

**ASX Release (ASX Code: LHM)****25 October 2021**

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**2021 ANNUAL REPORT**

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Land & Home Group Limited (ASX Code: LHM) provides its 2021 Annual Report which has today been despatched to shareholders as required.

Authorised by the Executive Committee of the Board.

For further information please contact:

Andrew J. Cooke,

Company Secretary

[andrewcooke@landnhomesgroup.com](mailto:andrewcooke@landnhomesgroup.com)

**About Land & Homes Group Limited**

Land & Homes Group Limited (LHM) is a property development company focused on the acquisition of prime sites for project development into quality residential, commercial and mixed-use apartments. The Company is listed on the Australian Securities Exchange. Its strategy is to hold a diverse portfolio of high-yield properties and projects at various stages of development and construction.

The Company's operations have been established in Brisbane to develop quality, medium to high-density residential apartments for an expanding market in the strong sustainable growth region of South East Queensland. Initially concentrating the business activity on Brisbane city, the residential products are to be developed in attractive convenient locations of inner Brisbane area suitable for a balance of both investors and owner occupiers.

The Company is well placed to leverage the credentials and track record of its major shareholder, the Lian Huat Group, in property development in Australia with strong networks and insight into the needs of investors from Asia. With this experience, LHM will realise its *Asia Vision* through the establishment of an experienced management team that has expertise in Australia's property market, urban planning, project management and finance, along with an intimate knowledge of the appetite and demands of the significant Asian market.

Please visit the Company web site for additional details: [www.landnhomesgroup.com](http://www.landnhomesgroup.com)



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## CHAIRMAN'S MESSAGE

On behalf of the board of directors, I confirm that Land & Homes Group Limited has maintained its premier asset in the Brisbane property market despite the relatively weak market conditions that continue to have an adverse impact due to the impact of the COVID-19 pandemic.

Throughout the year ended 30 June 2021 market conditions remained difficult for the Company due to the impact of COVID-19. In particular, domestic and international travel restrictions had an adverse impact on sentiment towards the premier apartment market and constrained investor appetite.

Leasing activity during the first half of the year in respect of the company's Wharf Street property was materially subdued. As a result, the Board resolved to proceed with the sale of the Wharf Street Property.

In June 2021 the Company confirmed that it has sold the Wharf Street property on market for \$19.5 million and this sale was completed in July of this year.

The sale of the Wharf Street Property has enabled the Company to focus its attention and its financial resources on the future development of the Barry Parade project in Fortitude Valley.

The Barry Parade project is located in the Fortitude Valley and was acquired by the Company in October 2016 for redevelopment. Subsequently the Company obtained a new Development Approval for a twin tower development with revised architectural design and updated configuration which will offer improved project yield and efficiency. The Company has substantially advanced its development plans however recently determined to defer the launch of its marketing strategy until market conditions improve.

The Company is currently reviewing its development plans and forecasts. In due course it will be necessary to secure appropriate financing for construction at 100 Barry Parade which will be contingent upon achieving a relatively high proportion of pre-sales.

The Company remains confident that the Barry Parade project has substantial underlying value and, finance permitting, warrants holding until market conditions improve.

As a Board we remain committed to generating attractive returns for the Company's shareholders in the years to come and, subject to acceptable market conditions and the availability of finance, we remain hopeful of achieving this outcome in the medium term.

I wish to thank my fellow directors, colleagues and consultants who have continued to support the Company during a very difficult economic downturn. The Company is currently reviewing its development strategy and forecasts which will be adjusted as required to address the challenges ahead.



**CHOON KENG KHO**

Non-Executive Chairman

25 October 2021

## REVIEW OF OPERATIONS

### Executive Summary

Land & Homes Group Limited has maintained its focus on residential property development in Brisbane for development/sale subject to suitable market conditions.

Over the past year the Company:

- a) sold its interest in the Wharf Street property in Spring Hill; and
- b) retained its interest in the Barry Parade project which is located in Brisbane's Fortitude Valley.

The Company remains confident that the Barry Parade project has substantial underlying value and, finance permitting, warrants holding until for development once market conditions improve.

### 207 Wharf Street, Spring Hill, Brisbane

The 207 Wharf Street property was located on the northern edge of the CBD within the area covered by the Spring Hill Neighbourhood Plan.

A planned renovation of this building had been put on hold due to poor market conditions largely attributable to the impact of the COVID-19 pandemic.

