to the Executive KMP following the end of the performance period, such options will lapse immediately. In the event of the cessation of an Executive KMP's employment, the Board may, in its discretion, determine that some or all unvested options will either lapse, be forfeited, vest or be exercisable only for a prescribed period or the Board may determine to change some of the restrictions (such as vesting conditions) applying to the unvested options.

The P&C Committee will review the LTI Option plan in FY20 with a view to ensuring it remains appropriate to achieving its objectives.

7.2 LTI Options granted to Executive KMP during FY19

The table below sets out details of the Executive KMPs' respective LTI Option allocations over Domain shares during FY18 and FY19.

Nick Falloon, who performed the role of Executive Chairman for part of the financial year, did not receive any options for his service as Executive Chairman.

		LTI OPTIONS GRANTED ^(a)	GRANT DATE ^(b)	ISSUE DATE ^(c)	EXERCISE PRICE	PERFORMANCE PERIOD START DATE	PERFORMANCE PERIOD END DATE (VESTING DATE)	EXPIRY DATE	NO. VESTED DURING THE YEAR	NO. LAPSED DURING THE YEAR	FAIR VALUE PER OPTION	VALUE OF OPTIONS GRANTED DURING THE YEAR	VALUE OF OPTIONS EXERCISED DURING THE YEAR
Jason Pellegrino													
LTI	FY19	1,515,789	20.11.2018	01.03.2019	\$3.1606	27.08.2018	30.06.2021	31.12.2023	-	-	\$0.11	\$166,737	-
	FY18	-	-	-	-	-	-	-	-	-	-	-	-
Robert Doyle													
LTI	FY19	605,263	15.01.2019	01.03.2019	\$3.1606	01.07.2018	30.06.2021	31.12.2023	-	-	\$0.08	\$48,421	-
LTI	FY18	527,777	04.03.2018	27.03.2018	\$3.0000	01.01.2018	30.06.2020	30.06.2023	-	-	\$0.48	\$253,333	-
<i>Former Executives</i>													
Antony Catalano													
LTI	FY19	-	-	-	-	-	-	-	-	-	-	-	-
	FY18	4,267,209	02.11.2017	10.01.2018	\$3.5467	02.11.2017	30.06.2021	30.06.2023	-	4,267,209 ^(d)	\$0.48	\$2,048,260	-

a) LTI Options granted is calculated using the annual allocation divided by the allocation price.

For the 2 November 2017 LTI Option grant, the allocation price was \$1.1811 per option, which is 33% of the exercise price rounded to four decimal places.

For the 4 March 2018 LTI Option grant, the allocation price was \$0.90 per option, which is 30% of the exercise price rounded down to four decimal places.

For the 20 November 2018 and 15 January 2019 LTI Option grants, the allocation price was \$0.95 per option, which is 30% of the exercise price rounded down to four decimal places.

b) The Grant Date for Jason Pellegrino's FY19 grant is the date his options were approved by shareholders at the Company's 2018 Annual General Meeting. The Grant Date for Robert Doyle's FY19 grant is the date of the offer letter inviting him to participate in the LTI Option plan.

c) The Issue Date is the date of issue of the LTI Options to the Executive KMP.

d) Antony Catalano resigned on 22 January 2018 forfeiting his share options.

REMUNERATION REPORT

Audited

7.3 Retention and Engagement Shares

To incentivise stability in the initial period after the Company listed on the ASX, the Company made a one-off grant of restricted shares (**Retention Shares**) to Robert Doyle. The Retention Shares are held by the Domain Employee Share Plan Trust until 17 November 2019, when the restriction period will end. The allocation price of the Retention Shares was set using the five trading day VWAP from 20 to 25 February 2018 at a price of \$3.0857. There are no performance hurdles put in place for Retention Shares and vesting will occur on 17 November 2019. Retention Shares are forfeited if Robert Doyle ceases employment with the Company prior to the vesting date, unless the Board determines otherwise.

As part of his onboarding with Domain, Jason Pellegrino was offered ordinary shares in the Company equivalent in value to \$2,000,000 (**Engagement Shares**). The allocation of Engagement Shares was approved by shareholders at the Company's Annual General Meeting held on 20 November 2018. The allocation price of the Engagement Shares was determined using a 30 day trading VWAP for the period of 13 June to 24 July 2018 at a price of \$3.1606. There are no performance hurdles in place and vesting will occur on 27 August 2020. Engagement Shares are forfeited if Jason Pellegrino's employment ceases with the Company prior to the vesting date.

The table below sets out details of Jason Pellegrino's grant of Engagement Shares during FY19 and Robert Doyle's grant of Retention Shares in FY18.

	PLAN	GRANT DATE ^(a)	ISSUE DATE ^(b)	VESTING DATE	EXPIRY DATE	VALUE AT GRANT ^(c)	ALLOCATION VALUE ^(d)	ALLOCATION PRICE	SHARES GRANTED
Jason Pellegrino									
FY19	Engagement	20.11.2018	21.12.2018	27.08.2020	–	\$1,544,011	\$2,000,000	\$3.1606	632,791
FY18	–	–	–	–	–	–	–	–	–
Robert Doyle									
FY19	–	–	–	–	–	–	–	–	–
FY18	Retention	29.09.2017	29.09.2017	17.11.2019	–	\$345,000	\$345,000	\$3.0857	111,806

The Engagement Share performance period is from 27 August 2018 to the vesting date. The Retention Share performance period is from 29 September 2017 to the vesting date.

- The Grant Date for Jason Pellegrino's FY19 grant is the date his Engagement Shares were approved by shareholders at the Company's 2018 Annual General Meeting.
- The Issue Date is the date that interests in the relevant shares held by the Domain Employee Share Plan Trust were allocated to the Executive KMP.
- Value at Grant for Engagement Shares is calculated by multiplying the share price on the day of grant (\$2.44) by the number of shares granted. Value at Grant for Retention Shares is calculated by multiplying the share price on the day of grant (\$3.0875) by the number of shares granted.
- Allocation Value for Engagement Shares and Retention Shares is calculated by multiplying the allocation price by the number of shares granted.

REMUNERATION REPORT

Audited

8. EXECUTIVE REMUNERATION TABLE FOR FY19

The table below sets out details of the Executive KMPs' remuneration during FY18 and FY19. The FY19 remuneration for Nick Falloon who performed the role of Executive Chairman for part of the financial year is set out in section 11 of this Remuneration Report.

	(a)	BASE SALARY & OTHER BENEFITS (e)	CASH PAYMENTS/ BONUS	SUPER-ANNUATION	LONG SERVICE LEAVE EXPENSE	TOTAL EXCLUDING LTI(g)	LTI EXPENSE(g)	TOTAL INCLUDING LTI(g)
Jason Pellegrino ^(b)	FY19	\$994,231	\$682,268 ^(c)	\$21,154	\$0	\$1,697,653	\$698,980	\$2,396,633
	FY18	-	-	-	-	-	-	-
Robert Doyle CFO ^(d)	FY19	\$533,654	\$60,375	\$25,481	\$15,758	\$635,268	\$289,112	\$924,380
	FY18	\$247,904	\$83,125	\$19,860	\$7,131	\$358,020	\$25,586	\$383,606
<i>Former Executives</i>								
Antony Catalano ^(f)	FY19	-	-	-	-	-	-	-
	FY18	\$178,526	\$0	\$5,575	\$41,448	\$225,549	\$0	\$225,549
Total	FY19	\$1,527,885	\$742,643	\$46,635	\$15,758	\$2,332,921	\$988,092	\$3,321,013
	FY18	\$426,430	\$83,125	\$25,435	\$48,579	\$583,569	\$25,586	\$609,155

a) 2018 Figures provided are from listing on 16 November 2017 to 24 June 2018.

b) Jason Pellegrino joined Domain on 27 August 2018. As a result, he was eligible on a pro-rated basis for 84% of his incentive award in FY19.

c) Jason Pellegrino received a cash sign on bonus of \$500,000 on 31 December 2018 as part of his onboarding. This was approved by shareholders at the Annual General Meeting held on 20 November 2018. As disclosed in section 6.2 of this report, \$182,268 relates to the EIP earned in FY19.

d) Robert Doyle was appointed on 16 November 2017. On 1 October 2018, Robert Doyle's TPV increased to \$575,000. He was eligible for 6 months of incentive award in FY18.

e) Other Benefits for FY18 and FY19 were nil.

f) Antony Catalano was Domain's CEO on listing on 16 November 2017. He resigned on 22 January 2018.

g) LTI Expense comprises LTI Options, Engagement Shares and Retention Shares and is calculated in accordance with the accounting standards applicable to each plan.

9. EXECUTIVE SERVICE AGREEMENTS

The remuneration and other terms of employment for the Executive KMP are set out in written service agreements. Each executive service agreement sets out the fixed remuneration, performance related incentive opportunities, termination rights and obligations, and post-employment restraints applying to the relevant personnel, including non-compete clauses.

Executive service agreements are unlimited in term but may be terminated by written notice by either party or by the Company making payment in lieu of notice. They may also be terminated with cause as set out below.

The Company may terminate the employment of an Executive KMP without notice and without payment in lieu of notice in some circumstances, including if the relevant executive commits an act of serious misconduct or a material breach of the executive service agreement or is charged with any criminal offence which, in the reasonable opinion of the Company, may embarrass or bring the Company into disrepute.

The Company may terminate the employment of an Executive KMP at any time by giving the Executive KMP notice of termination or payment in lieu of such notice. The amount of notice required from the Company in these circumstances is set out in the table below. If the Company elects to make payment in lieu of all or part of the required notice, the payment is calculated on the basis of fixed remuneration excluding bonuses and non-cash incentives.

REMUNERATION REPORT

Audited

Also set out in the table below is the notice that each Executive KMP is required to give to the Company, should the Executive KMP wish to terminate their employment.

	NOTICE TO THE COMPANY	NOTICE FROM THE COMPANY	POST-EMPLOYMENT RESTRAINT
CEO	6 months	12 months	12 months
CFO	6 months	12 months	12 months

10. EXECUTIVE SHAREHOLDINGS

10.1 Shares held by Executive KMP

Executive KMP shareholdings as at the end of FY18 and the end of FY19 are set out below.

		BALANCE AT START OF FINANCIAL YEAR	ACQUISITIONS	DISPOSALS	BALANCE AT END OF FINANCIAL YEAR
Jason Pellegrino ^(a)	FY19	–	100,000	0	100,000
	FY18	–	–	–	–
Robert Doyle	FY19	0	0	0	0
	FY18	0	0	0	0
Total	FY19	0	100,000	0	100,000
	FY18	0	0	0	0

a) Jason Pellegrino was appointed CEO on 27 August 2018. Of the 100,000 shares he acquired during FY19, 60,000 were acquired prior to his appointment.

10.2 LTI Options, Engagement and Retention Shares allocated to Executive KMP

LTI Options, Engagement and Retention Shares allocated to Executive KMP during FY19 are set out in the table below (on an aggregated basis).

	BALANCE AS AT 25 JUNE 2018	GRANTED AS REMUNERATION	EXERCISED DURING THE YEAR	FORFEITED DURING THE YEAR	OTHER MOVEMENT	BALANCE AT 30 JUNE 2019
Jason Pellegrino	–	2,148,580	0	0	0	2,148,580
Robert Doyle	639,583	605,263	0	0	0	1,244,846
Total	639,583	2,753,843	0	0	0	3,393,426

REMUNERATION REPORT

Audited

11. REMUNERATION OF NON-EXECUTIVE DIRECTORS

Under the Domain Constitution, the aggregate remuneration of Non-Executive Directors is set by resolution of the Company's shareholders. The annual maximum aggregated amount is currently \$1.5 million, inclusive of superannuation and exclusive of reimbursement of expenses. The maximum aggregate remuneration amount has been set to enable the appointment of additional Non-Executive Directors, if required. Within this limit, the Board annually reviews Non-Executive Directors' remuneration with recommendations from the P&C Committee. The Board also considers survey data on Non-Executive Directors' fees paid by comparable companies and any independent expert advice commissioned. In FY19 no independent expert advice was commissioned.

Executive Directors are remunerated outside the maximum aggregate fee amount.

Board and Committee fees payable per member as at the date of this report are as follows.

FEES	
Chairman's Fee	\$250,000
Director's Fee	\$110,000
Additional Fees	
Chair of the Audit and Risk Committee	\$25,000
Audit and Risk Committee supplementary fee	\$18,000
Chair of the People and Culture Committee	\$20,000
People and Culture Committee supplementary fee	\$15,000
Chair of the Nominations Committee	\$0
Nominations Committee supplementary fee	\$0

The Chairman does not receive Committee fees.

The Executive Chairman received a daily rate of \$4,300 for days worked on Company matters, effective from his appointment on 22 January 2018 until he resumed the role of Chairman in a Non-Executive capacity on 27 August 2018. The daily rate was paid in addition to the amount that is currently paid per year for the Non-Executive Chairman role. The daily rate was determined by taking the daily equivalent of the former CEO's annual fixed remuneration of \$1,200,000 and deducting the annual amount of the Non-Executive Chairman's fee. The Executive Chairman did not receive any incentive based payments.

Gail Hambly was an executive of Fairfax Media Limited and was a nominated representative of Fairfax Media Limited on the Company Board from 2 October 2014 until 7 December 2018. Gail Hambly did not receive Non-Executive Director fees from Domain during that period. Instead, she was remunerated for her service on the Domain Board by Fairfax, as part of her executive remuneration. On 7 December 2018 Gail Hambly ceased employment as an executive of Fairfax. She started receiving Non-Executive Director fees from Domain with effect from 10 December 2018.

Retirement Benefits for Non-Executive Directors

Other than superannuation contributions made on behalf of Non-Executive Directors in accordance with statutory requirements, Non-Executive Directors are not entitled to any retirement benefits.

REMUNERATION REPORT

Audited

11.1 Non-Executive Directors' Fees

The following table sets out the fees paid to each Non-Executive Director during FY18 and FY19.

NON-EXECUTIVE DIRECTOR	(a)	NON-EXECUTIVE DIRECTOR FEES	OTHER FEES	SUPERANNUATION	TOTAL
Diana Eilert	FY19	\$137,759	–	\$13,087	\$150,846
	FY18	\$81,946	–	\$7,785	\$89,731
Greg Ellis	FY19	\$102,389	–	\$9,727	\$112,116
	FY18	\$62,592	–	\$5,946	\$68,538
Nick Falloon	FY19	\$232,701	\$178,450 ^(b)	\$22,107	\$433,258
	FY18	\$142,255	\$290,250 ^(c)	\$13,514	\$446,019
Geoff Kleemann	FY19	\$139,621	–	\$13,264	\$152,885
	FY18	\$82,964	–	\$7,882	\$90,846
Patrick Allaway	FY19	\$119,143	–	\$11,319	\$130,462
	FY18	\$71,760	–	\$6,817	\$78,577
Gail Hambly	FY19	\$102,389 ^(d)	–	\$9,727 ^(d)	\$112,116 ^(d)
	FY18	\$62,592 ^(d)	–	\$5,946 ^(d)	\$68,538 ^(d)
Total	FY19	\$834,002	\$178,450	\$79,231	\$1,091,683
	FY18	\$504,109	\$290,250	\$47,890	\$842,249

a) Non-Executive Director fees for FY18 are since listing 16 November 2017.

b) Other fees paid to Nick Falloon in FY19 are in relation to his time as Executive Chairman. A total of 41.5 days were paid for these duties in FY19 at a rate of \$4,300 per day.

c) Other fees paid to Nick Falloon in FY18 are in relation to his time as Executive Chairman. A total of 67.5 days were paid for these duties in FY18 at a rate of \$4,300 per day.

d) Gail Hambly was an executive of Fairfax Media Limited and was a nominated representative of Fairfax on the Company Board from 2 October 2014 until 7 December 2018. As such Gail Hambly did not receive Non-Executive Director fees from Domain during that period but was remunerated by Fairfax for her service on the Domain Board as part of her ordinary Fairfax remuneration. As a result, the \$68,538 shown as Gail Hambly's remuneration in FY18 was paid by Fairfax, rather than Domain, for the period 16 November 2017 to 24 June 2018. Further, of the total remuneration shown for Gail Hambly in FY19, \$50,769 was paid by Fairfax rather than Domain in relation to the period 25 June 2018 to 7 December 2019. On 7 December 2018 Gail Hambly ceased employment as an executive of Fairfax. She started receiving Non-Executive Director fees from Domain with effect from 10 December 2018. Of the total FY19 remuneration shown for Gail Hambly, \$61,347 was paid by Domain for her services as a Non-Executive Director from 10 December 2018 to 30 June 2019.

11.2 Non-Executive Directors Shareholdings

The number of ordinary shares in the Company held during FY19 by each Non-Executive Director, including their related parties, is set out below. No shares were granted during the period as remuneration.

	BALANCE AS AT 25 JUNE 2018	ACQUISITIONS	DISPOSALS	BALANCE AT 30 JUNE 2019
Diana Eilert	15,400	28,000	0	43,400
Greg Ellis	0	10,581	0	10,581
Nick Falloon	51,239	50,000	0	101,239
Geoff Kleemann	40,000	20,000	0	60,000
Patrick Allaway	32,000	55,000	0	87,000
Gail Hambly	35,086	10,000	0	45,086
Total	173,725	173,581	0	347,306

REMUNERATION REPORT

Audited

12. LOANS TO KMP

There were no loans made to Domain Directors or to other KMP, including their related parties, during FY19 (FY18: nil).

13. FINANCIAL PERFORMANCE OF THE COMPANY IN KEY SHAREHOLDER VALUE MEASURES

The financial performance of the Company in key shareholder value measures is set out below.

		FY19 ^(b)	FY18 ^(c)
Revenue	\$m	335.6	357.3
EBITDA	\$m	98.0	115.7
Net profit attributable to members of the Company	\$m	37.4	52.9
Earnings per share	Cents	6.43	9.17
Absolute Total Shareholder Return (TSR) FY18 Plan ^(a)	%	11.39	8.727
Absolute Total Shareholder Return (TSR) FY19 Plan	%	4.33	–
Opening share price (at financial year start date)	\$	3.24	3.80
Closing share price (at financial year end date)	\$	3.18	3.22

a) Absolute Total Shareholder Return (TSR) is calculated from 1 January 2018 to align with 2018 LTI performance period.

b) FY19 financial results exclude the impact of significant items incurred during the period. FY19 statutory results are set out in the Management Discussion and Analysis Report on pages 46-47.

c) FY18 pro forma financial results provide a view of the financials as if the Company had been a separately listed entity for the entire FY18.

CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE OVERVIEW

The Domain Board has overarching responsibility for corporate governance of the Domain Group. The Board recognises that corporate governance is core to responsible management and conduct of the business and ultimately core to enhancing shareholder value and protecting the interests of Domain's shareholders. The Board has adopted policies and procedures which are aimed at supporting a high standard of corporate ethics.

This corporate governance statement sets out the key features of the framework that Domain has in place to achieve good corporate governance outcomes. It reports on Domain's policies, practices and procedures during the reporting period against the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition) (**ASX Recommendations**).

The relevant reporting period for this Corporate Governance Statement is from the commencement of Domain's 2019 financial year on 25 June 2018 until the end of Domain's financial year, which for FY19 was 30 June 2019. The statement is current as at 16 August 2019 and has been approved by the Board.