The building was partly occupied by short term commercial tenants however leasing activity during the first half of the year did not generate new tenants and much of the building remained vacant. As a result, the Board resolved to initiate a process for an orderly and advantageous sale of the property.

In June 2021 the Company confirmed that it has sold the Wharf Street property on market for \$19.5 million and this sale was completed in July of this year. This sale has allowed the Company to prudently lower its debt exposure and reduce its holding costs.

The sale of the Wharf Street Property has also enabled the Company to focus its attention and its financial resources on the future development of the Barry Parade project in the Fortitude Valley.

### 100 Barry Parade, Fortitude Valley, Brisbane

The Company acquired 100 Barry Parade, Fortitude Valley in September 2016 as a re-development opportunity.

The Barry Parade site is currently comprised of a number of redundant single storey commercial/industrial units, some of which are occupied on a monthly holdover basis.

The current focus of the Group remains the proposed redevelopment of 100 Barry Parade into a multi-storey mixed-use tower over the next 5 years. Subject to satisfactory pre-sales and the availability of finance, the Company aims to develop this site in two stages to optimise returns to the Company.

Although formally located in the suburb of Fortitude Valley it is at the most southern point only separated from the CBD by Boundary Street. The property is well positioned as a gateway between the CBD and the second busiest employment zone of Fortitude Valley. The proposed project development maximises stunning view lines to the CBD, Storey Bridge and surrounds. The property is exceptionally located within short walking distance of the Brisbane CBD and Fortitude Valley and is adjacent to a high level of amenities including private schools, public gardens and retail.

The Company was formally granted a new Development Approval for a twin tower development with 492 apartments in October 2017.



*Concept drawing of 100 Barry Parade, Fortitude Valley by RotheLowman Architects*

On 6 September 2019 the Brisbane City Council approved relatively minor changes to the Development Approval for further architecture improvements and improved configuration.

The Company has substantially advanced its plans for redevelopment of the site in accordance with the terms of its Development Approval.

The Company has advanced design elements of the proposed redevelopment and prepared a marketing strategy to attract international and domestic pre-sales.

However, in light of the COVID-19 pandemic and the associated restrictions on both domestic and international travel, the Company has resolved to defer the launch of its marketing strategy until such time as more favourable market conditions prevail. Subject to acceptable market and economic conditions, it is not anticipated that marketing will commence until 2022.

### **Funding and Financial Position**

The Company has maintained a valuable relationship with Singapore's United Overseas Bank Limited who continue to provide the Company with a debt facility in respect of the Barry Parade property.

During the first part of the year the Company received some additional funding via Convertible Notes from a related party associated with the Chairman to assist with ongoing working capital requirements.

In light of adverse circumstances attributable to the COVID-19 pandemic, the Company is reviewing its ongoing development strategy and funding options.

The loss after income tax of the Group for the financial year amounted to \$4,058,242 (2020: loss of \$2,093,972). The loss was largely driven by holding costs attributable to the properties that it held at balance date. The loss also included the fair value revaluation of 207 Wharf Street.

# **LAND & HOMES GROUP LIMITED**

**ABN: 33 090 865 357 005**

**Annual Financial Report  
For the Year Ended 30 June 2021**

# LAND & HOMES GROUP LIMITED

ABN: 33 090 865 357

## Annual Financial Report For the Year Ended 30 June 2021

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**LAND & HOMES GROUP LIMITED**  
**ABN: 33 090 865 357**  
**DIRECTORS' REPORT**

The Directors present their report on Land & Homes Group Limited ("the Company") and its subsidiaries (referred to hereafter as the "Group"), for the financial year ended 30 June 2021.

**General Information**

**Directors**

The following persons were directors of the Company during or since the end of the financial year up to the date of this report:

**Choon Keng (CK) Kho**  
**Non-Executive Chairman**

Mr CK Kho graduated with First Class Honours in BSc (Engineering) from King's College University of London. He was also awarded the President's Scholarship by the Government of Singapore.

Mr Kho served in the Singapore Civil Service until joining Lian Huat Group in Singapore in 1985 and has extensive experience in developing major property projects in Australia, Singapore and China. After joining the Lian Huat Group, Mr Kho was responsible in upgrading and modernising the group's management systems and expansion plan while preserving the qualities of the traditional Chinese ethics and culture to lead the group to be one with international perspectives and practices and yet nimble with long-term vision.