Domain has adopted a number of policies and procedures designed to ensure that Domain is appropriately governed and managed. More information about Domain's corporate governance and copies of Domain's Constitution, Board Charter, Board Committee Charters, Securities Trading Policy, Continuous Disclosure Policy, Code of Conduct, Diversity and Inclusion Guidelines and Speak Up Policy are available on Domain's Shareholder Centre at shareholders.domain.com.au.

Investors can also find information on the Company, including financial statements, investor presentations and ASX announcements, in the Shareholder Centre.

BOARD OF DIRECTORS

Domain has seven Directors on its Board; six Non-Executive Directors and the Managing Director (CEO). Domain has three independent Directors resulting in an equal split of independent and non-independent Non-Executive Directors.

The Non-Executive Directors, together with the Managing Director, bring a diverse range of skills and knowledge to the Board, including strong financial, risk, commercial and social expertise. Details of the Directors on the Domain Board, the appointment dates of each of the Directors, and the members of the Board Committees for FY19 are set out in the Directors' Report on pages 15-20 of the Annual Report.

The qualifications, experience and other details of each member of the Board are set out in the Directors' Report on pages 16-17 of the Annual Report.

The number of Board and Committee meetings held during FY19 and details of each Director's attendance at the meetings are set out in the Directors' Report on page 18 of the Annual Report.

ROLE OF THE BOARD AND DELEGATION OF AUTHORITY

Overview of the Role of the Board

The Board Charter sets out the Board's role, its composition, and the way it exercises its powers and responsibilities having regard to principles of good corporate governance. In accordance with the ASX Recommendations, Domain discloses the respective roles and responsibilities of the Board and the matters delegated to management through disclosure of its Board Charter and this Corporate Governance Statement.

The Board's role is to:

- Represent and serve the interests of shareholders by overseeing Domain's strategies, policies and performance
- Protect and optimise Company performance and build sustainable value for shareholders within a framework of effective controls that enables risk to be assessed and managed
- Set, review and monitor compliance with Domain's culture and governance framework
- Monitor that shareholders are kept informed of Domain's performance

The Board's responsibilities and reserved matters include:

- Appointing the CEO and evaluating the CEO's performance and remuneration
- Monitoring corporate performance and implementation of strategy and policy
- Approving major capital expenditure, acquisitions and sales
- Overseeing capital management, including approving dividend payments
- Monitoring and reviewing management processes for financial and other reporting
- Approving financial reports, profit forecasts and ASX Listing Rule reports
- Evaluating the performance of the Board and its Committees and individual Directors

CORPORATE GOVERNANCE STATEMENT

Delegation to Committees

The Board establishes Committees to assist with discharging its responsibilities. The three standing Board Committees that have been established are the Audit and Risk Committee, the People and Culture Committee and the Nomination Committee. Further details about the duties and responsibilities of each Committee are set out on page 41 of this Corporate Governance Statement and details of the members of each Committee are set out on page 15 of the Directors' Report.

Delegation to Management

The Board has appointed Jason Pellegrino as the Chief Executive Officer of the Company. He is responsible for the overall management of the Domain Group in accordance with the business strategy approved by the Board. Further details of the roles and responsibilities of senior management are set out in the Senior Management section of this Corporate Governance Statement.

The senior executives that report to the CEO (**Executive Leadership Team**) support him with specific duties and responsibilities in the day to day operations of the Domain Group. Members of the Executive Leadership Team regularly attend and report at Board and Committee meetings. Details of the senior executives comprising the Executive Leadership Team are available in the People section of the Shareholder Centre at shareholders.domain.com.au.

The Directors and independence

The Directors' Report (pages 15-17) gives details of the Directors, their length of service and their experience.

At the beginning of FY18, Domain had six Directors, one of whom was the Chairman, Nick Falloon, acting in the role of Executive Chairman for an interim period whilst the Company concluded its search for a new CEO. Domain announced on 3 July 2018 that Jason Pellegrino would be the new CEO of Domain and he was appointed as a Director on the Board with effect from 27 August 2018. As an executive employed by Domain, Jason Pellegrino is not considered to be an independent Director.

Three out of the six Non-Executive Directors on the Domain Board are considered by the Board to be independent Directors; Diana Eilert, Greg Ellis and Geoff Kleemann. The independent Directors were identified and selected through an external search process. In accordance with the ASX Recommendations, they are not aligned with the interests of management, a substantial security holder or any other relevant stakeholder and they bring independent judgement to bear on issues before the Board.

The other three Non-Executives Directors on the Domain Board, Nick Falloon, Patrick Allaway and Gail Hambly, are considered to be non-independent. Nick Falloon and Patrick Allaway are on the Board of Nine Entertainment Co Holdings Ltd (**Nine**), Domain's majority shareholder, and therefore, they are considered to be non-independent Directors. Gail Hambly was a long-standing executive of Fairfax Media Limited (**Fairfax**) prior to the merger between Fairfax and Nine in December 2018. The Board has deemed that Gail Hambly is not an independent Director as a result of that recent employment with Fairfax.

The Board has considered and assessed the interests of each of the non-independent Directors and determined that their interests will not interfere with that Director's capacity to bring independent judgement to bear on issues before the Board and to act in the best interests of the entity and its shareholders generally.

Whilst not in line with the ASX Recommendation that a majority of Directors should be independent, the Board considers the current mix of independent and non-independent Directors to be appropriate and reflects Nine's majority shareholding in Domain.

BOARD SKILLS

The Directors each bring to the Board a valuable depth of knowledge and experience including global experience. Domain's Directors represent a cross-section of industries and bring a diverse range of skills including strong financial, risk, commercial and social expertise. The following table sets out the Board's skills matrix being the skills, experience and diversity of the Directors on the Board as at the date of this Statement.

The Nomination Committee will assist the Board to ensure that processes are in place to support Directors' ongoing education and to ensure that each of the Directors maintains the skills and knowledge needed to perform their role as a Director effectively.

CORPORATE GOVERNANCE STATEMENT

CATEGORY	PERCENTAGE OF DIRECTORS
Media expertise Expertise and experience in the media industry at a very senior level.	57%
Strategy/risk Expertise in the development and implementation of strategic plans and risk management to deliver investor returns over time.	100%
Executive leadership Experienced and successful leadership at a very senior executive level of large organisations.	100%
Marketing and product development Expertise and senior executive experience in marketing and new media marketing metrics and tools.	57%
Financial acumen Expertise in understanding financial accounting and reporting, corporate finance and internal financial controls, including an ability to probe the adequacies of financial and risk controls.	100%
Remuneration Expertise in remuneration design to drive business success.	86%
Capital projects, acquisitions and divestitures Experience in evaluating and implementing projects involving large-scale financial commitments, investment horizons and major transactions.	86%
Governance Knowledge and experience of high standards of corporate governance, including ASX Listing Rules and practices.	57%
Technology and data Expertise and experience in the adoption of new technology and technology projects and in the use of data and data analytics to drive successful sales, marketing and business development.	43%
Health, safety and corporate responsibility Expertise related to workplace health and safety, environmental, community and social responsibility.	43%
Public policy Experience in public and regulatory policy, including how it affects business.	29%

DIRECTOR APPOINTMENT, ROTATION AND SUCCESSION PLANNING

The Nomination Committee assists the Board when appointing new Directors and when considering the re-election of existing Directors. Under the Nomination Committee Charter, candidates must demonstrate they have the skills, experience, expertise and personal qualities that will best complement Board effectiveness and promote Board diversity. They must also show they can provide the necessary time and commitment, and meet any independence requirements. All potential Directors are subject to appropriate background checks before they are appointed as a Director or put forward to shareholders for election as a Director.

Domain has a program for inducting new Directors, and each new Director receives an induction pack with the key corporate governance policies and charters of the Company. As part of the Director induction and Board evaluation process, the Board, with support from the Nomination Committee, considers the skills and knowledge of each of the Directors and whether any of the Directors requires any professional development to develop and maintain their skills to perform their role effectively. The CEO participated in Directors' duties training during the reporting period which was within the first 12 months of him being appointed as a new Director on the Board.

All new Directors also receive a written appointment letter setting out the terms of their appointment. The existing appointment letters for each of the Non-Executive Directors were also reviewed and updated during the year.

Domain's Annual General Meeting will be held on 11 November 2019. Under Domain's Constitution, at least one Director is required to stand for re-election at the Annual General Meeting. The Nomination Committee will assist the Board to determine which Director or Directors will stand for re-election. In the Notice of Meeting for the Annual General Meeting, the Company will announce the details of the Director(s) standing for re-election and will provide shareholders with all material information in its possession about the Director(s) relevant to a decision by shareholders on whether or not to re-elect the Director(s) standing for re-election.

CORPORATE GOVERNANCE STATEMENT

EVALUATION OF BOARD, COMMITTEES AND DIRECTORS

During the reporting period, the Board conducted a review of the Board's structure and composition, and performance of the Board, the Board Committees and individual Directors. The Nomination Committee assisted the Board with this review process.

With regard to Board structure and composition, the Board determined that there was no requirement to change the existing composition or size of the Board based on the range of skills possessed by the current Directors.

The Board performance review was undertaken with the objective of continuous governance improvement, identifying Board performance improvement opportunities and any potential governance framework gaps. The review process covered individual Directors, the Chairman, the Board as a whole as well as the Committees. The evaluation process comprised an individual Director questionnaire, a management questionnaire for those members of management that regularly interact with the Board, direct one-to-one discussions between individual Directors and the Chairman and, to complete the process, a Board group discussion.

BOARD CHAIR

The Board appoints the Chair, who represents the Board to the shareholders and communicates the Board's position.

Domain's Chair is Nick Falloon and he is also Deputy Chairman of Nine, which is a substantial shareholder of Domain. As a result of his interests in Nine, he is not considered to be an independent Director. Whilst not following the ASX Recommendation that the Chair should be an independent Director, the Board considers Nick Falloon to be the most appropriate person to lead the Domain Board, given his expertise and experience.

Nick Falloon held the role of Executive Chairman from January 2018 until 26 August 2018. The Board determined that it was in Domain's best interests for Nick Falloon to be both Chair and an Executive for the interim period whilst Domain conducted a search for a new CEO. The Board considered this to be the most effective way to ensure Domain continued to pursue the strategies set by the Board during the search for a permanent CEO. For this reason, and during that interim period between CEOs only, Domain did not follow the ASX Recommendation that the same person should not be both Chair and CEO. With the appointment of Jason Pellegrino as CEO on 27 August 2018, Nick Falloon stepped down from the executive role and was once again a Non-Executive Chair.

The Board is comfortable that Nick Falloon brings objective and independent judgement to all of the Board's deliberations. Notwithstanding this, Geoff Kleemann, an independent Non-Executive Director, has been appointed by the Board to act as the independent Chair in relation to any matters where Nick Falloon may be conflicted. The Board has a standing item on its Board meeting agenda, chaired by Geoff Kleemann, for independent Director discussion. The non-independent Directors may be asked to step out of the meeting for that agenda item.

CHIEF EXECUTIVE OFFICER

The Chief Executive Officer is appointed by the Board and is responsible for the Company's day-to-day management, financial performance and administration. Jason Pellegrino was appointed as Domain's CEO with effect from 27 August 2018.

The CEO's performance is evaluated by the Board. The Board met with the CEO regularly during the reporting period but, due to his start date with the Company, he did not have an annual performance review during the reporting period. The CEO's annual performance review against his key performance criteria was undertaken by the Chair, in consultation with the other members of the Board, shortly after the end of FY19.

SENIOR MANAGEMENT

During the reporting period, the Executive Leadership Team consisted of the CEO (or the Executive Chairman until 27 August 2018), the Chief Financial Officer and other senior executives delegated with management functions by the CEO. The Executive Leadership Team's roles and responsibilities are to implement strategic objectives, plans and budgets approved by the Board, and identify and manage risks within Domain's risk framework. The Executive Leadership Team are leaders within the business, and they drive the Domain business and implementation of its key objectives. Members of the Executive Leadership Team are accountable to the Board for matters within their delegated authority. The Executive Leadership Team are committed to providing the Board with sufficient information to enable the Board to understand relevant risks of the business and to discharge their Directors' duties effectively.

Members of the Executive Leadership Team are employed under individual written executive service agreements. Some members were previously employed under an executive service agreement with Fairfax and transferred their employment to Domain in October 2017 in advance of separation from Fairfax. Others were appointed to Senior Management positions after Domain listed in November 2017.

Domain operates a regular 'check-in' process to enable employees and managers to provide regular feedback and discuss performance throughout the year. During the reporting period, members of the Executive Leadership Team had regular check-in meetings with the CEO to discuss their key priorities and deliverables and their performance against those priorities and deliverables. In addition, the CEO had regular check-in meetings with the Chairman and also with the Chair of the People and Culture Committee.

CORPORATE GOVERNANCE STATEMENT

In addition to regular check-ins, members of the Executive Leadership Team are evaluated every 12 months against key performance criteria aligned with the strategic priorities of the business. The review is conducted by the executive to whom they report and usually occurs after the end of each financial reporting year in respect of the previous financial year. The Senior Management performance reviews for FY18 were undertaken during the reporting period, shortly after the FY18 financial year results were announced. The reviews for FY19 will occur in the next reporting period shortly after the FY19 financial results are announced.

THE COMPANY SECRETARY

The Company Secretary is appointed by the Board and is accountable directly to the Board through the Chair on all matters to do with the proper functioning of the Board. The Company Secretary is responsible for the coordination of all Board matters relating to the proper functioning of the Board including agendas, board papers, minutes, communication with regulatory bodies and all statutory and other filings. Domain's Company Secretary is Catriona McGregor. The qualifications and experience of the Company Secretary are set out in the Directors' Report (page 15). Ms Alethea Lee resigned as joint Company Secretary, effective 29 June 2018.

BOARD COMMITTEES

The Board has three standing Board Committees that have been established. These are the Audit and Risk Committee, the People and Culture Committee and the Nomination Committee.

Audit and Risk Committee

The Company has an Audit and Risk Committee that is responsible for:

- Overseeing Domain's relationship with the external auditor and the audit function generally
- Overseeing the preparation of the financial statements and reports
- Overseeing the Company's financial controls and systems
- In conjunction with the People and Culture Committee, overseeing the identification and management of risk

The Committee has three members all of which are Non-Executive Directors. A majority of the members of the Committee are independent Directors. The Chair of the Audit and Risk Committee is Geoff Kleemann. He is an independent Director and does not ordinarily chair the Board meetings, other than where he acts as the independent Chair in relation to any matters raised at a Board meeting where Nick Falloon may be conflicted. Whilst not following the ASX Recommendation that the Chair of the Audit and Risk Committee should not be Chair of the Board, the Board considers that Geoff Kleemann is the appropriate person to act as the independent Chair of the Board in relation to any matters or decisions where Nick Falloon has a conflict. Geoff Kleemann has relevant financial and risk expertise having operated as Chief Financial Officer and Chair of the audit committee for a number of listed entities.

People and Culture Committee

The People and Culture Committee (which also operates as a remuneration committee) has been in place throughout the reporting period and is responsible for overseeing the development of Domain's employee experience strategies to support the Company.

The People and Culture Committee's responsibilities include:

- Approving major changes and developments in remuneration and personnel practices and strategies for the Domain Group, including remuneration for the CEO, the Executive Leadership Team and Non-Executive Directors, Domain's employee equity incentive plans and the Company's employee relations strategy
- Monitoring and reviewing Domain's strategies and processes to promote a safe and positive working culture
- Approving whistleblowing and bullying and harassment policies
- Approving policies and procedures related to Senior Management recruitment, retention, performance assessment and termination

The Committee comprises three Non-Executive Directors, a majority of whom are independent, with an independent Director, Diana Eilert, as Chair.

Nomination Committee

The roles and responsibilities of the Nomination Committee are set out in the Nomination Committee Charter.

The Nomination Committee assists the Board to ensure the Board is comprised of Directors with a broad mix of skills, expertise, experience and diversity. It makes recommendations to the Board on the Board's size, composition, and the criteria for nomination as a Director. The Nomination Committee assists the Board to evaluate the performance of the Board as a whole, its Committees, and individual Directors. It also ensures there are adequate processes to support Director induction and education, and to review their effectiveness.

The Committee comprises three Non-Executive Directors, a majority of whom are independent, with an independent Director, Geoff Kleemann, as Chair.

CORPORATE GOVERNANCE STATEMENT

Committees – Membership, meetings and attendance

Details of the membership of each of the Board Committees, the number of times each Committee has met during the reporting period, and how many meetings each member has attended are set out in the Directors Report (pages 15 and 18).

CODE OF CONDUCT

Domain has a Code of Conduct, a copy of which is available at shareholders.domain.com.au. All Directors, managers and employees are required to act honestly and with integrity, and in accordance with the Domain Code of Conduct.

The Code of Conduct summarises the way Domain employees and Directors are expected to conduct themselves. It aims to uphold the highest ethical standards and to ensure the business is conducted with honesty, trust and integrity, and in accordance with all applicable laws. The Code also sets out the responsibility of individuals for reporting Code breaches.

In addition to, and supporting the Code of Conduct, is the Company's range of guidelines and policies. These policies are posted on an intranet site accessible to employees and the key policies are communicated to employees at the time of employment and are reinforced by training programs. The Code of Conduct is to be read in conjunction with the other Domain policies.

SUPPLY CHAIN AND SUPPLIER CODE OF CONDUCT

Domain expects its suppliers to comply with social, environmental and ethical standards of behaviour, comply with legislation and meet the required standards of the International Labour Organisation (ILO) and the Australian Human Rights Commission.

Domain has implemented a Supplier Code of Conduct (**Supplier Code**) which sets out the minimum standards that Domain expects of its suppliers. The Supplier Code is available at shareholders.domain.com.au and has been sent to all Domain suppliers.

In addition to implementing the Supplier Code, Domain has been undertaking a review of its supply chain to identify and address any modern slavery risks in Domain's operating and supply chain. Domain will comply with the reporting requirements under the Modern Slavery Act 2018 (Cth) including by preparing a Modern Slavery Statement which will be released in 2020.

WHISTLEBLOWING

During the reporting year, the Company updated its Whistleblower Policy (**Speak Up Policy**) and also changed the provider of its Whistleblower Hotline. The Speak Up Policy, including details of the Whistleblower Hotline, is available at shareholders.domain.com.au. The Whistleblower Hotline is an independent externally managed hotline which also enables whistleblowing reports to be made anonymously.

To support the Speak Up Policy and to promote a culture of people being encouraged to speak up, Domain created Whistleblower Guidelines for employees wishing to make reports and for recipients of Whistleblower reports. Domain has also promoted the new Whistleblower Hotline to its employees and suppliers and has conducted internal whistleblower training.

DIVERSITY AND INCLUSION

Domain is committed to creating a workplace that is fair and inclusive and reflects the diversity of the communities in which it operates. Domain values, respects and encourages diversity of Board members, employees, customers and suppliers. Diversity includes differences in age, cultural background, disability, ethnicity, family responsibilities, gender, language, marital status, religious belief and sexual orientation. Domain has adopted Diversity and Inclusion Guidelines which are available at shareholders.domain.com.au.

The Company recognises that each employee has their own unique capabilities, experiences and characteristics. We encourage such diversity at all levels of the Company. By embracing a diverse and inclusive approach, there is naturally a larger pool of talented employees available for recruitment. It also enhances employee engagement and thereby supports retention and talent attraction. Continuing to focus on diversity and inclusion will assist the Company to achieve its strategic objectives and ultimately deliver greater financial performance and greater shareholder value.