**Other current directorships of listed companies**

Lionhub Group Limited

**Former directorships of other listed companies (last 3 years)**

N/A

**Peter Henry Mackinlay**  
**Independent Non-Executive Director/ Deputy Chairman**

Mr Mackinlay is a Fellow of the Australian Institute of Company Directors, Fellow of FINSEA and a Life Member of the Overseas Bankers Association of Australia.

Mr Mackinlay has been in the banking industry since 1961, having commenced with the National Bank of Australasia in managerial roles in Australia, Singapore and Hong Kong. In 1995, Mr Mackinlay was recruited by Singapore based Overseas Union Bank Limited as Head of Australasia, Overseas Union Bank of Singapore and retired in March 2014 when he was CEO of Australia and New Zealand of United Overseas Bank, Singapore, following the merger with Overseas Union Bank.

In April 2002, Mr Mackinlay was appointed by the Singapore Government as the Honorary Business Representative (Sydney) for International Enterprise Singapore and held that position under December 2008.

**Other current directorships of listed companies**

N/A

**Former directorships of other listed companies (last 3 years)**

N/A

**Patrick Chuan Thye Kho**  
**Non-Executive Director**

Mr Patrick Kho studied Electrical and Electronic Engineering in St Johns College at the University of Cambridge and graduated in 1988 with a Second Class Upper BA degree. He subsequently obtained a MA from the University of Cambridge in 1991. Mr Kho is also a Chartered Financial Analyst.

A Singapore Armed Forces scholar, Mr Kho served his scholarship bond with the Singapore Armed forces until 1996 when he left to join Lian Huat Group. During his 12 year military career, Mr Kho served in various command and staff leadership positions in the Republic of Singapore Air Force. In the field, he commanded Air Defence Artillery missile units while in the HQ, he was responsible for the air force manpower planning and policy as well as the development of air force training policy.

As the Group Managing Director of Lian Huat Group, Mr Kho manages the Lian Huat Group's Singapore property development and investment businesses as well as the Lian Huat Group's property investments and hotel businesses in Australia and China. In recent years, he spearheaded property development projects in Singapore.

**Other current directorships of listed companies**

N/A

**Former directorships of other listed companies (last 3 years)**

Lionhub Group Limited - resigned 7 March 2019

**LAND & HOMES GROUP LIMITED**  
**ABN: 33 090 865 357**  
**DIRECTORS' REPORT**

**Shawn Chuan Chi Kao**  
**Non-Executive Director**

Mr Kao obtained his Business Administration degree from Fullerton University in the USA and a Master degree in Hotel Management in 2009 from Hotel and Tourism Management Institute (HTMI) in Switzerland.

Mr Kao is an experienced investment and real estate professional with extensive expertise in China and Singapore. Among his executive and non-executive roles in Asia, he is currently Executive Chairman of San Teh Pte. Ltd, a company previously listed as San Teh Ltd on the SGX with extensive business in China and Singapore, which include real estate, hotel investment and manufacturing.

In addition, Mr Kao actively involves himself in trade associations, having assumed the leadership position of Vice President at the Shanghai Overseas Chinese Chamber of Commerce in 2004, providing assistance to those who are interested in running businesses in China and promoting investment in China.

**Other current directorships of listed companies**

N/A

**Former directorships of other listed companies (last 3 years)**

N/A

**Kwee Jee Lee**  
**Independent Non-Executive Director**

Ms Lee obtained her BSc (Hons) and MSc from the University of Singapore and attended an Executive Development Programme in INSEAD, Fontainebleau.

Ms Lee had very extensive experience in both the public and private sector. She spent 20 years in the public sector formulating and overseeing policies in the Ministries of Finance, Defence and the Environment of the Government of Singapore. Her scope of work included finance and budgetary control, personnel and human resource allocation, public relations and international relations.

Ms Lee also spent a further 20 years in the private sector, working in manufacturing, electronic and technology companies, including Electronic Component of General Electric (USA), TDB Holdings Pte Ltd, ST Aerospace Pte Ltd, and Singapore Technologies Pte Ltd. She held key positions in these companies, mostly specialised in human resources and building strategic relationships for these companies, both locally and internationally, to expand and promote their operations and businesses.

Prior to her retirement, Ms Lee was the SVP (Strategic Relations and Corporate Communications) of Singapore Technologies Telemedia Pte Ltd where she spent over 9 years building and strengthening external relationships with the media, the public and international partners.

**Other current directorships of listed companies**

LionHub Group Limited

**Former directorships of other listed companies (last 3 years)**

N/A

**Kim Huat Koh**  
**Independent Non-Executive Director**

Mr Koh graduated from National University of Singapore in Bachelor of Engineering (civil), 2nd Upper Honors.

Mr Koh spent many years serving the Singapore government in different departments. They included administrative service of Singapore Government, its diplomatic mission in Shanghai and Government of Singapore Investment Corporation (GIC).

Mr Koh has extensive experience as a member of the boards of many private and publicly listed companies, including Singapore and Hong Kong listed Rowsley Ltd, UPP Holdings Ltd, Eagle Brand Holdings Ltd and Hong Kong Fortune Ltd. He was Executive Director of Hong Kong Fortune Ltd in 1994 and retired in May 2013 as Executive Chairman of UPP Ltd. Mr Koh has intimate knowledge of China and of property development. He was head of Singapore's diplomatic missions in Shanghai from 1991 until 1994. He then went on to head up the property businesses for Chia Tai group in China. Chia Tai was then one of the largest foreign investors in China. Its property investments include the commercial downtown of Pudong, Shanghai and other cities. He was also a director of Vantage Bay, a company involved in property development in Iskandar Johor.

**Other current directorships of listed companies**

LionHub Group Limited

**Former directorships of other listed companies (last 3 years)**

N/A

**LAND & HOMES GROUP LIMITED**  
**ABN: 33 090 865 357**  
**DIRECTORS' REPORT**

**Grant Archibald**  
**Independent Non-Executive Director**

Mr Archibald is a graduate in Construction Management of RMIT in Melbourne and a Full Member of the Australian Institute of Building since 1974.

Mr Archibald spent 10 years in Melbourne as a construction company executive before moving to Sydney and gaining extensive experience in the overall delivery of major hotels, large-scale retail and residential projects.

Since 1993, he has acted as CEO and director of a number of major development project companies for investors from Malaysia, Singapore and China. In this role, he was responsible for the successful undertaking of substantial property investment commitments. Mr Archibald's duties and experience have included most aspects of the related fiduciary duties required for corporate formation, operation, governance and accountability. From 2008 to 2012, Mr Archibald was a senior management executive for a publicly listed development corporation based in Shanghai, where he was responsible to lead the international consultant team on developing large scale mixed use projects.

Mr Archibald returned to Australia and established a residential property development company undertaking a variety of large scale projects for Chinese and Australian investors.

**Other current directorships of listed companies**

N/A

**Former directorships of other listed companies (last 3 years)**

N/A

**Charles Chow Cher Lim**  
**Independent Non-Executive Director**

Mr Lim holds a B.A. Hons (Economics & Finance) from the University of California, Los Angeles.

Mr Lim has over 20 years of experience in Finance and Management. He was formerly a Chief Financial Officer and Executive Director of a public listed company in Singapore that had investments in property, publishing and manufacturing of consumer projects, in various countries including Australia, UK, France and several South East Asian countries. In that capacity, he has executed several cross-border M&A and other corporate finance transactions.

**Other current directorships of listed companies**

N/A

**Former directorships of other listed companies (last 3 years)**

N/A

**Siew Goh**  
**Non-Executive Director**

Prior to Ms Goh's return to Australia, she was an Associate Director in a Singapore based investment company, Temasek Holdings Limited (one of the biggest sovereign fund managers in the world) and has also spent several years working in Temasek's subsidiaries - Temasek Management Services Pty Ltd and Singapore Technologies Pte Ltd. Ms Goh led a team to plan, organise and manage high profile events in Singapore, Asia and Europe for diplomats and senior regional corporate leaders.

Ms Goh has extensive experience working in regional corporate environments. She has a diverse range of industry skills and experience in the areas of international corporate events management, marketing communications and strategic relations.

Ms Goh is the Head of Operations of LionHub Group Limited.

**Other current directorships of listed companies**

LionHub Group Limited

**Former directorships of other listed companies (last 3 years)**

N/A

**Company Secretary**  
**Andrew Cooke**  
**Appointed 1 March 2016**

Andrew holds a Bachelor of Law (LLB).

Andrew has more than twenty years' experience in law and corporate finance and has served as the Company Secretary of a number of listed companies. He is responsible for the company secretarial function together with stock exchange and regulatory compliance.