The People and Culture Committee oversees Domain's diversity and inclusion policy and the achievement of its goals. Domain's Employee Experience team, together with members of management, drive processes and practices internally to promote the implementation of the Diversity and Inclusion Guidelines and corresponding objectives of the Company. Domain currently has principles that support gender equality in recruitment, retention, performance management, promotions and talent identification. Domain is continuing to strive to improve its practices.

Domain recognises the importance of setting measurable objectives to achieve diversity. Domain's Diversity and Inclusion Guidelines include a requirement that objectives to achieve diversity will be reviewed and updated by the People and Culture Committee every twelve months in addition to the People and Culture Committee reviewing the progress towards achieving them. Domain did not set measurable objectives in its first 12 months following listing on ASX and accordingly did not review its progress towards achieving objectives in the last reporting period. However, during this reporting period, the People and Culture Committee set the measurable objective that by 2020 Domain would have a representation of at

CORPORATE GOVERNANCE STATEMENT

least 40% female and 40% male (with a 20% swing variance) across the Board, Executive Leadership Team and Senior Management level of the organisation.

The Company's progress towards achieving the measurable objective and its workforce gender demographic more generally as at 30 June 2019 were:

MEASURE	MALE	FEMALE
Proportion of men and women who are Directors on the Board	71%	29%
Proportion of men and women in the Executive Leadership Team	78%	22%
Proportion of men and women who are in senior management	59%	41%
Proportion of men and women across organisation	52%	48%

Domain complies with the Workplace Gender Equality Act 2012, and its 2018-2019 Public Report under the Act is available at shareholders.domain.com.au.

REMUNERATION

The Remuneration Report on pages 22-36 of this Annual Report describes the Company's remuneration policies and practices for setting the level and composition of remuneration for Non-Executive Directors, the CEO and CFO, and their remuneration during FY19.

RISK MANAGEMENT

Risk management framework

The Board, with the support of the Audit and Risk Committee, oversees and monitors Domain's risk framework. During the reporting period, the Audit and Risk Committee has been working with the CEO and members of management to review the Company's key risk areas and the monitoring and reporting framework in respect of those key risks.

As part of the review, the Audit and Risk Committee has considered Domain's risk appetite framework. The risk appetite framework is intended to inform the behaviours, limits and the considerations to be taken into account by management when setting and implementing strategy and when managing the day-to-day operations of the Company.

Management reports to the Audit and Risk Committee, the People and Culture Committee and the Board on risks, both with regard to financial and non-financial risks. Risks and risk management are also considered in the context of business planning, budgeting, forecasting, reporting, and performance management processes. The risk appetite framework assists with informing management on the level of risk reporting required by management to the Board.

The Board will continue to assess Domain's risk appetite framework and reporting protocols at least annually to ensure they continue to be sound.

Economic, environmental and social sustainability risks

The Domain Board, with the support of the Audit and Risk Committee, considers economic, environmental and social sustainability risks and opportunities and how they may impact the Company.

As a business that delivers technology and services to the real estate industry, Domain is exposed to the economic conditions of the property market. Whilst property listing volumes are cyclical in nature, Domain has significant opportunities to grow revenue through increased take up of its premium listing products to offset market impacts. Domain does not consider that the cyclical nature of the property market substantively impacts the Company's ability to create or preserve value for shareholders over the short, medium or long term. Furthermore, Domain is expanding its business model beyond the typical six-month transaction window to service the entirety of the typical 10-year property ownership cycle. This broader business model and extension of the length of the engagement with consumers provides an opportunity for Domain to diversify and grow revenue with a view to lessening the economic impact of a property downturn.

Like many companies, Domain is exposed to environmental risks, such as increased energy prices as a result of energy providers adjusting their environmental policies and extreme weather events like bushfire or floods. Domain does not consider that the impact of these environmental risks is material or any more significant for Domain than for other similar companies.

Nevertheless, Domain takes its responsibility to care for and protect the environment seriously. The Company aims to minimise the environmental impacts of its operations, products and services and expect its suppliers to do the same.

More information about Domain's approach to managing social sustainability is set out in the Corporate Social Responsibility section on pages 10-13 of this Annual Report.

CORPORATE GOVERNANCE STATEMENT

Internal audit

Domain does not have an internal audit function but has systems and internal control processes to monitor, evaluate, manage and continually improve the effectiveness of our risk management and internal control processes. These include balance sheet reconciliations, approval processes, controlled delegations of authority, regular operational performance reviews, risk register reviews and system controls.

DECLARATIONS FROM THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

Before it approves the financial statements for the half-year and full-year, the Board receives a declaration from the CEO and CFO consistent with the requirements of the Corporations Act 2001 (Cth) and the ASX Recommendations.

These statements are made after the CEO and the CFO receive representation letters from appropriate management addressed to the CEO and CFO verifying material issues relating to their respective areas of responsibility and disclosing factors that may have a material effect on the financial performance of the Domain Group.

The Board also receives a statement from the CEO and CFO that their opinion has been formed on the basis of a sound system of controls which they believe to be operating effectively.

ROLE OF THE AUDITOR AND AUDIT INDEPENDENCE

The Company's auditor audits Domain's full-year financial statements. The Audit and Risk Committee assists the Board by overseeing Domain's relationship with the external auditor. The Committee reviews the performance, independence and objectivity of the external auditor. It also monitors compliance with the Company's External Audit Policy and Charter of Audit Independence, which are attached to the Audit and Risk Committee Charter. The Charter of Audit Independence provides a framework for the Board and management to ensure that the external auditor is independent and seen to be independent. The purpose of an independent statutory audit is to provide shareholders with reliable and clear financial reports on which to base investment decisions.

The Charter sets out key commitments by the Board and procedures to be followed by the Audit and Risk Committee and management that aim to set a proper framework for audit independence.

CONTINUOUS DISCLOSURE POLICY

Domain is committed to complying with its continuous disclosure obligations under the Corporations Act 2001 (Cth) and the ASX Listing Rules to keep the market fully informed of information concerning it that a reasonable person would expect to have a material effect on the price or value of Domain's securities.

Domain has a written Continuous Disclosure Policy to ensure that it complies with its disclosure obligations so that all investors have equal and timely access to material information concerning the entity – including its financial position, performance, ownership and governance. A copy of Domain's Continuous Disclosure Policy is available in the Shareholder Centre at shareholders.domain.com.au.

SHAREHOLDER COMMUNICATIONS AND INVESTOR RELATIONS PROGRAM

The Company operates an investor relations program that facilitates two-way communications with investors.

Shareholders have the option to receive communications from Domain and send communications to Domain and its share registry electronically. Domain's ASX announcements include details of its investor relations contact person and their contact details.

To ensure shareholders have access to relevant information, Domain puts Company announcements, analyst and investor briefings, financial results and other relevant information on the Shareholder Centre website at shareholders.domain.com.au.

Domain also makes available on the Shareholder Centre website the full text of Notices of Meetings and explanatory materials for each Annual General Meeting. The Chair's and the CEO's addresses, proxy counts and results of shareholder resolutions for each Annual General Meeting are posted on the Shareholder Centre as soon as practicable after their release to ASX.

Shareholders are encouraged to ask questions and are given a reasonable opportunity to comment on matters relevant to the Company at the Company's Annual General Meeting. The external auditor will attend the Annual General Meeting and will be available to answer shareholder questions about the audit and the Auditor's Report.

CORPORATE GOVERNANCE STATEMENT

TRADING IN COMPANY SECURITIES

Domain has a Securities Trading Policy that regulates when and how the Directors, the Executive Leadership Team and certain other key designated employees (collectively **Designated People**) may trade in its securities. The Securities Trading Policy also extends to trading in Nine securities because it is recognised that materially price sensitive information about Domain may be price sensitive in relation to Nine securities whilst Domain is a subsidiary of Nine.

Domain updated its Securities Trading Policy on 7 December 2018 following the merger of Fairfax and Nine, and the updated Securities Trading Policy is available in the Shareholder Centre at shareholders.domain.com.au.

The Securities Trading Policy sets out closed periods when no trading is to be undertaken by Designated People except in exceptional circumstances with prior written clearance. At all other times, Designated People cannot trade without authorisation. Designated People are also prohibited from short selling, from engaging in short term or speculative trading, or from trading in derivatives the value of which is based on Domain's or Nine's share value. The Securities Trading Policy also prohibits any employees from entering into any financial transactions (whether through a derivative, hedge or other arrangement) which would operate to limit their economic risk from holding unvested Domain securities that have been allocated to them as part of their remuneration.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

for the period ended 30 June 2019

TRADING OVERVIEW

For the financial year ending 30 June 2019, Domain Holdings Australia Limited (**Domain**) reported a statutory net loss after tax attributable to members of the Company of \$137.6 million, after a goodwill impairment charge in December 2018 of \$178.8 million.

Operating earnings before interest, tax, depreciation and amortisation (**EBITDA**) (excluding significant items) of \$98.0 million was 41% above last year.

On 29 October 2017 Domain acquired the legacy Domain-related assets and liabilities from relevant entities within the Fairfax consolidated group (**Business Transfer**). See "Financial Position" for further information on the Business Transfer.

Segment Performance

Core Digital

Revenue (excluding significant items) of \$252.5 million increased 30% from the prior year, reflecting the impact of the Business Transfer.

Expenses (excluding significant items) of \$143.7 million increased 8% from the prior year, reflecting the impact of the Business Transfer.

EBITDA (excluding significant items) of \$108.7 million increased 76% from the prior year, reflecting the impact of the Business Transfer.

Consumer Solutions and Other (previously Transactions)

Revenue (excluding significant items) of \$26.9 million increased 10% from the prior year, reflecting the growth of Domain Loan Finder and Domain Insure, offset by slower growth at Compare & Connect which was responsible for the bulk of Consumer Solutions' revenue, and deconsolidation of the entity's revenue following divestment in Q4.

Expenses (excluding significant items) of \$33.8 million increased 31% from last year, reflecting the continued investment in the early stage businesses of Domain Loan Finder and Domain Insure.

EBITDA (excluding significant items) was a loss of \$(7.2) million compared with a loss of \$(2.7) million in the prior year, reflecting the continued investment in the early stage businesses of Domain Loan Finder and Domain Insure.

Print

Revenue (excluding significant items) of \$54.3 million reduced 18% from the prior year reflecting the continuing structural shift to digital revenue, the cyclical impact of lower listings volumes and the impact of the Business Transfer.

Expenses (excluding significant items) of \$40.4 million reduced 22%, reflecting cost saving initiatives in print production and distribution costs, cyclically lower print volumes and the impact of the Business Transfer.

EBITDA (excluding significant items) of \$13.9 million reduced 4% from the prior year, reflecting the management of costs in light of the continued revenue declines and the impact of the Business Transfer.

FINANCIAL POSITION

Operating earnings before interest and tax (EBIT) (excluding significant items) of \$65.9 million increased 34% on the prior year. Depreciation and amortisation (excluding significant items) of \$32.1 million increased 57% on the prior year, due to the Business Transfer and increased investment in product development.

The 2019 financial year recorded significant items of \$174.9 million loss net of tax attributable to members of the Company. This included impairment of intangibles of \$178.8 million, relating to the impairment of the Domain Digital CGU at December 2018. The restructuring and redundancy costs of \$5.5 million mainly related to the implementation of a new organisational structure. In addition there was an accelerated depreciation charge due to the sub-leasing of additional Head Office space.

Non-controlling interests of \$2.4 million reflect the share of profits or loss attributable to the agent ownership models and other consolidated, non-wholly owned entities. Net cash inflow from operating activities of \$76.1 million increased 65% from the prior year. Net cash outflow from investing activities was \$24.3 million (predominately capital expenditure of \$22.8 million, payments for controlled entities of \$2.6 million and proceeds from disposals of controlled entities of \$1.1 million). Dividends of \$38.0 million were paid to Domain shareholders and in respect of non-controlling interests in subsidiaries. Cash and cash equivalents of \$49.3 million reduced 19% on the prior year. Net assets as at 30 June 2019 of \$1,164 million decreased 13% due predominantly to the goodwill impairment of the Domain Digital CGU in December 2018.

Net debt was \$113.2 million at 30 June 2019 down 11% from the prior year reflecting repayment of debt during the year in addition to the cash movement described above.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

for the period ended 30 June 2019

As a consequence of the Business Transfer, the statutory result for the comparable financial year ended 24 June 2018 is not representative of the underlying performance of the business. As Domain prepared for separation, different aspects of the business transitioned into the Domain Holdings Australia Limited structure at various times between June and November 2017. The results in the Investor Presentation and commentary presented by the Domain Management team provide a reconciliation of the reported 4E Statutory numbers to the more comparable proforma trading performance excluding significant items for the financial year ended 24 June 2018.

BUSINESS STRATEGIES AND FUTURE PROSPECTS

Domain's strategy is building a customer-centric Australian property marketplace.

There is significant opportunity to leverage Domain's data to build products and offerings that better meet the needs of buyers, vendors and agents.

Domain's business has been structured to deliver against three objectives:

- Grow the core listings business by providing solutions to agents and corporate customers to help them grow their businesses
- Grow new revenue in Consumer Solutions by partnering with specialist businesses to deliver direct-to-consumer services spanning home loans, insurance, utilities and more
- Simplify and optimise our business by remaining disciplined in our cost management and rationalising our portfolio to redirect resources towards funding the next phase of growth

Our relationship with Nine provides opportunity to expand Domain's reach and engagement through Nine's broadcast and digital assets.

UNDERLYING DRIVERS OF PERFORMANCE

The Group operates across three key segments with specific underlying drivers of performance. These are summarised below.

Core Digital

Residential: The majority of residential revenue is derived from the sale of premium (depth) products which are sold on a per listing basis, with the balance coming from monthly subscriptions. Depth revenue is driven by property listing volumes and yield performance.

Media, Developers & Commercial: Media's revenue comes from digital display advertising. Developers revenue comes from listings and advertising related to residential property developments. Commercial receives digital subscription, listings and display advertising revenue from commercial property listings portals commercialrealestate.com.au and commercialview.com.au.

Agent Services: Domain has a suite of property data, insights and reporting tools (including Pricfinder, Homepass and MyDesktop) which are sold to the property industry, financial institutions and other businesses on a subscription basis.

Consumer Solutions and Other (previously Transactions)

Consumer Solutions revenue comprises commissions from Domain's home loans, insurance and utilities connections businesses. Domain partners with specialists to operate Domain Loan Finder and Domain Insure. Domain Connections is a residential utilities connection lead generation service. During the year Domain's interest in utilities comparison business Compare & Connect was divested to focus on a higher margin model.

Print

Print revenue comprises lifestyle and property listings advertising in the Domain, Allhomes and Domain Review magazines. Print revenue is experiencing a structural shift to digital and is exposed to property market volume related cyclicity. The Star Weekly titles were divested late in FY19.

EXPENSES

Expenses have been tightly managed with reductions in print costs from efficiency initiatives and lower volumes offsetting growth-focused investment in staff and related costs, technology and Consumer Solutions businesses.

Domain remains committed to investing in the growth of the business while continuing to drive operational efficiency.

The impacts of changes in the underlying drivers of performance on the current year result are set out in the Investor Presentation and commentary presented by the Domain Management team.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the period ended 30 June 2019

	NOTE	30 JUNE 2019 \$'000	24 JUNE 2018 \$'000
Revenue from contracts with customers	2(A)	333,676	285,359
Other revenue and income	2(B)	10,245	1,422
Total revenue and income		343,921	286,781
Share of net losses of associates and joint ventures		(310)	(1,393)
Expenses from operations excluding impairment, depreciation, amortisation and finance costs	3(A)	(240,239)	(222,003)
Impairment	4	(178,847)	(29,602)
Depreciation and amortisation	3(B)	(34,623)	(20,380)
Finance costs	3(C)	(9,050)	(4,831)
Net (loss)/profit from operations before income tax expense		(119,148)	8,572
Income tax expense	20	(16,032)	(11,321)
Net (loss) from operations after income tax expense		(135,180)	(2,749)
Other comprehensive (loss)/income for the period		-	-
Total comprehensive (loss) for the period		(135,180)	(2,749)
Net (loss)/profit is attributable to:			
Non-controlling interest		2,403	3,404
Owners of the parent		(137,583)	(6,153)
		(135,180)	(2,749)
Total comprehensive (loss)/income is attributable to:			
Non-controlling interest		2,403	3,404
Owners of the parent		(137,583)	(6,153)
		(135,180)	(2,749)
Earnings per share (cents)			
Basic earnings per share (cents)	16	(23.67)	(1.55)
Diluted earnings per share (cents)	16	(23.67)	(1.55)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying Notes.

CONSOLIDATED BALANCE SHEET

as at 30 June 2019

	NOTE	30 JUNE 2019 \$'000	24 JUNE 2018 \$'000
Current assets			
Cash and cash equivalents	23	49,315	60,832
Trade and other receivables	9	46,008	62,798
Total current assets		95,323	123,630
Non-current assets			
Investments accounted for using the equity method		–	3,378
Intangible assets	7	1,365,227	1,534,654
Property, plant and equipment	12	15,874	23,401
Total non-current assets		1,381,101	1,561,433
Total assets		1,476,424	1,685,063
Current liabilities			
Payables – related parties	19	1,253	1,176
Payables	10	23,787	33,918
Provisions	11	20,210	17,907
Current tax liabilities		15,842	13,880
Total current liabilities		61,092	66,881
Non-current liabilities			
Interest bearing liabilities	8	162,540	187,318
Provisions	11	11,235	15,685
Deferred tax liabilities	20	78,033	81,727
Total non-current liabilities		251,808	284,730
Total liabilities		312,900	351,611
Net assets		1,163,524	1,333,452
Equity			
Contributed equity	14	1,289,658	1,283,377
Reserves	14	(34,971)	(38,915)
Retained (losses)/profits		(94,574)	78,195
Total parent entity interest		1,160,113	1,322,657
Non-controlling interest		3,411	10,795
Total equity		1,163,524	1,333,452

The above Consolidated Balance Sheet should be read in conjunction with the accompanying Notes.