**LAND & HOMES GROUP LIMITED**  
**ABN: 33 090 865 357**  
**DIRECTORS' REPORT**

**Shareholdings of directors and other key management personnel**

|                                        | Date of this report |               | 30 June 2021    |               |
|----------------------------------------|---------------------|---------------|-----------------|---------------|
|                                        | Ordinary Shares     | Share Options | Ordinary Shares | Share Options |
| Mr Choon Keng (CK) Kho <sup>1</sup>    | 503,229,092         | -             | 503,229,092     | 181,818,184   |
| Mr Peter Henry Mackinlay               | -                   | -             | -               | -             |
| Mr Patrick Chuan Thye Kho <sup>1</sup> | 503,229,092         | -             | 503,229,092     | 181,818,184   |
| Mr Shawn Chuan Chi Kao <sup>2</sup>    | 207,356,000         | -             | 207,356,000     | 114,712,000   |
| Ms Kwee Jee Lee                        | -                   | -             | -               | -             |
| Mr Kim Huat Koh                        | -                   | -             | -               | -             |
| Mr Grant Archibald                     | -                   | -             | -               | -             |
| Mr Charles Chow Cher Lim               | -                   | -             | -               | -             |
| Ms Siew Goh                            | -                   | -             | -               | -             |

<sup>1</sup> Shares held in Telok Ayer Holdings Pte Ltd and Telok Ayer Capital Pte Ltd, of which Mr Choon Keng Kho and Mr Patrick Chuan Thye Kho have a relevant interest.

<sup>2</sup> Shares held in San Teh Xing Investment Pte Ltd, of which Mr Shawn Chuan Chi Kao has a relevant interest.

**Meetings of directors**

During the financial year, 27 meeting of directors (including committees of directors) was held. Attendance by each director during the year was as follows:

|                        | Directors' Meetings       |                 | Audit and Risk Management Committee |                 | Remuneration Committee    |                 |
|------------------------|---------------------------|-----------------|-------------------------------------|-----------------|---------------------------|-----------------|
|                        | Number eligible to attend | Number attended | Number eligible to attend           | Number attended | Number eligible to attend | Number attended |
| Choon Keng (CK) Kho    | 13                        | 13              | -                                   | -               | -                         | -               |
| Peter Henry Mackinlay  | 21                        | 21              | 6                                   | 6               | -                         | -               |
| Patrick Chuan Thye Kho | 21                        | 11              | 6                                   | 5               | -                         | -               |
| Shawn Chuan Chi Kao    | 21                        | 18              | -                                   | -               | -                         | -               |
| Kwee Jee Lee           | 21                        | 18              | 6                                   | 6               | -                         | -               |
| Kim Huat Koh           | 21                        | 21              | -                                   | -               | -                         | -               |
| Grant Archibald        | 21                        | 21              | -                                   | -               | -                         | -               |
| Charles Chow Cher Lim  | 21                        | 21              | 6                                   | 6               | -                         | -               |
| Siew Goh               | 21                        | 21              | -                                   | -               | -                         | -               |

**Principal activities and significant changes in nature of activities**

The principal activity of the Group is to develop quality, medium to high-density residential apartments initially focusing on developments in the city of Brisbane, Australia.

**Review of operations and operating results**

The Land & Homes Group's business strategy is focused on property investment and multi-purpose property development in Australia. The Group's preferred property development model is to develop quality, medium to high density residential apartments in South East Queensland, focussing initially on Brisbane. The residential developments are to be in attractive, convenient locations of the inner Brisbane area suitable for a balance of both investments and owner occupiers.

During the year, the Group held two properties in Brisbane, 207 Wharf Street, Spring Hill and 100 Barry Parade, Fortitude Valley. During the financial year, the Group sold its property at 207 Wharf Street, Spring Hill. The current focus of the Group remains to be the redevelopment of 100 Barry Parade into a multi-storey mixed use tower over the next 5 years.

The loss after income tax of the Group for the financial year amounted to \$4,058,242 (2020: loss of \$2,093,972). The loss is largely driven by holding costs attributable to both properties which currently generate minimal rental income. The loss includes the fair value revaluation of 207 Wharf Street.

**Financial position**

The net assets of the Group at 30 June 2021 are \$2,696,324 (2020: \$6,754,566). On 31 October 2017, the Land & Homes Group Limited announced that it would be conducting a private placement of Convertible Notes to sophisticated investors initially to raise up to \$3.0 million. The first Notes were issued on 3 November 2017 and as at 30 June 2021, 489,379,679 in Class A Notes and 391,500 in Class B Notes had been issued. In addition to issuing further convertible notes, the Company is also considering various options such as Joint Venture partners' participation, a further rights issue and/or private placements, to cover any cash shortfalls for working capital and development requirements.

**Dividend Paid or Recommended**

No dividends were paid during the period and no recommendation is made as to the payment of a dividend.

**Events subsequent to the end of the financial year**

On 14 July 2021, the Company announced it had completed the sale of 207 Wharf Street for \$19.5million. As a result, the Company repaid \$18.96million of its borrowings with the bank.

On 27 July 2021, the Company announced that 347,227,356 LHMO options which had an exercise price of \$0.20 would expire on 12 August 2021.

### **Future Developments**

Other than the information disclosed elsewhere in this report, information on likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this directors' report because it is currently difficult to determine the full extent of the impact of Covid-19. The level of uncertainty in the economy and the restrictions imposed by State governments around the country have clearly resulted in less activity in most industries. The Group will continue to monitor the situation and further updates will be provided in due course.

### **Environmental regulations**

The Group is subject to compliance with both Commonwealth and State environment protection legislation. The directors are satisfied that adequate policies and procedures are in place to ensure the Group's compliance with the applicable legislation.

The Group is not aware of any incidents that have resulted in material non-compliance with environmental regulations during the financial year and up to the date of the directors' report.

### **Audit/Non-Audit Services**

Auditors' remuneration is disclosed in Note 7.

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board of Directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

There were no non-audit services paid or payable to the auditor of the parent entity, its related practices and non-related audit firms during the year ended 30 June 2021 (2020: Nil)

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

The spread of the novel coronavirus (COVID-19) was declared a global pandemic on 11 March 2020 by the World Health Organisation and is having a significant impact on both local and global communities and economies.

The Group has made an assessment of the COVID-19 pandemic impact on financial reporting and determined that the Group's revenue for the financial year and overall financial position as at 30 June 2021 have been impacted as a result of the delay in the marketing and predevelopment work for Barry Parade. During the financial year, the Board resolved to proceed with an orderly and advantageous sale process of the Wharf Street Property.

The Group has undertaken measures and precautions to ensure that it continues to operate and to protect staff and members as the COVID-19 pandemic continues to extend globally. Technology has facilitated effective communication whilst working from home, including video conferencing facilities. The Group has also implemented a range of initiatives to protect staff and members including travel restrictions, social distancing protocols and guidelines for visitors.

Except for the above, there have been no significant changes in the state of affairs of the Group during the year.

### **Capital Raising and Capital Structure**

As at 30 June 2021, the Company has 1,049,389,287 fully paid ordinary shares. No shares were issued during the year. Please refer to Note 18 - Issued capital for further details.

### **Summary of Options**

Table below reflects the options on issue at 30 June 2021.

| <b>Date of options granted</b> | <b>Number of shares under option</b> | <b>Class of Options</b> | <b>Exercise Price</b> | <b>Expiry Date</b> |
|--------------------------------|--------------------------------------|-------------------------|-----------------------|--------------------|
| 12 August 2016                 | 319,011,528                          | Listed Options          | \$0.20                | 12 August 2021     |
| 12 August 2016                 | 25,215,828                           | Listed Options          | \$0.20                | 12 August 2021     |
| 12 August 2016                 | 3,000,000                            | Listed Options          | \$0.20                | 12 August 2021     |

Under the Rights Issue completed on 12 August 2016, two listed options are attached to each new share issued, resulting in 319,011,528 options issued with an exercise price of \$0.20. Due to oversubscription, the Group made a private placement of 12,607,914 shares with 25,215,828 attaching options on the same terms as the Rights Issue. In addition, the Group made a private placement of 3,000,000 options as part of a fee arrangement for services rendered.

There were no options issued during the financial year.

There were no options on issue as at the date of this report.

### **Indemnifications and insurance of officers and auditors**

During the financial year, the Group paid insurance premiums of \$34,530 to insure the Directors and Officers of the Group against certain risks associated with their activities as Officers of the Company.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an auditor of the Group.

#### **Proceedings on behalf of Company**

No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the year.

#### **Auditor's independence declaration**

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2021 has been received and can be found on page 10 of the financial report.

This directors' report, incorporating the remuneration report is signed in accordance with a resolution of the Board of Directors.

#### **REMUNERATION REPORT (AUDITED)**

This remuneration report sets out remuneration information for non-executive directors, executive directors and other key management personnel.