CONSOLIDATED CASH FLOW STATEMENT

for the period ended 30 June 2019

	NOTE	30 JUNE 2019 \$'000	24 JUNE 2018 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		381,013	303,462
Payments to suppliers and employees (inclusive of GST)		(277,644)	(240,799)
Interest received		593	164
Finance costs paid		(7,550)	(3,502)
Net income taxes paid		(20,353)	(13,350)
Net cash inflow from operating activities	23	76,059	45,975
Cash flows from investing activities			
Payment for purchase of controlled entities (net of cash acquired)	6	(2,656)	-
Proceeds from sale of a financial asset		103	-
Payment for property, plant and equipment and software		(22,828)	(20,435)
Proceeds from sale of controlled entities, (net of cash disposed of)	6	1,114	-
Net cash (outflow) from investing activities		(24,267)	(20,435)
Cash flows from financing activities			
Payment for purchase of non-controlling interest in subsidiaries		(277)	(457)
Proceeds from borrowings		-	188,000
Proceeds from issue of shares by subsidiary with non-controlling shareholder		-	2,335
Repayment of borrowings to Fairfax Media Limited		-	(174,601)
Repayment of borrowings		(25,000)	-
Transaction costs on issue of shares		-	(7,539)
Dividends paid to shareholders		(34,830)	(22,995)
Dividends paid to non-controlling interests in subsidiaries		(3,202)	(6,893)
Payment of facility fees		-	(850)
Net cash (outflow) from financing activities		(63,309)	(23,000)
Net (decrease)/increase in cash and cash equivalents held		(11,517)	2,540
Cash and cash equivalents at the beginning of the financial period	23	60,832	58,292
Cash and cash equivalents at end of the financial period	23	49,315	60,832

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying Notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2019

	RESERVES							TOTAL EQUITY \$'000
	CONTRIBUTED EQUITY \$'000	OTHER RESERVES \$'000	SHARE-BASED PAYMENT RESERVE \$'000	TOTAL RESERVES \$'000	RETAINED PROFITS \$'000	NON-CONTROLLING INTEREST \$'000		
Balance at 24 June 2018	1,283,377	(39,739)	824	(38,915)	78,195	10,795	1,333,452	
Effect of adoption of AASB 9 (net of tax) ⁽ⁱ⁾	-	-	-	-	(356)	-	(356)	
Restated balance as at 24 June 2018	1,283,377	(39,739)	824	(38,915)	77,839	10,795	1,333,096	
(Loss)/profit for the period	-	-	-	-	(137,583)	2,403	(135,180)	
Other comprehensive income	-	-	-	-	-	-	-	
Total comprehensive (loss)/ income for the period	-	-	-	-	(137,583)	2,403	(135,180)	
Transactions with owners in their capacity as owners:								
Issue of share capital	6,819	-	-	-	-	-	6,819	
Transaction costs	(17)	-	-	-	-	-	(17)	
Shares acquired for employee incentive scheme	(521)	-	-	-	-	-	(521)	
Dividends paid to shareholders	-	-	-	-	(34,830)	-	(34,830)	
Dividends paid or declared to non-controlling interests in subsidiaries	-	-	-	-	-	(3,225)	(3,225)	
Non-controlling interest arising on business combination	-	-	-	-	-	325	325	
Recognition of non-controlling interest in subsidiaries	-	-	-	-	-	-	-	
Transactions with non-controlling interest	-	2,396	-	2,396	-	146	2,542	
Derecognition of non-controlling interest in subsidiaries	-	-	-	-	-	(7,033)	(7,033)	
Share-based payments, net of tax	-	-	1,548	1,548	-	-	1,548	
Total transactions with owners	6,281	2,396	1,548	3,944	(34,830)	(9,787)	(34,392)	
Balance at 30 June 2019	1,289,658	(37,343)	2,372	(34,971)	(94,574)	3,411	1,163,524	

(i) The implementation and impact of AASB 9 *Financial Instruments* is discussed further in Note 1B.

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying Notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2019

	RESERVES						TOTAL EQUITY \$'000
	CONTRIBUTED EQUITY \$'000	OTHER RESERVES \$'000	SHARE-BASED PAYMENT RESERVE \$'000	TOTAL RESERVES \$'000	RETAINED PROFITS \$'000	NON-CONTROLLING INTEREST \$'000	
Balance at 25 June 2017	740	(8,428)	-	(8,428)	107,343	10,241	109,896
(Loss)/profit for the period	-	-	-	-	(6,153)	3,404	(2,749)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive (loss)/income for the period	-	-	-	-	(6,153)	3,404	(2,749)
Transactions with owners in their capacity as owners:							
Issue of Share Capital (net of issue costs)	1,285,137	-	-	-	-	-	1,285,137
Unvested employee incentive shares	(2,500)	-	-	-	-	-	(2,500)
Parent Contributed Equity	-	2,500	-	2,500	-	-	2,500
Dividends paid to shareholders	-	-	-	-	(22,995)	-	(22,995)
Dividends paid to non-controlling interests in subsidiaries	-	-	-	-	-	(6,914)	(6,914)
Recognition of non-controlling interest in subsidiaries	-	-	-	-	-	4,177	4,177
Derecognition of non-controlling interest in subsidiaries	-	(33,811)	-	(33,811)	-	(113)	(33,924)
Share-based payments, net of tax	-	-	824	824	-	-	824
Total transactions with owners	1,282,637	(31,311)	824	(30,487)	(22,995)	(2,850)	1,226,305
Balance at 24 June 2018	1,283,377	(39,739)	824	(38,915)	78,195	10,795	1,333,452

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying Notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Corporate information

Domain Holdings Australia Limited (the "Company") is a for profit company limited by shares incorporated and domiciled in Australia, the shares are publicly traded on the Australian Stock Exchange ("ASX"). The financial report includes the consolidated entity consisting of Domain Holdings Australia Limited and its controlled entities ("the Group"). The ultimate parent of Domain Holdings Australia Limited is Nine Entertainment Co. Holdings Limited.

The Group is principally engaged in the provision of digital real estate classified advertising services. The Group's principal place of business is Pyrmont, Australia. Further information on the nature of the operations and principal activities of the Group is provided in the Directors' Report. Information on the Group's structure is provided in Note 19. Information on other related party relationships of the Group is provided in Note 19.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

B. Basis of Preparation

This financial report is for the 53 weeks from 25 June 2018 to 30 June 2019 (2018: 52 weeks from 26 June 2017 to 24 June 2018). Reference in this report to 'period' is to the period 25 June 2018 to 30 June 2019 (2018: 26 June 2017 to 24 June 2018).

The financial report is a general purpose financial report and has been prepared:

- in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board;
- the financial report also complies with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board;
- in accordance with the going concern basis of accounting; and
- on a historical cost basis except as disclosed in Note 13.

i. New accounting standards, interpretations and amendments adopted by the Group

AASB 9 Financial Instruments ("AASB 9")

Effective 1 January 2018, the Group has applied from 25 June 2018. AASB 9 replaces AASB 139 and includes revised guidance on classification and measurement, impairment and hedge accounting of financial instruments. In adopting this standard the Group has elected to apply the practical expedient as allowed by the standard and adopt a provision matrix approach to calculate the lifetime expected credit loss on trade receivables. In adopting this standard, the provision for doubtful debts has increased by \$0.5 million resulting in a \$0.4 million (net of tax) adjustment to opening retained earnings. Comparative figures have not been restated.

Effective 25 June 2018, the Group recognises trade receivables at cost less the lifetime expected credit loss (ECL) calculated based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. This policy has been applied from the beginning of the current financial period. Refer to the 2018 annual report for accounting policies applicable to the prior reporting period.

AASB 15 Revenue from Contracts with Customers ("AASB 15")

AASB 15 Revenue from Contracts with Customers was issued in December 2014, and amended in May 2016. It establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard supersedes all current revenue recognition requirements under Australian Accounting Standards. The Group has adopted AASB 15 from 25 June 2018; the impact on the prior year financial statements is not material.

Domain Group is principally engaged in the provision of real estate media and classified advertising services. The products and services offered across the Group are sold both on their own in separate identified contracts with customers and together as a bundled package of goods and/or services. In adopting AASB 15, the Group has considered the following:

Bundled products and services

The Group's subscriptions and advertising products are sold either on their own or bundled together. Historically, the Group accounted for these bundled sales as separate deliverables and allocated revenue in line with the advertised discounts for each separate product. Under AASB 15, allocation will be made based on relative standalone selling prices; this impacts the attribution of revenue between operating segments and cash generating units (CGUs) but does not impact overall revenue recognised by the Group. This change was not material for the period ended 24 June 2018.

ii. New accounting standards and accounting standards issued but not yet applied

Certain new accounting standards and interpretations have been published that are not yet effective for the annual 30 June 2019 reporting period. The Group has elected not to early adopt these new standards or amendments in the financial report. They include:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

AASB 16 Leases ("AASB 16")

The Group must apply *AASB 16 Leases* for the year ending 30 June 2020. *AASB 16* replaces the current *AASB 117 Leases* standard.

AASB 16 provides a single lease accounting model for identifying and measuring lease arrangements with a term of 12 or more months, unless the underlying asset is of low value. A contract contains a lease if it conveys the right to control the use of an identified asset for a period of time. The Group, as lessee, will be required to recognise a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing the present value of future lease payments.

The Income Statement will include depreciation of the ROU asset and interest expense on the lease liability. The pattern of expense recognition changes with higher costs in the earlier stages of the lease as a result of the interest calculated on the lease liability that amortises over the lease term.

Lessor accounting under *AASB 16* is substantially unchanged from *AASB 117*.

Transition

The Group will apply the modified retrospective approach as permitted by *AASB 16*. Under this approach, there is no requirement to restate prior period comparative financial statements and there are two methods of calculating the ROU asset on a lease-by-lease basis. The Group will measure the ROU asset for all existing operating leases as equal to the lease liability on transition. Existing lease incentive balances on transition will be offset against the new ROU asset.

Judgment has been applied by the Group in determining the incremental borrowing rate, which contractual arrangements represent a lease, the period over which the leases exist, and the variability of future cash flows.

Based on the transition approach chosen, the Group will recognise lease liabilities of between \$47 million and \$70 million. After adjusting for amounts currently recorded on the balance sheet (representing deferred lease incentives), the Group will recognise ROU assets of between \$39 million and \$62 million. These estimates may be materially different to the actual impact on initial application on 1 July 2019 due to changes in the application of practical expedients, recognition exemptions and changes to material judgment areas.

A schedule of current operating lease commitments is disclosed in Note 17.

iii. Rounding of amounts

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded to the nearest thousand dollars in accordance with that Corporations Instrument, unless otherwise indicated.

iv. Currency of presentation

All amounts are expressed in Australian dollars, which is the consolidated entity's presentation currency. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

C. Significant Judgements and Estimates

The carrying amounts of certain assets and liabilities are determined based on estimates and assumptions of future events. The key estimates and assumptions which are most significant to the financial report are found in the following notes:

- Note 6: Business combinations, acquisitions, disposals and investments in controlled entities
- Note 7: Intangible assets
- Note 11: Provisions
- Note 20: Taxation
- Note 21: Employee entitlements

D. Principles of Consolidation

i. Controlled entities

Controlled entities 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 Group entities are eliminated.

ii. Non-controlling interests

Non-controlling interests in the earnings and equity of controlled entities are shown separately in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Balance Sheet and Consolidated Statement of Changes in Equity respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

2. REVENUES

	NOTE	30 JUNE 2019 \$'000	24 JUNE 2018 \$'000
A. REVENUE FROM CONTRACTS WITH CUSTOMERS			
Residential		173,272	
Media, Developers and Commercial		47,071	
Agent Services		32,156	
Core Digital		252,499	194,707
Consumer Solutions and Other		26,850	24,398
Print		54,327	66,254
Total revenue from contracts with customers⁽ⁱ⁾		333,676	285,359
B. OTHER REVENUE AND INCOME			
Interest income		593	164
Gain on sale of controlled entities	4	5,272	-
Gain on contingent consideration payable and sale of financial asset	4	2,459	-
Rental income		1,792	1,154
Other		129	104
Total other revenue and income		10,245	1,422
Total revenue and income		343,921	286,781

(i) In accordance with the disclosure requirements of AASB 15 there is no requirement to include disaggregated revenue data for the prior period.

Accounting Policy⁽ⁱⁱ⁾

Revenue from contracts with customers

Revenue from contracts with customers is recognised either over time (digital products and services) or when control of the good has been transferred (publication date), regardless of when payment is received. Amounts disclosed as revenue are net of commissions and discounts.

Listing services

The provision of listing services is accounted for as a single performance obligation, the provision of a listing being a distinct service. Revenue is recognised over the listing period. Where products are discounted the net revenue is recognised over the listing period.

Subscription services

Subscription services are treated as a single performance obligation; access to digital platforms and data under the subscription is a series of services substantially integrated with the same pattern of transfer. Accordingly, subscription revenue is recognised evenly over the subscription period.

Advertising services

Revenue from the provision of advertising on digital and print platforms is recognised over the period the advertisements are placed.

Commission income

Revenue from commission income is recognised on satisfaction of the performance obligation which is the delivery of the product or service by the principal or the settlement of the mortgage. Revenue in respect of trailing commissions is recognised at the net present value of amounts expected to be received.

Bundling of products and services

Where products and/or services are sold as a bundled product, each product and service is treated as a separate performance obligation. In bundling products and services, these are priced at a discount to the standalone selling price. These discounts are applied proportionately to each separately identifiable performance obligation within the bundle.

(ii) The accounting policy noted above has been applied from the beginning of the current financial period. Refer to the FY18 Annual Report for accounting policies applicable to the prior reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

2. REVENUES continued

Financing Components

The Group does not have any contracts where the period between the transfer of the promised product or services to the customer and payment by the customer exceeds one year. Consequently, the Group does not adjust any of the transaction prices for the time value of money.

Other income

Interest income

Interest income is recognised as it accrues based on the effective yield of the financial asset.

Rental income

Rental income arising from operating leases on leased properties is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of profit or loss.

3. EXPENSES

	NOTE	30 JUNE 2019 \$'000	24 JUNE 2018 \$'000
A. EXPENSES FROM OPERATIONS EXCLUDING IMPAIRMENT, DEPRECIATION, AMORTISATION AND FINANCE COSTS			
Staff and employee related costs		94,530	74,523
Production and distribution costs		35,587	46,259
Promotions		40,412	40,280
Rent and outgoings		10,655	8,836
IT and communication costs		19,674	14,221
Fringe benefits tax, travel and entertainment		6,100	4,319
Restructuring charges	4	2,942	6,429
Other		30,339	27,136
Total expenses from operations excluding impairment, depreciation, amortisation and finance costs		240,239	222,003
B. DEPRECIATION AND AMORTISATION			
Depreciation of plant and equipment	12	4,982	1,630
Depreciation of leasehold buildings and improvements	12	2,807	1,789
Amortisation of software	7	21,637	11,707
Amortisation of customer relationships and tradenames	7	5,197	5,254
Total depreciation and amortisation		34,623	20,380
C. FINANCE COSTS			
External parties borrowing costs and unwinding of discount on contingent consideration		9,050	4,831
D. OTHER EXPENSE DISCLOSURES			
Operating lease rental expense		8,780	7,397
Share-based payment expense		1,548	1,504

Accounting Policy

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings and contingent consideration, amortisation of ancillary costs incurred in connection with arrangement of borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

4. SIGNIFICANT ITEMS

The net profit after tax includes the following items whose disclosure is relevant in explaining the financial performance of the consolidated entity.

Significant items are those items of such a nature or size that separate disclosure will assist users to understand the financial statements.

	30 JUNE 2019 \$'000	24 JUNE 2018 \$'000
Impairment of goodwill ⁽ⁱ⁾	(178,847)	(29,602)
Income tax benefit	–	2,739
Impairment of goodwill, net of tax	(178,847)	(26,863)
Restructuring charges ⁽ⁱⁱ⁾	(2,942)	(6,429)
Accelerated depreciation ⁽ⁱⁱ⁾	(2,529)	–
Income tax benefit	1,641	1,799
Restructuring charges, net of tax	(3,830)	(4,630)
Gain on contingent consideration payable and sale of financial asset ⁽ⁱⁱⁱ⁾	2,459	–
Gain on sale of controlled entities ^(iv)	5,272	–
Income tax expense	–	–
Gains on contingent consideration payable and sale of controlled entities, net of tax	7,731	–
Net significant items after income tax	(174,946)	(31,493)

(i) An impairment charge of \$178.8 million was recognised in the financial year in respect of the goodwill within the Domain Digital Cash Generating Unit ("CGU"). Whilst digital revenues grew in the period, they were impacted by lower listing and auction volumes, particularly in Sydney and Melbourne metro markets. Developer revenues were also impacted by lower levels of new development projects, particularly in NSW.

The impairment charge of \$178.8 million was recognised in the period to December 2018 following a full impairment test on the Domain Digital CGU as at 30 December 2018. No further impairment was recognised as at 30 June 2019 when annual impairment testing was performed. Refer to Note 7 for additional details.

(ii) Restructuring charges of \$2.9 million pre-tax relate to the implementation of a new organisational structure. Accelerated depreciation of \$2.5 million due to sub-leasing of surplus Head Office space.

(iii) Gain on contingent consideration payable relating to the change in fair value of Tranche 2 of the Review Property contingent consideration (Note 6) at 30 December 2018 and a gain on the sale of financial asset.

(iv) Gain on sale of controlled entities relates to the sale of Residential Connections Pty Limited and MMP Star Pty Limited during the second half of the financial year, refer to Note 6 for further detail.

5. SEGMENT REPORTING

A. Description of Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors, CEO and CFO in assessing performance and in determining the allocation of resources.

REPORTABLE SEGMENT	PRODUCTS AND SERVICES
Core Digital	Digitally focused real estate media and services business – providing residential, commercial and rural property marketing solutions and search tools, plus information for buyers, investors, sellers, renters and agents Australia-wide.
Consumer Solutions and Other ⁽ⁱ⁾	Connecting consumers with services relevant to them at different property lifecycle stages, home loans, insurance, trade services and residential and commercial utilities connections.
Print	Real estate newspaper and magazine publishing.
Corporate	Comprises corporate entity results not included in the segments above.

(i) Previously named Transactions and Other (Digital). There was no change to the underlying revenue streams within this segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

5. SEGMENT REPORTING continued

B. Results by Operating Segment

The segment information provided to the Board of Directors, CEO and CFO for the reportable segments for the period ended 30 June 2019 is as follows:

	SEGMENT REVENUE \$'000	INTERSEGMENT REVENUE \$'000	REVENUE FROM EXTERNAL CUSTOMERS \$'000	SHARE OF LOSSES OF ASSOCIATES AND JOINT VENTURES \$'000	UNDERLYING EBITDA \$'000
30 June 2019					
Core Digital	252,499	–	252,499	(102)	108,702
Consumer Solutions and Other	26,850	–	26,850	(208)	(7,168)
Print	54,327	–	54,327	–	13,920
Corporate	1,922	–	1,922	–	(17,464)
Total for the Group	335,598	–	335,598	(310)	97,990
24 June 2018					
Core Digital	194,707	–	194,707	(174)	61,780
Consumer Solutions and Other	24,398	–	24,398	(1,219)	(2,685)
Print	66,254	–	66,254	–	14,570
Corporate	1,258	–	1,258	–	(4,015)
Total for the Group	286,617	–	286,617	(1,393)	69,650

C. Other Segment Information

The Board of Directors, CEO and CFO assess the performance of the operating segments based on a measure of underlying EBITDA.

A reconciliation of underlying EBITDA to operating profit before income tax is provided as follows:

	30 JUNE 2019 \$'000	24 JUNE 2018 \$'000
Underlying EBITDA for continuing operations	97,990	69,650
Significant income before tax	7,731	–
Significant expense before tax (including significant depreciation and amortisation)	(184,318)	(36,031)
Depreciation and amortisation (excluding significant items)	(32,094)	(20,380)
Interest income	593	164
Finance costs	(9,050)	(4,831)
Reported net profit before tax	(119,148)	8,572

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

5. SEGMENT REPORTING continued

A summary of significant items by operating segments is provided for the period ended 30 June 2019 and 24 June 2018.

	IMPAIRMENT OF GOODWILL, MASTHEADS AND INVESTMENTS \$'000	RESTRUCTURING CHARGES \$'000	GAINS ON CONTINGENT CONSIDERATION PAYABLE AND SALE OF CONTROLLED ENTITIES \$'000	TOTAL \$'000
30 June 2019				
Core Digital	(178,847)	–	2,459	(176,388)
Consumer Solutions and Other	–	–	2,908	2,908
Print	–	–	2,364	2,364
Corporate	–	(2,942)	–	(2,942)
Consolidated entity	(178,847)	(2,942)	7,731	(174,058)
24 June 2018				
Core Digital	–	–	–	–
Consumer Solutions and Other	(13,699)	–	–	(13,699)
Print	(15,470)	–	–	(15,470)
Corporate	(433)	(6,429)	–	(6,862)
Consolidated entity	(29,602)	(6,429)	–	(36,031)

Information provided to the Board of Directors, CEO and CFO in respect of assets and liabilities is presented on a group basis consistent with the Consolidated Financial Statements.