#### **Remuneration policy**

The remuneration policy of Land & Homes Group Limited has been designed to align Key Management Personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board of Land & Homes Group Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best KMP to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for KMP of the Group is as follows:

- The remuneration policy has been developed by the Board of Directors.
- A base salary which is based on factors such as length of service and experience, and includes superannuation, fringe benefits, and performance incentives.
- Performance incentives are based on predetermined key performance indicators.
- Incentives paid in the form of options or rights are intended to align the interest of the KMP and Group with those of the shareholders. In this regard, KMP are prohibited from limiting risk attached to those instruments by use of derivatives or other means.
- The Remuneration Committee reviews KMP packages annually by reference to the Group's performance, executive performance and comparable information from industry sector. The Remuneration Committee consists of Choon Keng (CK) Kho, Patrick Chuan Thye Kho, Kwee Jee Lee and Kim Huat Koh.

The performance of KMP is measured against criteria agreed bi-annually with each executive and is based predominantly on the forecast growth of the Group's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the Committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

KMP receive a superannuation guarantee contribution required by the law, which is currently 9.5%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

Upon retirement, KMP are paid employee benefit entitlements accrued to the date of retirement. Any options not exercised before or on the date of termination will lapse.

All remuneration paid to KMP is valued at the cost to the Group and expensed. The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Remuneration Committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is \$600,000, as approved at the general meeting on 2 November 2015.

#### **Relations between remuneration policy and company performance**

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. Two methods have been applied to achieve this aim, the first being a performance-based bonus based on key performance indicators, and the second being the issue of options to directors and executives to encourage the alignment of personal and shareholder interests.

**LAND & HOMES GROUP LIMITED**  
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**DIRECTORS' REPORT**

**Performance conditions linked to remuneration**

The key performance indicators (KPIs) are set annually, with a certain level of consultation with KMP to ensure buy-in. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for Group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

The Group's earnings and movement in shareholder's wealth for the past five years are detailed in the following table:

|                                         | 30 June 2021 | 30 June 2020 | 30 June 2019 | 30 June 2018 | 30 June 2017 |
|-----------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Revenue                                 | 138,482      | 185,790      | 253,766      | 242,403      | 2,996,727    |
| Net (loss)/profit before tax            | (4,058,242)  | (2,093,972)  | (3,061,131)  | (3,100,957)  | 14,665       |
| Net (loss)/profit after tax             | (4,058,242)  | (2,093,972)  | (3,061,131)  | (3,100,957)  | 14,665       |
| Share price at start of the year        | \$0.005      | \$0.009      | \$0.028      | \$0.042      | \$0.040      |
| Share price at end of the year          | \$0.012      | \$0.005      | \$0.009      | \$0.028      | \$0.042      |
| Dividends paid                          | -            | -            | -            | -            | -            |
| Basic (loss)/earnings per share (cents) | (0.3867)     | (0.1995)     | (0.2917)     | (0.3012)     | 0.0014       |

**Employment details of members of KMP**

The following table provides employment details who were, during the financial year, members of KMP of the Group. The table also illustrates the proportion of remuneration that was performance and non-performance based and the proportion of remuneration received in the form of options.

The names of the directors of the Company and their position are as follows:

| Name                   | Position Held                                       |
|------------------------|-----------------------------------------------------|
| Choon Keng (CK) Kho    | Non-Executive Chairman                              |
| Peter Henry Mackinlay  | Independent Non-Executive Director/ Deputy Chairman |
| Patrick Chuan Thye Kho | Non-Executive Director                              |
| Shawn Chuan Chi Kao    | Non-Executive Director                              |
| Kwee Jee Lee           | Independent Non-Executive Director                  |
| Kim Huat Koh           | Independent Non-Executive Director                  |
| Grant Archibald        | Independent Non-Executive Director                  |
| Charles Chow Cher Lim  | Independent Non-Executive Director                  |
| Siew Goh               | Non-Executive Director                              |

The other key management personnel of the Group consisted of the following Senior Executive:

Mr Theo Osakwe - Financial Controller (Resigned 31 May 2021)