Accounting Policy

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenue and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to assess performance, make resource allocation decisions and for which discrete financial information is available.

6. BUSINESS COMBINATIONS, ACQUISITIONS, DISPOSALS AND INVESTMENTS IN CONTROLLED ENTITIES

A. Acquisitions

The Group gained control over the following entities and businesses during the year:

ENTITY OR BUSINESS ACQUIRED	PRINCIPAL ACTIVITY	DATE OF ACQUISITION	OWNERSHIP INTEREST AS AT 30 JUNE 2019
Homepass Pty Ltd	Real Estate Media and Technology Services	31 August 2018	68.5% ⁽ⁱ⁾
Commercialview.com.au Ltd	Commercial Real Estate Media and Technology Services	14 December 2018	67.4% ⁽ⁱⁱ⁾

(i) The ownership interest acquired in this business combination was 34.7%. Total interest after acquisition is 68.5%.

(ii) This is the indirect ownership held by Domain Holdings Australia Limited through Commercial Real Estate Media Pty Limited, a partially-owned subsidiary. Commercial Real Estate Media Pty Limited acquired 100% of the share capital of Commercialview.com.au Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

6. BUSINESS COMBINATIONS, ACQUISITIONS, DISPOSALS AND INVESTMENTS IN CONTROLLED ENTITIES continued

A. Acquisitions continued

The provisional fair values of the identifiable assets and liabilities acquired are detailed below.

	HOME PASS PTY LTD \$'000	COMMERCIALVIEW.COM.AU LIMITED \$'000
Current assets		
Cash	586	282
Trade and other receivables	33	212
Total current assets	619	494
Non-current assets		
Intangible assets ⁽ⁱ⁾	3,260	2,049
Property, plant and equipment	10	2
Deferred tax assets	17	41
Total non-current assets	3,287	2,092
Total assets	3,906	2,586
Current liabilities		
Payables	150	192
Provisions	105	117
Total current liabilities	255	309
Non-current liabilities		
Deferred tax liabilities ⁽ⁱ⁾	971	505
Total non-current liabilities	971	505
Total liabilities	1,226	814
Total identifiable net assets at fair value	2,680	1,772
Goodwill arising on acquisition ⁽ⁱ⁾	3,114	8,236
Total identifiable net assets and goodwill attributable to the Group	5,794	10,008

(i) These balances reflect the preliminary purchase price accounting.

Purchase consideration		
Cash paid	2,596	928
Subscription proceeds of shares issued, at fair value	-	3,271
Contingent consideration ⁽ⁱ⁾	-	5,615
Total purchase consideration	2,596	9,814

(i) The purchase consideration of \$9.8 million for Commercialview.com.au Limited represents the discounted fair value of the total expected consideration of \$10.2 million.

Net cash outflow on acquisition		
Cash paid	(2,596)	(928)
Cash acquired	586	282
Net cash outflow	(2,010)	(646)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

6. BUSINESS COMBINATIONS, ACQUISITIONS, DISPOSALS AND INVESTMENTS IN CONTROLLED ENTITIES *continued*

As a result of the above acquisition of Homepass Pty Limited ("Homepass"), the Consolidated Income Statement includes revenue and net profit before tax for the period ended 30 June 2019 of \$1.5 million and \$0.5 million, respectively. Had the acquisition occurred at the beginning of the reporting period, the Consolidated Income Statement would not have been materially different.

As a result of the above acquisition of Commercialview.com.au Limited, ("Commercialview") the Consolidated Income Statement includes revenue and net loss before tax for the period ended 30 June 2019 of \$0.5 million and \$0.3 million, respectively. Had the acquisition occurred at the beginning of the reporting period, the Consolidated Income Statement would include revenue and net loss before tax of \$0.8 million and \$0.1 million, respectively.

Homepass Pty Limited

On 31 August 2018, the Company paid \$2.6 million total consideration to acquire a further 34.7% interest in Homepass Pty Limited. Prior to this acquisition, the ownership interest was 33.8% with the Group recognising its share of the results of equity accounted investments within the Consolidated Income Statement. After this acquisition the total interest in Homepass was 68.5%. The fair value of the equity accounted investment at the point of acquisition was \$3.0 million; no gain or loss was recognised upon revaluing the equity accounted investment at the point of acquisition. The investment in Homepass Pty Limited after this acquisition is classified as a subsidiary and consolidated into the group results and financial position. Goodwill of \$3.1 million and non-controlling interest of \$0.1 million were recognised at the time of acquisition. The goodwill comprises of expected synergies arising from the acquisition.

Commercialview.com.au Limited

On 14 December 2018, Commercial Real Estate Media Pty Limited (a controlled subsidiary of Domain Holdings Australia Limited) acquired 100% of the share capital in Commercialview. The consideration for the acquisition is to be paid in three tranches with two of the three being contingent on the future financial performance of the Commercial Real Estate Media and Commercialview businesses.

The first tranche payment of \$4.2 million was settled on 21 December 2018 and comprised 1,924,039 Commercial Real Estate Media Pty Limited shares and a cash payment of \$0.9 million, respectively. Tranches two and three are due to be settled in early 2020 and 2021, respectively. The maximum consideration for the transaction across the three tranches is \$17.2 million of which a maximum of \$1.9 million is payable in cash and the remainder in newly issued shares in Commercial Real Estate Media Pty Limited. The expected consideration for the transaction is \$10.2 million; up to \$1.9 million in cash with the balance in Commercial Real Estate Media Pty Limited shares.

The contingent consideration for tranches two and three is recognised as a financial liability on the balance sheet and is measured at fair value through the profit and loss. The contingent consideration is recognised in accordance with AASB 132 *Financial Instruments*: Presentation as a financial liability as the number of shares to be paid is variable, based upon the post acquisition financial performance of the combined business.

Goodwill of \$8.2 million and non-controlling interest of \$0.1m were recognised at the time of acquisition. The goodwill comprises expected synergies arising from the acquisition.

The issuance of Commercial Real Estate Media Pty Limited shares as consideration for the acquisition of Commercialview was accounted for as a transaction with non-controlling interests.

AASB 3 *Business Combinations* allows a measurement period after a business combination to provide the acquirer a reasonable time to obtain the information necessary to identify and measure all of the various components of the business combination as of the acquisition date. The period cannot exceed one year from the acquisition date.

B. Investments in Controlled Entities

Review Property Pty Limited

On 21 September 2018, MMP Holdings Pty Limited (a wholly owned subsidiary of Domain Holdings Australia Limited) acquired the remaining share capital in Review Property Pty Limited. Total cash consideration was \$0.2 million for the remaining 0.5%; ownership interest after the acquisition is 100%. The acquisition was accounted for in Equity as a transaction with Non-Controlling Interests.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

6. BUSINESS COMBINATIONS, ACQUISITIONS, DISPOSALS AND INVESTMENTS IN CONTROLLED ENTITIES *continued*

C. Disposals

The Group lost control of the following entities during the year:

ENTITY OR BUSINESS DISPOSED	PRINCIPAL ACTIVITY	DATE OF DISPOSAL	OWNERSHIP INTEREST BEFORE DISPOSAL DATE
Residential Connections Pty Ltd	Residential utilities comparison and connections services	31 May 2019	50.0%
MMP Star Pty Ltd ⁽ⁱ⁾	Print classifieds advertising	28 June 2019	66.7%

(i) This transaction also included MMP Star Pty Limited's 100%-owned subsidiary Network Classifieds Pty Limited.

Residential Connections Pty Limited

On 31 May 2019, the Group publicly announced the decision of its Board of Directors to sell the 50% share in Residential Connections Pty Limited for \$6 million cash consideration, payable by 30 June 2019. At 31 May 2019, the Group deconsolidated the net assets of Residential Connection Pty Limited and stopped recognising the results of the company in the Group Statement of Profit and Loss. The results of Residential Connections Pty Limited included in the Consolidated Financial Statements are presented below:

	30 JUNE 2019 \$'000	24 JUNE 2018 \$'000
Revenue from contracts with customers	23,790	21,296
Other income	24	12
Total revenue and income	23,814	21,308
Expenses from operations excluding depreciation, amortisation and finance costs	(22,344)	(19,522)
Depreciation and amortisation	(410)	(714)
Finance costs	(2)	(2)
Net profit from operations before income tax expense	1,058	1,070
Income tax expense	188	(792)
Net profit from operations after income tax expense	1,246	278

MMP Star Pty Limited

On 28 June 2019, the Group sold its 66.67% stake in MMP Star Pty Limited and its 100%-owned subsidiary Network Classifieds Pty Limited for \$0.7m cash consideration. At that time, the Group deconsolidated the net assets of MMP Star Pty Limited and Network Classifieds Pty Limited and stopped recognising the results of the companies in the Group Statement of Profit and Loss. The results of MMP Star Pty Limited and Network Classifieds Pty Limited for the year (up to 28 June 2019) are not material to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

6. BUSINESS COMBINATIONS, ACQUISITIONS, DISPOSALS AND INVESTMENTS IN CONTROLLED ENTITIES continued

Accounting Policy

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in other expenses.

When the Group acquires a business, it assesses the financial assets 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 as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the income statement.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration (deemed to be a liability) are recognised in accordance with *AASB 9 Financial Instruments* in the Consolidated Income Statement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

7. INTANGIBLE ASSETS

	30 JUNE 2019 \$'000	24 JUNE 2018 \$'000
Tradenames	270,726	270,900
Goodwill	1,023,071	1,192,522
Software	24,589	20,071
Software (capital works in progress)	4,971	7,255
Customer relationships	41,870	43,906
Total intangible assets	1,365,227	1,534,654

The movement in intangibles during the period is primarily due to the acquisitions from business combinations (Note 6), impairment (Note 7A) and amortisation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

7. INTANGIBLE ASSETS continued

Reconciliations

Reconciliations of the carrying amount of each class of intangible at the beginning and end of the current financial period are set out below:

	NOTE	TRADENAMES \$'000	GOODWILL \$'000	SOFTWARE \$'000	SOFTWARE (CAPITAL WORKS IN PROGRESS) \$'000	CUSTOMER RELATIONSHIPS \$'000	TOTAL \$'000
30 June 2019							
Balance at beginning of the financial period		270,900	1,192,522	20,071	7,255	43,906	1,534,654
Additions		-	-	1,622	20,433	-	22,055
Capitalisations from works in progress		-	-	22,717	(22,717)	-	-
Acquisition through business combinations		310	12,016	2,300	-	2,700	17,326
Impairment	4	-	(178,847)	-	-	-	(178,847)
Disposals		-	(2,620)	(484)	-	(23)	(3,127)
Amortisation	3(B)	(484)	-	(21,637)	-	(4,713)	(26,834)
At 30 June 2019, net of accumulated amortisation and impairment		270,726	1,023,071	24,589	4,971	41,870	1,365,227
At 30 June 2019							
Cost		272,560	1,201,918	72,850	4,971	62,600	1,614,899
Accumulated amortisation and impairment		(1,834)	(178,847)	(48,261)	-	(20,730)	(249,672)
Net carrying amount		270,726	1,023,071	24,589	4,971	41,870	1,365,227

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

7. INTANGIBLE ASSETS continued

	NOTE	TRADE NAMES \$'000	GOODWILL \$'000	SOFTWARE ⁽ⁱ⁾ \$'000	SOFTWARE (CAPITAL WORKS IN PROGRESS) \$'000	CUSTOMER RELATIONSHIPS \$'000	TOTAL \$'000
24 June 2018							
Balance at beginning of the financial period		19,910	160,849	3,945	–	48,800	233,504
Additions		60	–	6,631	13,998	–	20,689
Capitalisations from works in progress		–	–	7,429	(7,429)	–	–
Acquisition through business combinations		263,190	1,036,351	13,773	686	–	1,314,000
Impairment	4	(11,900)	(4,678)	–	–	–	(16,578)
Amortisation	3(B)	(360)	–	(11,707)	–	(4,894)	(16,961)
At 24 June 2018, net of accumulated amortisation and impairment		270,900	1,192,522	20,071	7,255	43,906	1,534,654
At 24 June 2018							
Cost		284,150	1,197,200	46,859	7,255	60,726	1,596,190
Accumulated amortisation and impairment		(13,250)	(4,678)	(26,788)	–	(16,820)	(61,536)
Net carrying amount		270,900	1,192,522	20,071	7,255	43,906	1,534,654

(i) Software at 24 June 2018; a reclassification adjustment has been made between cost and accumulated amortisation and impairment to clarify presentation.

A. Impairment Testing of Indefinite Lived Intangible Assets

The Group performed its annual impairment test in June 2019. The Group considers the relationship between its market capitalisation and its book value, among other factors when reviewing for indicators of impairment.

		GOODWILL \$'000	TRADE NAMES \$'000	SOFTWARE \$'000	CUSTOMER RELATIONSHIPS \$'000	TOTAL \$'000
Allocation to CGU Groups	Operating segment					
Domain Digital	Core Digital	979,628	261,952	23,851	31,901	1,297,332
Allhomes	Core Digital	35,091	7,290	–	9,920	52,301
Commercial Real Estate	Core Digital	8,352	1,484	361	49	10,246
		1,023,071	270,726	24,212	41,870	1,359,879

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

7. INTANGIBLE ASSETS continued

A. Impairment Testing of Indefinite Lived Intangible Assets continued

The recoverable amount of the Cash Generating Unit (CGU) is determined based on fair value less costs of disposal, using a discounted cash flow methodology. The cash flow projections are based on the following assumptions:

ASSUMPTION	DOMAIN DIGITAL	COMMERCIAL REAL ESTATE	ALL HOMES
Based on board approved annual budget	Year 1 cash flows	Year 1 cash flows	Year 1 cash flows
Revenue growth is in line with digital business industry trends, market maturity and management's expectations of market development. Management forecasts the operating costs based on the current structure of the business and does not reflect any future restructurings or cost saving measures.	Year 2 – 10 cash flows	Year 2 – 10 cash flows	Year 2 – 5 cash flows
These rates are consistent with industry specific forecasts in which the CGU operates	Terminal growth rate	2.5%	2.5%
Reflects current market assessment of the time value of money and the risks specific to the relevant market in which the CGU operates	Discount rate	10.5%	10.5%

Each of the above factors is subject to significant judgement about future economic conditions and the ongoing structure of the digital real estate advertising industry.

Significant estimate: Impact of possible changes in key assumptions

(i) Domain Digital

At 30 December 2018, the carrying value of the CGU was written down to be consistent with the recoverable amount. The current year impairment to the Domain Digital CGU was recognised due to a decline in listing and auction volumes in the Melbourne and Sydney metro markets. As a result of impairment being taken at 30 December 2018, headroom is minimal at \$20.4 million. As a result the model will be sensitive to changes in assumptions. The annual impairment testing described above and performed in June 2019 did not result in further impairment being recognised. If the post tax discount rate applied to the cash flow projections of this CGU had been 0.12% higher than management's estimates (10.62% instead of 10.5%), the headroom would reduce to nil. If the forecast EBITDA margin is reduced by 0.66% from the next financial year compared to management's estimate, the headroom would reduce to nil. If the forecast revenue growth is reduced by 0.20% from the next financial year compared to management's estimate, the headroom would reduce to nil. Similarly, if the Group's terminal growth rate is 0.18% lower than management's estimate (2.32% instead of 2.5%) as at 30 June 2019, headroom would reduce to nil.

(ii) Allhomes

Management has concluded that there is no reasonable possible change in key assumptions that will result in impairment.

(iii) Commercial Real Estate

Management has concluded that there is no reasonable possible change in key assumptions that will result in impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

7. INTANGIBLE ASSETS continued

Accounting Policy

Brands

The Group's tradenames operate in established markets with limited licence conditions and are expected to continue to complement the Group's new media initiatives. On this basis, the Directors have determined that the majority of brands, mastheads and tradenames have indefinite useful lives as there is no foreseeable limit to the period over which the assets are expected to generate net cash inflows for the Group. These assets are not amortised but are tested for impairment annually. Tradenames that have been assessed to have a definite useful life are amortised using a straight-line basis over their useful lives, which are between five and twenty years.

Goodwill

Goodwill represents the excess of cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired entity at the date of acquisition. Goodwill is not amortised but is tested for impairment annually.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Software, databases and websites

Internal and external costs directly incurred in the purchase or development of software or databases are capitalised as intangible assets, including subsequent upgrades and enhancements, when it is probable that they will generate future economic benefits attributable to the Group. Software licences and databases are amortised on a straight-line basis over their useful lives, which are between three and six years.

Internal and external costs directly incurred in the development of websites are capitalised as intangible assets and amortised on a straight-line basis over their useful lives, which are between two and four years.

Customer relationships

Customer relationships purchased in a business combination are amortised on a straight-line basis over their useful lives, which are between two and fourteen years.

Impairment of Assets

Intangibles are tested for impairment where there is an indication that the asset may be impaired. Goodwill and other indefinite life assets are further tested at least annually in June each year. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment whenever there is an indication of a potential reversal and at least annually.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

8. INTEREST BEARING LIABILITIES

	NOTE	30 JUNE 2019 \$'000	24 JUNE 2018 \$'000
Non-current interest bearing liabilities – unsecured			
Bank borrowings	(B)	162,540	187,318
Total non-current interest bearing liabilities		162,540	187,318
NET DEBT			
Cash and cash equivalents	23	(49,315)	(60,832)
Current interest bearing liabilities		–	–
Non-current interest bearing liabilities		162,540	187,318
Net (cash)/debt		113,225	126,486

A. Financing Arrangements

The Group net debt was \$113.2 million as at 30 June 2019 (24 June 2018: net debt \$126.5 million).

The Group has sufficient unused committed facilities and cash at the reporting date to finance any potential current liabilities that may arise.

B. Bank Borrowings

In October 2017, the Group entered into a \$250.0 million syndicated bank facility:

TRANCHE	COMMITMENT	MATURITY
A	\$10 million	29 October 2020
B	\$140 million	29 October 2020
C	\$100 million	29 October 2021

The interest rate for drawings under this facility is the applicable bank bill rate (BBSW) plus the relevant credit margin. At 30 June 2019 the Group had drawn \$163.0 million (24 June 2018: \$188.0 million) of the total available facility with \$87.0 million (24 June 2018: \$62.0 million) unused credit facilities.

C. Fair Value Measurement

The carrying amounts and fair values of the financial liabilities at reporting date are materially the same.

Accounting Policy

Subsequent to initial recognition at fair value, net of transaction costs incurred, interest bearing liabilities are measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

9. RECEIVABLES

	30 JUNE 2019 \$'000	24 JUNE 2018 \$'000
Current		
Trade debtors	41,015	61,088
Provision for doubtful debts	(683)	(1,058)
	40,332	60,030
Prepayments	4,510	2,169
Other	1,166	599
Total current receivables	46,008	62,798

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

9. RECEIVABLES continued

Impaired Trade Debtors

Domain's trade receivables represent balances from a large number of small clients. The trade receivables are non-interest bearing and are generally on 14 to 45 day terms. As there is no significant financing component, the provision for doubtful debts is accordingly measured at an amount equal to 'lifetime expected credit losses'.

Domain has used a provision matrix to determine expected credit losses on the receivables. The provision matrix is based on historical loss rates, adjusted if necessary for forward looking information.

	CURRENT	31-60 DAYS	61-90 DAYS	91-120 DAYS	120+ DAYS
Expected credit loss rate % at 30 June 2019	0.64%	1.10%	6.08%	18.53%	40.00%
Expected credit loss	208	18	55	59	343

An analysis of trade debtors that are not considered impaired is as follows:

	30 JUNE 2019 \$'000	24 JUNE 2018 \$'000
Neither past due nor impaired	36,730	36,037
Past due 0 – 30 days	1,761	19,572
Past due 31 – 60 days	951	3,958
Past 60 days	890	463
	40,332	60,030

Movements in the provision for doubtful debts are as follows:

	30 JUNE 2019 \$'000	24 JUNE 2018 \$'000
Balance at the beginning of the period	(1,058)	(83)
Effect of adoption of AASB 9	(509)	–
Adjusted balance at the beginning of the period	(1,567)	(83)
Additional provisions	(399)	(1,199)
Receivables written off as uncollectible	856	222
Provision released during the period	427	2
Balance at the end of the period	(683)	(1,058)

Accounting Policy

Trade receivables are initially recognised at cost less the lifetime expected credit loss (ECL) calculated based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and economic environment. Domain's trade receivables book is very short dated, being non-interest bearing and generally on 14 to 45 day terms. As such, the forecast horizon is limited to a short period after year end. Given the short-term nature of the trade receivables, the effect of forward looking information is not material as at 30 June 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

10. PAYABLES

	30 JUNE 2019 \$'000	24 JUNE 2018 \$'000
Trade and other payables	15,859	23,990
Contract Liabilities	7,271	9,240
Interest payable	657	688
Total current payables	23,787	33,918

Accounting Policy

i. Trade and other payables

Liabilities for trade creditors and other amounts are carried at amortised cost which is the fair value of the consideration to be paid in the future for goods and services received. Trade payables are non-interest bearing and are generally on 30 day terms.

ii. Contract liabilities

Revenue is recognised on an accruals basis in accordance with the substance of the relevant agreement. When cash is received for services not yet provided this income is deferred until the services have been fully performed. This income is recognised as a liability on the balance sheet to reflect the future obligations of the Group.

11. PROVISIONS

	NOTE	30 JUNE 2019 \$'000	24 JUNE 2018 \$'000
Current			
Employee benefits		5,134	6,114
Restructuring and redundancy		1,100	1,088
Property		2,058	2,058
Contingent consideration	6	11,650	8,624
Refund liability		222	-
Other		46	23
Total current provisions		20,210	17,907
Non-current			
Employee benefits		1,192	1,156
Property		7,231	6,444
Contingent consideration	6	2,812	8,085
Total non-current provisions		11,235	15,685

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

11. PROVISIONS continued

Reconciliation

Reconciliations of the carrying amount of each class of provision, other than employee benefits, during the financial year are set out below:

	NOTE	RESTRUCTURING AND REDUNDANCY \$'000	PROPERTY \$'000	CONTINGENT CONSIDERATION \$'000	REFUND LIABILITY \$'000	OTHER \$'000
30 June 2019						
Balance at beginning of the financial period		1,088	8,502	16,709	–	23
Additional provision		2,018	2,892	–	–	58
Arising during the period	6	–	–	5,613	222	–
Remeasured	4	–	–	(2,353)	–	–
Utilised		(2,006)	(2,105)	(6,804)	–	(35)
Unwinding of discounting to present value		–	–	1,297	–	–
Balance at end of the period		1,100	9,289	14,462	222	46
At 30 June 2019						
Current		1,100	2,058	11,650	222	46
Non-current		–	7,231	2,812	–	–
Total provisions, excluding employee benefits		1,100	9,289	14,462	222	46

		RESTRUCTURING AND REDUNDANCY \$'000	PROPERTY \$'000	CONTINGENT CONSIDERATION \$'000	REFUND LIABILITY \$'000	OTHER \$'000
24 June 2018						
Balance at beginning of the financial period		–	1,215	–	–	2
Acquired through business transfer		–	5,224	–	–	–
Additional provision		–	9,839	–	–	39
Arising during the period		1,088	–	16,371	–	–
Utilised		–	(7,776)	–	–	(18)
Unwinding of discounting to present value		–	–	338	–	–
Balance at end of the period		1,088	8,502	16,709	–	23
At 24 June 2018						
Current		1,088	2,058	8,624	–	23
Non-current		–	6,444	8,085	–	–
Total provisions, excluding employee benefits		1,088	8,502	16,709	–	23

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

11. PROVISIONS continued

Accounting Policy

Provisions are recognised when the Group has a legal or constructive obligation to make a future sacrifice of economic benefits to others as a result of past transactions or events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free government or corporate bond rate relative to the expected life of the provision is used as a discount rate. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before reporting date.

i. Employee benefits

Current liabilities for wages and salaries, holiday pay, annual leave and long service leave are recognised in the provision for employee benefits and measured at the amounts expected to be paid when the liabilities are settled.

The employee benefit liability expected to be settled within twelve months from reporting date is recognised in current liabilities. The non-current provision relates to entitlements, including long service leave, which are expected to be payable after twelve months from reporting date and, where material, are measured as the present value of expected future payments to be made in respect of services, employee departures and periods of service. Expected future payments are discounted using market yields at reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The Group recognises a provision and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

ii. Restructure

The provision is in respect of amounts payable in connection with restructuring, including termination benefits, on-costs, outplacement and consultancy services.

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

iii. Property

The provision for property costs is in respect of make good provisions, deferred lease incentives and onerous lease provisions. The make good provisions and deferred lease incentives are amortised over the shorter of the term of the lease or the useful life of the assets, being up to twenty years.

Property leases are considered to be an onerous contract if the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Where a decision has been made to vacate the premises or there is excess capacity and the lease is considered to be onerous, a provision is recorded.

iv. Contingent consideration

Contingent consideration to be transferred by the acquirer on business combinations is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration (deemed to be a liability) are recognised in accordance with AASB 9 in the income statement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

v. Refund Liability Provision

The provision is in respect of amounts payable associated with certain print and digital listing services. These services provide a customer with a right of refund if specific conditions relating to the listing and sale of the property are met. Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for expected no sale services, which are estimated based on historical data. For services that are expected to generate a no sale outcome, instead of revenue, the Group recognises a refund liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

12. PROPERTY, PLANT AND EQUIPMENT

	30 JUNE 2019 \$'000	24 JUNE 2018 \$'000
Leasehold buildings and improvements		
At cost	17,514	17,989
Accumulated depreciation and impairment	(5,445)	(2,772)
Total leasehold buildings and improvements	12,069	15,217
Plant and equipment		
At cost	13,174	13,111
Accumulated depreciation and impairment	(9,369)	(4,927)
Total plant and equipment	3,805	8,184
Total property, plant and equipment	15,874	23,401

Reconciliations

Reconciliations of the carrying amount of each class of property, plant and equipment during the financial period are set out below:

	NOTE	LEASEHOLD BUILDINGS AND IMPROVEMENTS \$'000	PLANT AND EQUIPMENT \$'000	TOTAL \$'000
Period ended 30 June 2019				
Balance at beginning of financial period		15,217	8,184	23,401
Additions		–	809	809
Acquisition through business combinations		–	12	12
Disposals		(341)	(218)	(559)
Depreciation	3(B)	(2,807)	(4,982)	(7,789)
At 30 June 2019, net of accumulated depreciation and impairment		12,069	3,805	15,874
At 30 June 2019				
At cost		17,514	13,174	30,688
Accumulated depreciation and impairment		(5,445)	(9,369)	(14,814)
Net carrying amount		12,069	3,805	15,874

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

12. PROPERTY, PLANT AND EQUIPMENT continued

	NOTE	LEASEHOLD BUILDINGS AND IMPROVEMENTS \$'000	PLANT AND EQUIPMENT \$'000	TOTAL \$'000
Period ended 24 June 2018				
Balance at beginning of financial period		447	596	1,043
Additions		159	207	366
Acquisition through business combinations		16,545	9,848	26,393
Disposals		(145)	(837)	(982)
Depreciation	3(B)	(1,789)	(1,630)	(3,419)
At 24 June 2018, net of accumulated depreciation and impairment		15,217	8,184	23,401
At 24 June 2018				
At cost		17,989	13,111	31,100
Accumulated depreciation and impairment		(2,772)	(4,927)	(7,699)
Net carrying amount		15,217	8,184	23,401

Accounting Policy

Property, plant and equipment is recorded at cost less accumulated depreciation and any accumulated impairment losses.

Directly attributable costs arising from the acquisition or construction of fixed assets, including internal labour and interest, are also capitalised as part of the cost.

Recoverable amount

All items of property, plant and equipment are reviewed annually to ensure carrying values are not in excess of recoverable amounts. Recoverable amounts are the higher of value in use or fair value less costs of disposal.

Depreciation and amortisation

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Leasehold buildings and improvements	over the lease term; currently up to 7 years
Plant and equipment	up to 6 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with carrying amount. These are included in the income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

13. FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial Risk Management

The Group's principal financial instruments comprise of cash, short term deposits and bank loans. The main purpose of these financial instruments is to manage liquidity and to raise finance for the Group's operations. The Group has various other financial instruments, such as trade and other receivables and trade and other payables, which arise directly from its operations. The Group's risk management activities for interest rate and foreign exchange exposures are carried out centrally by the Domain Group Treasury department.

Capital Risk Management

The capital structure of Group entities is monitored using the net debt to EBITDA (earnings before interest, tax, depreciation and amortisation) ratio. The ratio is calculated as net debt divided by underlying EBITDA. Net debt is calculated as total interest bearing liabilities 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, buy back shareholder equity, issue new shares, sell assets or reduce debt. The Group manages the capital structure to ensure:

- sufficient finance capacity for the business is maintained at a reasonable cost;
- sufficient funds are available for the business to implement its capital expenditure and business acquisition strategies; and
- all financial covenants are complied with.

Risk factors

The key financial risk factors, including market risk, that arise from the Group's activities, including the Group's policies for managing these risks are outlined below.

A. INTEREST RATE RISK

Interest rate risk refers to the risks that the value of a financial instrument or future cash flows associated with the instrument will fluctuate due to movements in market interest rates.

Interest rate risk arises from interest bearing financial assets and liabilities that the Group utilises. Interest bearing assets are predominantly short term liquid assets. The Group's borrowings which have a variable interest rate attached give rise to cash flow interest rate risk.

The Group's risk management policy for interest rate risk seeks to reduce the effects of interest rate movements on its asset and liability portfolio.

A reasonably possible change in interest rates would not have a material impact on the finance costs incurred by the Group.

Interest Rate Risk Measurement and Reporting

The Group may enter into transactions to provide protection against fluctuations in short term interest rates which may affect the economics of investment and financing decisions.

The following considerations are made to material interest rate transactions to ensure that Domain:

- is afforded some protection from significant increases in short term interest rates, thereby adding some degree of certainty to the financial budgeting process;
- only hedges outstanding debt i.e., hedges must have an underlying debt to avoid speculative transactions; and
- maintains sufficient interest rate flexibility to participate in normal yield curve environments without unduly paying up for term interest rate hedges; repay debt without significant swap (fixed rate) break costs; and under-take interest rate maturity extension trades as appropriate.

Measurement of Interest Rate Risk

The interest rate exposure will be measured using:

- Forecast net debt (based on the rolling 12 month net debt forecast plus budget and Strategic Plan).
- All fixed swaps, debt and options will be taken into account when determining the fixed exposure. Hedging cover will be measured on a semi-annual basis. Interest rate exposure will be recognised as the actual or forecast interest bearing liability (net of cash balances) over the appropriate period.
- The Group uses a stepped corridor approach to manage interest rate risk, whereby the minimum and maximum amount of fixed rate cover required declines in each maturity bucket. This allows for the higher level of certainty over debt levels in the earlier years, and provides more flexibility for changes in debt levels in the later years.
- The maximum hedging period is 5 years. If Management would like to maintain a fixed debt longer than 5 years, then Board approval is required.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

13. FINANCIAL AND CAPITAL RISK MANAGEMENT continued

A. Interest Rate Risk continued

At reporting date, the Group had the following exposure to interest rate risks:

	FLOATING RATE \$'000	FIXED RATE \$'000	NON-INTEREST BEARING \$'000	TOTAL \$'000
As at 30 June 2019				
Cash and cash equivalents	49,315	-	-	49,315
Trade and other receivables*	-	-	46,008	46,008
Total financial assets	49,315	-	46,008	95,323
Related party payables*	-	-	(1,253)	(1,253)
Payables*	-	-	(23,787)	(23,787)
Contingent consideration	(14,462)	-	-	(14,462)
Bank borrowings and loans	(162,540)	-	-	(162,540)
Total financial liabilities	(177,002)	-	(25,040)	(202,042)
Total interest bearing liabilities	(177,002)	-	-	(177,002)
Net exposure to cash flow interest rate risk	(127,687)	-	-	(127,687)
As at 24 June 2018				
Cash and cash equivalents	60,832	-	-	60,832
Trade and other receivables	-	-	62,798	62,798
Total financial assets	60,832	-	62,798	123,630
Related party payables	-	-	(1,176)	(1,176)
Payables	-	-	(33,918)	(33,918)
Contingent consideration	(16,709)	-	-	(16,709)
Bank borrowings and loans	(187,318)	-	-	(187,318)
Total financial liabilities	(204,027)	-	(35,094)	(239,121)
Total interest bearing liabilities	(204,027)	-	-	(204,027)
Net exposure to cash flow interest rate risk	(143,195)	-	-	(143,195)

* Trade and other receivables, Related party Payables and payables all mature in less than one year.

B. Foreign Currency Risk

Foreign currency risk refers to the risk that the value or the cash flows arising from a financial commitment, or recognised asset or liability will fluctuate due to changes in foreign currency rates. The Group's foreign currency exchange risk arises primarily from firm commitments and/or highly probable forecast commitments and/or highly probable forecast transactions for receipts and payments settled in foreign currencies and prices dependent on foreign currencies respectively.

None of these are material to the group on an individual nor collective basis hence foreign currency risk is not considered to be a key risk. The Group is exposed to foreign exchange risk from various immaterial currency exposures, primarily with respect to United States Dollars and New Zealand Dollars. The Group currently has no foreign currency hedges in place.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

13. FINANCIAL AND CAPITAL RISK MANAGEMENT continued

C. Credit Risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause the Group to make a financial loss. The Group has exposure to credit risk on all financial assets included in the Group's Balance Sheet. To help manage this risk, the Group:

- has a policy for establishing credit limits for the entities it deals with;
- may require collateral where appropriate; and
- manages exposures to individual entities it transacts with (through a system of credit limits).

Financial institutions and cash deposits

The Group has policies that limit the amount of credit exposure to any financial institution. Cash transactions are limited to financial institutions that meet minimum credit rating criteria in accordance with the Group's policy requirements. At 30 June 2019 counterparty credit risk was limited to financial institutions with S&P credit ratings ranging from – AA to A.

Trade receivables

The Group's credit risk is mainly concentrated across a number of customers and financial institutions. The Group does not have any significant credit risk exposure to a single or group of customers or individual institutions. The Group recognises trade receivables at cost less the lifetime expected credit loss (ECL) calculated based on its historical credit loss experience, adjusted for forward-looking factors specific to the Group's customers and the economic environment in which the Group operates.

Refer to Note 9 for an ageing analysis of trade receivables and the movement in the allowance for credit loss. All other financial assets are not impaired and are not past due. Based on the credit history of these classes, it is expected that these amounts will be received when due.

D. Liquidity Risk

Liquidity risk is the risk that the Group cannot meet its financial commitments as and when they fall due.

To help reduce this risk the Group:

- has liquidity management which targets a minimum level of undrawn committed facilities and cash relative to EBITDA;
- has readily accessible funding arrangements in place; and
- staggers maturities of financial instruments.

Refer to Note 8(B) for details of the Group's unused credit facilities at 30 June 2019. The contractual maturity of the Group's floating rate financial liabilities are shown in the tables below. The amounts represent the future undiscounted principal and interest cash flows and therefore may not equate to the values disclosed in the balance sheet.

	1 YEAR OR LESS \$'000	1 TO 2 YEARS \$'000	2 TO 5 YEARS \$'000	MORE THAN 5 YEARS \$'000
As at 30 June 2019				
Nominal cash flows				
Contingent Consideration	(11,650)	(2,812)	–	–
Bank borrowings and loans	(5,610)	(118,534)	(48,868)	–
Total	(17,260)	(121,346)	(48,868)	–
As at 24 June 2018				
Nominal cash flows				
Contingent Consideration	(8,624)	(8,085)	–	–
Bank borrowings and loans	(7,859)	(7,869)	(193,842)	–
Total	(16,483)	(15,954)	(193,842)	–

* Related party payables and payables all mature in less than one year.

E. FAIR VALUE

The carrying amounts and fair values of financial assets and liabilities at the reporting date are materially the same.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

14. EQUITY

	NOTE	30 JUNE 2019 \$'000	24 JUNE 2018 \$'000
Ordinary shares			
583,077,789 ordinary shares authorised and fully paid (2018: 580,494,798)	(A)	1,292,679	1,285,877
Unvested employee incentive shares			
991,217 unvested employee incentive shares (2018: 783,126)	(B)	(3,021)	(2,500)
At 30 June 2019		1,289,658	1,283,377

Reconciliations

Movements for each class of contributed equity, by number of shares and dollar value, are set out below:

(A) ORDINARY SHARES	30 JUNE 2019 NO. OF SHARES	24 JUNE 2018 NO. OF SHARES	30 JUNE 2019 \$'000	24 JUNE 2018 \$'000
Balance at beginning of the financial period	580,494,798	740,000	1,285,877	740
Share sub-division ⁽ⁱ⁾	–	134,876,269	–	–
Shares issued to Fairfax Media Limited ⁽ⁱⁱ⁾	–	439,254,795	–	1,273,044
Transaction costs for issued share capital (net of taxes)	–	–	(17)	(5,003)
Shares issued to owners of Review Property Pty Limited ^{(iii) (iv)}	2,582,991	5,623,734	6,819	17,096
Balance at end of the financial period	583,077,789	580,494,798	1,292,679	1,285,877

(i) A share sub-division was effected for existing shares on 21 November 2017.

(ii) Prior to the separation and listing on the ASX the \$1,273 million loan payable to Fairfax Media Limited was capitalised and 439,254,795 shares issued to Fairfax Media Limited.

(iii) On 28 February 2018 an additional 5,623,734 shares were issued to the owners of Review Property Pty Limited to settle Tranche 1 of the acquisition consideration.

(iv) On 25 February 2019 an additional 2,582,991 shares were issued to the owners of Review Property Pty Limited to settle Tranche 2 of the acquisition consideration.

(B) UNVESTED EMPLOYEE INCENTIVE SHARES	30 JUNE 2019 NO. OF SHARES	24 JUNE 2018 NO. OF SHARES	30 JUNE 2019 \$'000	24 JUNE 2018 \$'000
Balance at beginning of the financial period	(783,126)	–	(2,500)	–
Shares acquired ^{(i) (ii)}	(208,091)	(783,126)	(521)	(2,500)
Release of shares	–	–	–	–
Balance at end of the financial period	(991,217)	(783,126)	(3,021)	(2,500)
Total contributed equity	582,086,572	579,711,672	1,289,658	1,283,377

(i) In December 2018, shares were purchased on-market by Domain Holdings Australia Limited to satisfy future share issuances under employee remuneration plans. These shares are being held in trust until vesting of the Executive Service Agreement. Refer to Note 21 for further details. These shares are being held in trust until vesting of the Executive Service Agreement. Refer to Note 21 for further details.

(ii) In April 2018, shares were purchased on-market by Fairfax Media Limited to satisfy future share issuances under employee remuneration plans. These shares are being held in Trust until vesting of the Executive Retention Plan. Refer to Note 21 for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

14. EQUITY continued

Accounting Policy

i. Ordinary shares

Ordinary shares are classified as equity and entitle the holder to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person, or by proxy, at a meeting of the Company.

ii. Incremental costs

Incremental costs directly attributable to the issue of new shares or options are recognised in equity as a reduction from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

RESERVES

	NOTE	30 JUNE 2019 \$'000	24 JUNE 2018 \$'000
Other reserves	(A)	(37,343)	(39,739)
Share-based payment reserve	(B)	2,372	824
Total reserves		(34,971)	(38,915)
A. OTHER RESERVES			
Balance at beginning of the financial period		(39,739)	(8,428)
Transactions with non-controlling interest ⁽ⁱ⁾		2,396	(33,811)
Parent contributed equity reserve ⁽ⁱⁱ⁾		–	2,500
Balance at end of the financial period		(37,343)	(39,739)

(i) Transactions involving non-controlling interests that do not result in the loss of control for Domain are recorded in the acquisition reserve. The acquisition reserve records the difference between the value of the non-controlling interest and the consideration.

(ii) The Parent contributed equity reserve is Fairfax Media Limited's funding of the shares for the Executive Retention Plan. Refer to Note 21 for further details.

	30 JUNE 2019 \$'000	24 JUNE 2018 \$'000
B. SHARE-BASED PAYMENT RESERVE		
Balance at beginning of the financial period	824	–
Release of employee incentive shares	–	–
Share-based payment expense, net of tax	1,548	824
Balance at end of the financial period	2,372	824

The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 21 for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

15. DIVIDENDS PAID AND PROPOSED

	CONSOLIDATED 30 JUNE 2019 \$'000	CONSOLIDATED 24 JUNE 2018 \$'000	COMPANY 30 JUNE 2019 \$'000	COMPANY 24 JUNE 2018 \$'000
A. ORDINARY SHARES				
Interim 2018 dividend: partially franked 4.0 cents – paid 12 March 2018	–	22,995	–	22,995
Dividend: partially franked 4.0 cents – paid 4 September 2018	23,220	–	23,220	–
Interim 2019 dividend: fully franked 2.0 cents – paid 7 March 2019	11,610	–	11,610	–
Total dividends paid	34,830	22,995	34,830	22,995

B. DIVIDENDS PROPOSED AND NOT RECOGNISED AS A LIABILITY

Since the end of the financial year, the Directors have resolved to pay a dividend of 4.0 cents per fully paid ordinary share, 100% franked at the corporate tax rate of 30%. The aggregate amount of the dividend to be paid on 10 September 2019 out of profits, but not recognised as a liability at the end of the year, is expected to be \$23.3 million.

	COMPANY 30 JUNE 2019 \$'000	COMPANY 24 JUNE 2018 \$'000
C. FRANKED DIVIDENDS		
Franking account balance as at reporting date at 30% (2018: 30%)	7,316	4,501
Franking debits that will arise from the payment of dividends	(9,996)	(6,966)
Franking credits that will arise from the payment of income tax payable balances as at the end of the financial period	12,766	10,056
Total franking credits available for subsequent financial years based on a tax rate of 30%	10,086	7,591

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

16. EARNINGS PER SHARE

	30 JUNE 2019 ¢ PER SHARE	24 JUNE 2018 ¢ PER SHARE
Basic earnings per share	(23.67)	(1.55)
Diluted earnings per share	(23.67)	(1.55)
	\$'000	\$'000
Earnings reconciliation – basic		
Net (loss)/profit attributable to owners of the parent	(137,583)	(6,153)
Earnings reconciliation – diluted		
Net (loss)/profit attributable to owners of the parent	(137,583)	(6,153)
	NUMBER	NUMBER
Weighted average number of ordinary shares used in calculating basic EPS and diluted EPS (i) (ii)	581,365,078	396,858,024
Weighted average number of ordinary shares used in calculating diluted EPS	581,365,078	396,858,024

- (i) The weighted average number of ordinary and diluted shares in the comparative financial period was calculated on the assumption that the sub-division of shares (Note 14) was always in effect.
- (ii) Due to the statutory loss for the period, the impact of certain share based payment scheme shares are excluded because the effect would be anti-dilutive.

Accounting Policy

i. Basic earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit attributable to members, adjusted to exclude costs of servicing equity other than ordinary shares and debentures, by the weighted average number of ordinary shares and debentures outstanding during the financial year, adjusted for any bonus elements in ordinary shares issued during the financial period.

ii. Diluted earnings per share

Diluted earnings per share is calculated by dividing the basic EPS earnings adjusted by the after tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares by the weighted average number of ordinary shares and dilutive potential ordinary shares adjusted for any bonus issue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

17. COMMITMENTS AND CONTINGENCIES

A. Operating Lease Commitments – Group as Lessee

The Group has entered into commercial office leases. Future minimum rentals payable under non-cancellable operating leases as at the period end are as follows:

	30 JUNE 2019 \$'000	24 JUNE 2018 \$'000
Within one year	10,656	7,458
Later than one year and not later than five years	35,112	40,634
Later than five years	767	2,469
Total operating lease commitments	46,535	50,561

Non-cancellable leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases can be renegotiated.

The leases have remaining terms of between 2 and 5 years and usually include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

B. Receivables under Subleases

The Group has entered into commercial subleases on office premises.

Future minimum rentals receivable under non-cancellable operating leases as at the period end are as follows:

	30 JUNE 2019 \$'000	24 JUNE 2018 \$'000
Within one year	2,051	1,081
Later than one year and not later than five years	4,958	–
Total receivables under subleases	7,009	1,081

C. Capital Commitments

At 30 June 2019, the Group does not have any material capital commitments (2018: Nil).

Accounting Policy

Operating leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Net rental payments, excluding contingent payments, are recognised as an expense in the income statement on a straight-line basis over the period of the lease. Refer to Note 2 for accounting policy for sub-lease income.

18. EVENTS SUBSEQUENT TO REPORTING DATE

There were no events that have occurred after the end of the period that would materially affect the reported results or would require disclosure in this report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

19. RELATED PARTIES AND ENTITIES

A. Ultimate Parent

The ultimate parent of the Group is Nine Entertainment Co. Holdings Limited which is based and listed in Australia.

B. Controlled Entities

Interests in controlled entities are set out in (F) in this Note.

C. Key Management Personnel

A number of Directors of Domain Holdings Australia Limited also hold directorships with other corporations which provide and receive goods or services to and from the Domain Group in the ordinary course of business on normal terms and conditions. None of these Directors derive any direct personal benefit from the transactions between the Domain Group and these corporations.

Transactions were entered into during the period with the Directors of Domain Holdings Australia Limited and its controlled entities or with Director-related entities, which:

- occurred within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those which it is reasonable to expect would have been adopted if dealing with the Director or Director-related entity at arm's length in the same circumstances;
- do not have the potential to adversely affect decisions about the allocation of scarce resources or discharge the responsibility of the Directors; or
- are minor or domestic in nature.

Compensation of key management personnel of the Group

	30 JUNE 2019 \$	24 JUNE 2018 \$
Short-term benefits	3,408,846	1,824,980
Long-term benefits	15,758	64,685
Share-based payment	988,092	92,505
Total compensation paid to key management personnel	4,412,696	1,982,170

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

Interests held by key management personnel under employee share plans

Shares and share options held by key management personnel under the Long Term Equity Based Incentive Plan, Executive Engagement Plan and Executive Retention Plan to purchase ordinary shares have the following expiry dates and exercise prices:

ISSUE DATE		EXERCISE PRICE \$	30 JUNE 2019 NUMBER OUTSTANDING	24 JUNE 2018 NUMBER OUTSTANDING
2019 (Options under Long Term Equity Based Incentive Plan)	(i)	3.1606	1,515,789	–
Executive Engagement Plan	(ii)	nil	632,791	–
2019 (Options under Long Term Equity Based Incentive Plan)	(i)	3.1606	605,263	–
2018 (Options under Long Term Equity Based Incentive Plan)	(i)	3.0000	527,777	527,777
2018 (Shares under Executive Retention Plan)	(iii)	nil	111,806	111,806
Total			3,393,426	639,583

(i) Refer to Long Term Equity Based Incentive Plan in Section 7 of the Remuneration Report for details of vesting and expiry dates.

(ii) The shares vest two years after appointment of Jason Pellegrino to the role of CEO of Domain Group. Refer to Note 21 for further details.

(iii) The shares vest two years after the listing date of Domain Holdings Australia Limited. Refer to details of Executive Retention Plan in Section 7 of the Remuneration Report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

19. RELATED PARTIES AND ENTITIES continued

D. Transactions with Related Parties

The following transactions occurred with related parties on normal market terms and conditions:

	SALES TO RELATED PARTIES \$'000	PURCHASES FROM RELATED PARTIES \$'000	AMOUNT OWED BY RELATED PARTIES \$'000	AMOUNT OWED TO RELATED PARTIES \$'000
Parent Company				
30 June 2019	5,616	(11,570)	–	1,253
24 June 2018	18,003	(20,061)	–	1,176
Associates and Joint Ventures				
30 June 2019	–	–	–	–
24 June 2018	–	(726)	–	46

Accounting Policy

Amounts payable to related parties are carried at amortised cost and interest payable is recognised on an accruals basis.

E. Parent Entity Information

The following disclosures relate to Domain Holdings Australia Limited as an individual entity, being the ultimate parent entity of the Domain group.

	30 JUNE 2019 \$'000	24 JUNE 2018 \$'000
Financial position of parent entity		
Current assets	48,677	53,561
Total assets	1,475,779	1,655,249
Current liabilities	(251,937)	(275,581)
Total liabilities	(343,066)	(360,563)
Net Assets/(Liabilities)	1,132,713	1,294,686
Total equity of parent entity		
Contributed equity	1,289,659	1,283,653
Reserves	5,146	3,322
Profit reserve	1,245	12,855
Retained losses	(163,337)	(5,144)
Total equity	1,132,713	1,294,686
Result of parent entity		
Profit/(loss) for the period	(135,638)	35,849
Other comprehensive income	–	–
Total comprehensive income/(loss) for the period	(135,638)	35,849

Domain Holdings Australia Limited has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of its subsidiaries within the Closed Group. Further details regarding the deed are set out in (G) in this Note.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

19. RELATED PARTIES AND ENTITIES continued

F. Controlled Entities

The following entities were controlled as at the end of the financial period:

	NOTES	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
			30 JUNE 2019 %	24 JUNE 2018 %
Domain Holdings Australia Limited	(a)	Australia		
CONTROLLED ENTITIES				
Domain Operations Pty Ltd	(a)	Australia	100.00	100.00
Alldata Australia Pty Ltd	(a)	Australia	100.00	100.00
Allhomes Pty Ltd	(a)	Australia	100.00	100.00
Australian Property Monitors Pty Ltd	(a)	Australia	100.00	100.00
Commerce Australia Pty Ltd	(a)	Australia	100.00	100.00
Residential Connections Pty Ltd		Australia	–	50.00
Commercial Real Estate Holdings Pty Ltd	(a)	Australia	100.00	100.00
Commercial Real Estate Media Pty Ltd		Australia	67.37	78.26
Commercialview.com.au Pty Ltd (previously Commercialview.com.au Limited)		Australia	67.37	–
Commercial Real Estate Media Nominees Pty Ltd		Australia	100.00	100.00
Beevo Pty Ltd		Australia	–	50.00
Domain Group Finance Pty Ltd	(a)	Australia	100.00	100.00
Property Data Solutions Pty Ltd	(a)	Australia	100.00	100.00
Mapshed Pty Ltd	(a)	Australia	100.00	100.00
Digital Home Loans Pty Ltd		Australia	60.00	60.00
Domain Insure Pty Ltd		Australia	70.00	70.00
MMP Holdings Pty Ltd	(a)	Australia	100.00	100.00
Metro Media Services Pty Ltd	(a)	Australia	100.00	100.00
Metro Media Publishing Pty Ltd		Australia	92.30	92.30
MMP (DVH) Pty Ltd		Australia	63.00	63.00
MMP Bayside Pty Ltd		Australia	78.40	78.40
Review Property Pty Ltd	(a)	Australia	100.00	98.00
MMP Eastern Pty Ltd		Australia	70.00	70.00
MMP Moonee Valley Pty Ltd		Australia	70.00	70.00
MMP (Melbourne Times) Pty Ltd		Australia	70.00	70.00
MMP Greater Geelong Pty Ltd ⁽ⁱ⁾		Australia	48.25	48.25
MMP (CGE) Pty Ltd	(a)	Australia	100.00	100.00

(i) Where ownership is less than 50% control is achieved through the ability to direct the operations of the entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

19. RELATED PARTIES AND ENTITIES continued

	NOTES	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
			30 JUNE 2019 %	24 JUNE 2018 %
MMP Community Network Pty Ltd	(a)	Australia	100.00	100.00
MMP Star Pty Ltd		Australia	–	66.70
Network Classifieds Pty Ltd		Australia	–	66.70
National Real Estate Media Pty Ltd	(a)	Australia	100.00	100.00
National Real Estate Nominees Pty Ltd		Australia	100.00	100.00
South Australia Real Estate Media Pty Ltd		Australia	68.00	68.00
Western Australia Real Estate Media Pty Ltd		Australia	69.00	69.00
New South Wales Real Estate Media Pty Ltd		Australia	71.00	71.00
Northern Territory Real Estate Media Pty Ltd		Australia	75.00	75.00
Queensland Real Estate Media Pty Ltd		Australia	71.00	71.00
Tasmania Real Estate Media Pty Ltd		Australia	75.00	75.00
ACT Real Estate Media Pty Ltd		Australia	100.00	100.00
Homepass Pty Ltd		Australia	68.50	33.80
Homepass Australia Pty Ltd		Australia	68.50	33.80
NON-CONTROLLED ENTITIES (EQUITY ACCOUNTED)				
Oneflare Pty Ltd		Australia	20.80	26.77

(a) The Company and the controlled entities incorporated within Australia are party to Corporations Instrument 2016/785 issued by the Australian Securities & Investment Commission. These entities have entered into a Deed of Cross Guarantee dated June 2007 (as varied from time to time) under which each entity guarantees the debts of the others. These companies represent a 'Closed Group' for the purposes of the Corporations Instrument and there are no other members of the 'Extended Closed Group'. Under the Corporations Instrument, these entities have been relieved from the requirements of the Corporations Act 2001 with regard to the preparation, audit and publication of accounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

19. RELATED PARTIES AND ENTITIES continued

G. Deed of Cross Guarantee

Domain Holdings Australia Limited and certain wholly-owned entities (the 'Closed Group') identified at (F) in this Note are parties to a Deed of Cross Guarantee under ASIC Corporations Instrument 2016/785. Pursuant to the requirements of that Corporations Instrument, a summarised consolidated balance sheet as at 30 June 2019 and consolidated income statement for the period ended 30 June 2019, comprising the members of the Closed Group after eliminating all transactions between members are set out below:

Balance Sheet

	30 JUNE 2019 \$'000	24 JUNE 2018 \$'000
Current assets		
Cash and cash equivalents	47,397	50,317
Trade and other receivables	47,707	68,404
Total current assets	95,104	118,721
Non-current assets		
Investments accounted for using the equity method	–	3,378
Shares in controlled entities	55,484	52,101
Intangible assets	1,349,585	1,531,880
Property, plant and equipment	15,873	23,053
Deferred tax assets	19,163	10,727
Total non-current assets	1,440,105	1,621,139
Total assets	1,535,209	1,739,860
Current liabilities		
Payables	42,088	64,586
Provisions	17,215	16,859
Current tax liabilities	14,647	10,056
Total current liabilities	73,950	91,501
Non-current liabilities		
Interest bearing liabilities	162,540	187,318
Provisions	8,422	15,986
Other non-current liabilities	96,747	92,530
Total non-current liabilities	267,709	295,834
Total liabilities	341,659	387,335
Net assets	1,193,550	1,352,525
Equity		
Contributed equity	1,289,659	1,283,653
Reserves	3,570	(318)
Retained (loss)/profits ⁽ⁱ⁾	(99,679)	69,190
Total equity	1,193,550	1,352,525

(i) The impact on opening retained earnings of implementing AASB 9 *Financial Instruments* was \$0.4 million (net of tax). Refer to Note 1 for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

19. RELATED PARTIES AND ENTITIES continued

Income Statement

	30 JUNE 2019 \$'000	24 JUNE 2018 \$'000
Total revenue	247,874	184,676
Share of net losses of associates and joint ventures	(310)	(1,393)
Expenses before finance costs	(368,391)	(185,487)
Finance costs	(8,929)	(4,816)
Net (loss)/profit from operations before income tax expense	(129,756)	(7,020)
Income tax (expense)/benefit	(10,058)	93
Net (loss)/profit from operations after income tax expense	(139,814)	(6,927)

20. TAXATION

Consolidated income statement

Income tax expense is reconciled to prima facie income tax payable as follows:

	30 JUNE 2019 \$'000	24 JUNE 2018 \$'000
Net profit before income tax expense	(119,148)	8,572
Prima facie income tax at 30% (2018: 30%)	(35,744)	2,572
Tax effect of differences:		
Adjustments in respect of current income tax of previous years	(2,761)	2,203
Deferred tax assets and deferred tax loss not recognised	2,166	-
Share of results of associates and joint ventures	93	418
Share based payments	399	234
Non-temporary differences recognised on intangible and other asset write-offs	53,654	5,193
Non-assessable income	(2,747)	
Non-deductible	678	290
Other	294	411
Income tax expense	16,032	11,321

The major components of income tax expense in the income statement are:

Current income tax expense	22,620	15,246
Deferred income tax (benefit) excluding prior year adjustment	(3,827)	(6,128)
Adjustments in respect of deferred income tax of previous years	(2,254)	-
Adjustments in respect of current income tax of previous years	(507)	2,203
Income tax expense in the income statement	16,032	11,321

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

20. TAXATION continued

Recognised Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

	ASSETS		LIABILITIES		NET ASSETS/(LIABILITIES)	
	30 JUNE 2019 \$'000	24 JUNE 2018 \$'000	30 JUNE 2019 \$'000	24 JUNE 2018 \$'000	30 JUNE 2019 \$'000	24 JUNE 2018 \$'000
Property, plant and equipment	11,878	212	(4,254)	1,699	7,624	1,911
Intangible assets	–	–	(93,760)	(94,606)	(93,760)	(94,606)
Provisions	4,852	5,291	15	130	4,867	5,421
Payables	1,510	3,196	–	–	1,510	3,196
Other	1,726	2,351	–	–	1,726	2,351
Gross deferred tax assets/(liabilities)	19,966	11,050	(97,999)	(92,777)	(78,033)	(81,727)
Set-off of deferred tax assets/ (liabilities)	(19,966)	(11,050)	19,966	11,050	–	–
Net deferred tax assets/(liabilities)	–	–	(78,033)	(81,727)	(78,033)	(81,727)

Movement in temporary differences during the Financial Period

	BALANCE 24 JUNE 2018 \$'000	OTHER MOVEMENTS \$'000	RECOGNISED IN INCOME \$'000	RECOGNISED IN EQUITY \$'000	RECOGNISED IN GOODWILL \$'000	BALANCE 30 JUNE 2019 \$'000
Property, plant and equipment	1,911	–	6,293	–	(580)	7,624
Intangible assets	(94,606)	–	1,742	–	(896)	(93,760)
Provisions	5,421	(262)	479	(272)	(499)	4,867
Payables	3,196	122	(1,808)	–	–	1,510
Other	2,351	–	(625)	–	–	1,726
	(81,727)	(140)	6,081	(272)	(1,975)	(78,033)

	BALANCE 25 JUNE 2017 \$'000	RECOGNISED ON ACQUISITION \$'000	RECOGNISED IN INCOME \$'000	RECOGNISED IN EQUITY \$'000	RECOGNISED IN GOODWILL \$'000	BALANCE 24 JUNE 2018 \$'000
Property, plant and equipment	2,310	–	(399)	–	–	1,911
Intangible assets	(19,106)	(78,957)	4,247	–	(790)	(94,606)
Provisions	323	3,791	1,307	–	–	5,421
Payables	152	2,337	707	–	–	3,196
Other	7	–	266	2,078	–	2,351
	(16,314)	(72,829)	6,128	2,078	(790)	(81,727)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

20. TAXATION continued

Tax Losses and Future Deductible Temporary Differences

The Group has realised Australian capital losses for which no deferred tax asset is recognised on the balance sheet of \$5.9 million (2018: \$0.5 million) which are available indefinitely for offset against future capital gains subject to continuing to meet the relevant statutory tests.

The Group has deductible temporary differences for which no deferred tax asset is recognised on the balance sheet of \$2.5 million (2018: \$0.4 million)

Future Assessable Temporary Differences

At 30 June 2019, there are no material unrecognised future assessable temporary differences associated with the Group's investments in associates or joint ventures, as the Group has no material liability should the associates or joint ventures retained earnings be distributed (2018: Nil).

Accounting Policy

Income Tax and Other Taxes

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributed to temporary differences and to unused tax losses. Deferred tax assets and liabilities are recognised for temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

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

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity. Deferred tax items that are recognised outside the profit and loss are recognised in relation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable group and the same taxation authority.

There should be no income tax consequences attached to the payment of dividends in 2019 by the Group to its shareholders.

Tax consolidation – Australia

Domain Holdings Australia Limited (the head entity) and its wholly-owned Australian entities formed a tax consolidated group on 22 November 2017. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

20. TAXATION continued

The Group has applied the Group Allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the wholly-owned entities in the case of a default of the head entity, Domain Holdings Australia Limited.

The entities have entered into a tax funding agreement under which the wholly-owned entities fully compensate Domain Holdings Australia Limited for any current tax payable assumed and are compensated by the Company for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits transferred to Domain Holdings Australia Limited under the tax consolidation legislation. Assets or liabilities arising under tax funding arrangements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group. The amounts receivable/payable under the tax funding arrangements are due upon demand from the head entity. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

In addition to its own current and deferred tax amounts, Domain Holdings Australia Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

21. EMPLOYEE ENTITLEMENTS

A. Number Of Employees

As at 30 June 2019 the Group employed 700 full-time employees (2018: 761) and 60 part-time and casual employees (2018: 87).

B. Employee Share Plans

The company had three employee share plans during the period. The terms of each plan are set out below:

1. Long Term Equity Based Incentive Plan

The Long Term Equity Based Incentive Plan is available to certain permanent employees of the Group.

For 2019, participants in the plan were granted options. The options have a vesting hurdle of absolute total shareholder return (Absolute TSR) over the two and half years from issue with no retest. Options do not carry any dividend or voting rights prior to exercise. Participants are also required to pay \$3.1606 (2018: \$3) per option to convert the options into shares if the vesting criteria are met.

Vesting of the Options granted is subject to achieving an Absolute TSR performance hurdle. The test is based on the compound annual growth rate (CAGR) for the Company's Absolute TSR over the Performance Period. The Board will also take into account any dividends (or other distributions) paid on the Company's shares during the Performance Period in calculating the Absolute TSR. If the performance hurdle is satisfied, and the Domain Holdings Australia Limited share price at the time is equal to or greater than the exercise price of the Options, the Options will vest and become exercisable.

A Monte Carlo simulation approach is used to value the Awards subject to the Absolute TSR performance conditions. Within the Monte Carlo approach, the underlying stochastic process of Domain Holdings Australia Limited's Absolute TSR is assumed to follow Geometric Brownian motion under a risk-neutral measure and each simulation comprises of the following steps:

- Simulate Absolute TSR performance of Domain Holdings Australia Limited as at the end of the performance period.
- Proportion of Absolute TSR hurdled award vested is calculated based on the vesting schedule.
- Present value of Absolute TSR hurdled award vested is recorded.

For further details refer to the Remuneration Report.

2. Executive Engagement Plan

The Executive Engagement Plan was approved by the Shareholders at the Annual General Meeting held on 20 November 2018. As part of his onboarding with Domain, Jason Pellegrino was offered an allocation of ordinary shares in the Company equivalent in value to \$2.0 million (Engagement Shares). The allocation price was determined using a 30 day trading VWAP for the period 13 June to 24 July 2018 at a price of \$3.1606. There are no performance hurdles in place and vesting will occur on 27 August 2020. Engagement Shares are forfeited if Jason Pellegrino's employment ceases with the Company prior to the vesting date.

As approved by the Shareholders at the Annual General Meeting held on 20 November 2018, Jason Pellegrino was awarded 1,515,789 options over Company shares, equivalent in value to 120% of his total remuneration package. The number of options to be allocated is calculated based on the value of each option. The allocation price of each option was equal to the VWAP of the Company's shares over the 30 trading day period beginning 15 trading days prior to the day of the announcement of his appointment on 3 July 2018 (\$3.1606).

For further details refer to the Remuneration Report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

21. EMPLOYEE ENTITLEMENTS continued

3. Executive Retention Plan

The Executive Retention Plan was available to certain permanent employees of the consolidated entity. For 2018, participants were granted shares. The shares have a vesting period of 2 years from listing date (16 November 2017).

Fairfax Media Limited funded the purchase of the shares by providing funding to the Trust. The Trust being established for Employee Share plans. The Trust is controlled by Domain Holdings Australia Limited as the trustee appointed by the Domain Holdings Australia Limited Board and acts under instruction from the Domain Holdings Australia Limited Board; the plan will be settled by Domain Holdings Australia Limited.

If the shares held in trust do not all fully vest then they will be held to be recycled to other new participants and or other new plans.

For further details refer to the Remuneration Report.

Accounting Policy

Share-based compensation benefits can be provided to employees in the form of equity instruments. The cost of share-based payments is recognised over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become entitled to the award (the vesting date).

At each reporting date until vesting, the cumulative charge to the income statement is the product of (i) the grant date fair value of the award; (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and (iii) the expired portion of the vesting period.

The market value at the grant date of equity instruments issued to employees for no cash consideration under the Long Term Equity Based Incentive Plan is recognised as an employee benefits expense over the vesting period. Any shares purchased, but which have not yet vested to the employee as at reporting date are offset against contributed equity of the Group.

22. REMUNERATION OF AUDITORS

During the financial period the following amounts were paid or payable for services provided by the auditor of the Company and its related parties:

	30 JUNE 2019 \$	24 JUNE 2018 \$
Audit services		
Ernst & Young Australia		
Audit and review of financial reports	1,003,135	811,336
Affiliates of Ernst & Young Australia		
Audit and review of financial reports	–	–
Non-Ernst & Young audit firm		
Audit and review of financial reports	64,244	62,000
Total audit services	1,067,379	873,336
Total remuneration for assurance services	1,067,379	873,336
Non-assurance services		
Ernst & Young Australia		
Other services	10,000	–
Total non-audit services	10,000	–
Total remuneration of auditors	1,077,379	873,336

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2019

23. NOTES TO THE CASH FLOW STATEMENT

A. Reconciliation of Net Profit After Income Tax Expense to Net Cash Inflow from Operating Activities

	NOTE	30 JUNE 2019 \$'000	24 JUNE 2018 \$'000
Net (loss)/profit for the period		(135,180)	(2,749)
Non-cash items			
Depreciation and amortisation	3(B)	34,623	20,380
Share of losses of associates and joint ventures not received as dividends		310	1,393
Gain on disposal of investments and other assets		(5,169)	–
Impairment of intangibles and investments	4	178,847	29,602
Amortisation of borrowing costs		222	168
Share-based payment expense		1,027	823
Fair value adjustment of contingent consideration		(2,353)	–
Other non-operating (expenses)/income		1,285	(3,050)
Decrease/(increase) in operating assets and liabilities, net of effects from acquisitions			
Trade receivables		15,777	(10,306)
Other receivables		(6,934)	2,062
Payables		2,439	(5,529)
Provisions		(4,514)	11,778
Tax balances		(4,321)	1,403
Net cash inflow from operating activities		76,059	45,975

B. Reconciliation of Cash and Cash Equivalents

Reconciliation of cash at end of the financial period (as shown in the Consolidated Cash Flow Statement) to the related items in the financial statements is as follows:

Cash on hand and at bank	49,315	60,832
Total cash at end of the financial period	49,315	60,832

Accounting Policy

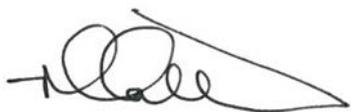
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term investments with original maturities of three months or less that are readily convertible to cash and subject to insignificant risk of changes in value. Bank overdrafts are shown within interest bearing liabilities in current liabilities on the balance sheet.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Domain Holdings Australia Limited (the Company), we state that:

- 1) In the opinion of the Directors:
 - a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001* (Cth) including:
 - i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the period ended on that date; and
 - i) complying with Australian Accounting Standards and the *Corporations Regulations 2001* (Cth);
 - b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1;
 - c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
 - d) as at the date of this declaration, there are reasonable grounds to believe that the Company and the subsidiaries identified in Note 19 will be able to meet any obligations or liabilities to which they are or may become subject to, by virtue of the Deed of Cross Guarantee between the Company and those subsidiaries.
- 2) This declaration has been made after receiving the declarations required to be made to the Directors from the Chief Executive Officer and the Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001* (Cth) for the financial year ended 30 June 2019.

On behalf of the Board



Nick Falloon
Chairman



Jason Pellegrino
Chief Executive Officer and Managing Director

Sydney
16 August 2019

INDEPENDENT AUDITOR'S REPORT



**Building a better
working world**

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent Auditor's Report to the Members of Domain Holdings Australia Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Domain Holdings Australia Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2019 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation



**Building a better
working world**

1. Impairment assessment of goodwill and other intangible assets

Why significant

The Group has goodwill and other intangible assets of \$1,365.2 million as at 30 June 2019 representing 92% of total assets.

As disclosed within Note 7 to the financial statements, the assessment of the impairment of the Group's goodwill and other intangible assets incorporates significant judgements and estimates, specifically concerning matters such as the determination of the appropriate cash generating units ("CGU's") to be used, forecast cashflows, discount rates and terminal growth rates. The Group recorded an impairment charge of \$178.8 million against the Domain Digital CGU during the year.

This was considered to be a key audit matter due to the significance of the intangible assets relative to total assets and the judgements and estimates exercised in the impairment testing, in particular those relating to the future performance of the Domain Digital CGU.

How our audit addressed the key audit matter

Audit procedures we performed included the following:

- ▶ Assessed the Group's determination of the CGUs used in the impairment model, based on our understanding of the Group's businesses and cash inflows. We also considered internal reporting of the Group's results to assess how earnings and goodwill are monitored and reported
- ▶ Assessed whether the impairment testing methodology used by the Group met the requirements of Australian Accounting Standards
- ▶ Tested the mathematical accuracy of the discounted cash flow models
- ▶ Assessed the Group's cash flow forecasts including:
 - ▶ Consideration of the historical accuracy of previous estimates
 - ▶ Reconciled the underlying cash flow projections to Board approved forecasts
 - ▶ Assessed the Group's assumptions for terminal growth rates in comparison to economic and industry forecasts
- ▶ Assessed the discount rates, growth rates and the terminal growth rates applied, with involvement from our valuation specialists
- ▶ Performed sensitivity analysis on the impairment model:
 - ▶ Assessed discount rates through comparing the cost of capital for the Group with comparable businesses
 - ▶ Considered earnings multiples against comparable companies as a valuation cross check
- ▶ Evaluated the adequacy of the impairment disclosures in the financial report, particularly those relating to intangible assets and to judgements and estimates.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2019 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, 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 and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.



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

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation



**Building a better
working world**

Page 4

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 24 to 36 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Domain Holdings Australia Limited for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

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

A handwritten signature in black ink that reads 'Ed + Jay'.

Ernst & Young

A handwritten signature in black ink that appears to be 'Christopher George'.

Christopher George
Partner
Sydney
16 August 2019

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

SHAREHOLDER INFORMATION

Domain Holdings Australia Limited

INFORMATION ABOUT SECURITIES

Each ordinary shareholder has the voting rights set out in rule 6.9 of the Company's Constitution. At a general meeting, each ordinary shareholder present has one vote on a show of hands and one vote for each share held at the Record Time (as defined in the Constitution). A copy of the Constitution is available on the Company's website at shareholders.domain.com.au.

There are no other classes of security on issue.

The Company's securities are not quoted on any stock exchange other than the ASX.

There is no current on-market buy-back of securities.

NUMBER AND DISTRIBUTION OF HOLDERS OF SECURITIES

The tables below show the number and distribution of holders of ordinary shares as at 13 August 2019, and the number of restricted securities subject to escrow at that date.

Number of holders

Total number of holders of ordinary shares	24,577
Number of holders with less than a marketable parcel of ordinary shares	10,041

Distribution of holders

NUMBER OF ORDINARY SHARES	NUMBER OF ORDINARY SHAREHOLDERS
100,001 and over	53
10,001 to 100,000	568
5,001 to 10,000	776
1,001 to 5,000	3,597
1 to 1,000	19,583

Number of restricted securities subject to voluntary escrow

NUMBER OF ORDINARY SHARES SUBJECT TO VOLUNTARY ESCROW	DATE ESCROW PERIOD ENDS
2,582,991	(first calendar quarter) 2023
3,448,418	(first calendar quarter) 2022

Securities purchased on market during the reporting period

	TOTAL NUMBER OF SECURITIES PURCHASED	AVERAGE PRICE PER SECURITY AT WHICH THE SECURITIES WERE PURCHASED
Under or for the purposes of the Domain employee incentive scheme	208,091	\$2.5032
To satisfy the entitlement of the holders of options or other	N/A	0

SHAREHOLDER INFORMATION

Domain Holdings Australia Limited

TWENTY LARGEST ORDINARY SHAREHOLDERS

The following table shows the relevant interests in ordinary shares held by the Company's 20 largest shareholders as at 13 August 2019.

RANK	NAME	NO. OF SHARES	% OF SHARES
1	Fairfax Media Limited	258,686,201	44.37
2	Fairfax SPV No 1 Pty Limited	86,230,689	14.79
3	HSBC Custody Nominees (Australia) Limited	54,145,243	9.29
4	HSBC Custody Nominees (Australia) Limited-GSCO ECA	53,629,237	9.20
5	J P Morgan Nominees Australia Pty Limited	43,695,386	7.49
6	Citicorp Nominees Pty Limited	21,760,789	3.73
7	National Nominees Limited	15,360,823	2.63
8	BNP Paribas Noms Pty Ltd	2,934,167	0.50
9	BNP Paribas Nominees Pty Ltd	1,312,914	0.23
10	Pacific Custodians Pty Limited	991,217	0.17
11	CS Third Nominees Pty Limited	797,574	0.14
12	PKF Lawler Melbourne Nominees Pty Ltd	791,206	0.14
13	BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd DRP	563,997	0.10
14	Citicorp Nominees Pty Limited	539,494	0.09
15	Wilmar Enterprises Pty Ltd	500,000	0.09
16	HSBC Custody Nominees (Australia) Limited	442,388	0.08
17	HSBC Custody Nominees (Australia) Limited	389,411	0.07
18	HSBC Custody Nominees (Australia) Limited – A/C 2	356,063	0.06
19	Leading Media Pty Ltd	345,877	0.06
19	Five Direct Pty Ltd	345,877	0.06
20	Marshall White Online Pty Ltd	323,877	0.06
Total		544,142,430	93.32

SUBSTANTIAL SHAREHOLDER INFORMATION

Substantial shareholders as shown in substantial shareholder notices received by the Company as at 13 August 2019 are:

SUBSTANTIAL SHAREHOLDER NAME	NUMBER OF SHARES HELD BY SUBSTANTIAL HOLDER AND ITS ASSOCIATES	% HOLDING
Nine Entertainment Co Holdings Ltd	344,916,890	59.4%
HMI Capital LLC	51,190,310	8.82%
FIL Limited	40,481,867	6.94%

CORPORATE DIRECTORY

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 10.00am on Monday, 11 November 2019:

Doltone House – Darling Island
Ground Floor
48 Pirrama Road
Pyrmont, NSW, 2009

FINANCIAL CALENDAR 2020

Interim Result – February 2020

Final Result – August 2020

Annual General Meeting – November 2020

COMPANY SECRETARY

Catriona McGregor

REGISTERED OFFICE

Level 5, 100 Harris Street
Pyrmont NSW 2009
T: 61 2 9254 3000

WEBSITE

Corporate information, the Annual Report, ASX Announcements relating the Company and other investor information can be found on the Company's shareholder website at shareholders.domain.com.au

SHARE REGISTRY

Link Market Services

Level 12, 680 George Street
Sydney NSW 2000
Locked Bag A14
Sydney South NSW 1235

P: +61 1300 554 474 (toll free within Australia)

F: +61 2 9287 0303

registrars@linkmarketservices.com.au

www.linkmarketservices.com.au

SECURITIES EXCHANGE LISTING

The Company's ordinary shares are listed on the Australian Securities Exchange as DHG.

INVESTOR RELATIONS

Jolanta Masojada

E: jolanta.masojada@domain.com.au

MEDIA ENQUIRIES

Kate Carragher

E: kate.carragher@domain.com.au

HOW TO OBTAIN THE ANNUAL REPORT

The Company supports the use of electronic communications in seeking to protect the environment by minimising use of paper. The Company has notified all shareholders that they may elect to receive, free of charge, a copy of the Company's reports for each financial year as a hard copy or as an electronic copy. Each shareholder who has elected to receive a copy of the Company's Annual Report will receive a copy in the form they have chosen. Shareholders who have not elected to receive a copy of the Company's Annual Report can access it at shareholders.domain.com.au.

DIRECT PAYMENT TO SHAREHOLDERS' ACCOUNTS

The Company pays dividends by direct deposit to shareholders' bank accounts and does not issue cheques except in exceptional circumstances. Shareholders can obtain a direct deposit form at the Share Registry.

Payments are electronically credited on the dividend date and confirmed by payment advice which is either mailed or sent by email. Shareholders should notify the Share Registry of their tax file number so that dividends can be paid without tax being withheld.

CONSOLIDATING SHAREHOLDINGS

Shareholders who wish to consolidate separate holdings of Domain shares into one account should notify the Share Registry in writing by post or by email.

Domain

shareholders.domain.com.au