**Remuneration of Directors and Other Key Management Personnel (KMP) for the Year Ended 30 June 2021**

|                                                          | Short Term Employment Benefits |               | Post-Employment Benefits | Share-Based Payments | Total          | Proportion of remuneration that is performance based % |
|----------------------------------------------------------|--------------------------------|---------------|--------------------------|----------------------|----------------|--------------------------------------------------------|
|                                                          | Salary, fees and leave         | Other         | Superannuation           | Shares/Options       |                |                                                        |
|                                                          | \$                             | \$            | \$                       | \$                   | \$             | %                                                      |
| <b>Directors</b>                                         |                                |               |                          |                      |                |                                                        |
| Choon Keng (CK) Kho                                      | -                              | 15,000        | -                        | -                    | 15,000         | -                                                      |
| Peter Henry Mackinlay                                    | 70,000                         | -             | 6,650                    | -                    | 76,650         | -                                                      |
| Patrick Chuan Thye Kho                                   | -                              | 10,000        | -                        | -                    | 10,000         | -                                                      |
| Shawn Chuan Chi Kao                                      | 30,000                         | -             | -                        | -                    | 30,000         | -                                                      |
| Kwee Jee Lee                                             | 45,000                         | -             | 4,275                    | -                    | 49,275         | -                                                      |
| Kim Huat Koh                                             | 35,000                         | -             | -                        | -                    | 35,000         | -                                                      |
| Grant Archibald                                          | 35,000                         | -             | 3,325                    | -                    | 38,325         | -                                                      |
| Charles Chow Cher Lim                                    | -                              | 5,000         | -                        | -                    | 5,000          | -                                                      |
| Siew Goh                                                 | -                              | 5,000         | -                        | -                    | 5,000          | -                                                      |
|                                                          | <b>215,000</b>                 | <b>35,000</b> | <b>14,250</b>            | <b>-</b>             | <b>264,250</b> |                                                        |
| <b>Senior Executives</b>                                 |                                |               |                          |                      |                |                                                        |
| Theo Osakwe, Financial Controller (Resigned 31 May 2021) | 132,369                        | -             | 12,192                   | -                    | 144,561        | -                                                      |
|                                                          | <b>132,369</b>                 | <b>-</b>      | <b>12,192</b>            | <b>-</b>             | <b>144,561</b> |                                                        |
| <b>Total</b>                                             | <b>347,369</b>                 | <b>35,000</b> | <b>26,442</b>            | <b>-</b>             | <b>408,811</b> |                                                        |

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**Remuneration of Directors and Other Key Management Personnel (KMP) for the Year Ended 30 June 2020**

|                                                          | Short Term Employment Benefits |               | Post-Employment Benefits | Share-Based Payments |                |                                                        |
|----------------------------------------------------------|--------------------------------|---------------|--------------------------|----------------------|----------------|--------------------------------------------------------|
|                                                          | Salary, fees and leave         | Other         | Superannuation           | Shares/Options       | Total          | Proportion of remuneration that is performance based % |
|                                                          | \$                             | \$            | \$                       | \$                   | \$             |                                                        |
| <b>Directors</b>                                         |                                |               |                          |                      |                |                                                        |
| Choon Keng (CK) Kho                                      | -                              | 15,000        | -                        | -                    | 15,000         | -                                                      |
| Peter Henry Mackinlay                                    | 70,000                         | -             | 6,650                    | -                    | 76,650         | -                                                      |
| Patrick Chuan Thye Kho                                   | -                              | 10,000        | -                        | -                    | 10,000         | -                                                      |
| Shawn Chuan Chi Kao                                      | 30,000                         | -             | -                        | -                    | 30,000         | -                                                      |
| Kwee Jee Lee                                             | 45,000                         | -             | 4,275                    | -                    | 49,275         | -                                                      |
| Kim Huat Koh                                             | 35,000                         | -             | -                        | -                    | 35,000         | -                                                      |
| Grant Archibald                                          | 35,000                         | -             | 3,325                    | -                    | 38,325         | -                                                      |
| Charles Chow Cher Lim                                    | -                              | 5,000         | -                        | -                    | 5,000          | -                                                      |
| Siew Goh                                                 | -                              | 5,000         | 475                      | -                    | 5,475          | -                                                      |
|                                                          | <b>215,000</b>                 | <b>35,000</b> | <b>14,725</b>            | <b>-</b>             | <b>264,725</b> |                                                        |
| <b>Senior Executives</b>                                 |                                |               |                          |                      |                |                                                        |
| Theo Osakwe, Financial Controller (Resigned 31 May 2021) | 140,000                        | -             | 13,300                   | -                    | 153,300        | -                                                      |
|                                                          | <b>140,000</b>                 | <b>-</b>      | <b>13,300</b>            | <b>-</b>             | <b>153,300</b> |                                                        |
| <b>Total</b>                                             | <b>355,000</b>                 | <b>35,000</b> | <b>28,025</b>            | <b>-</b>             | <b>418,025</b> |                                                        |

**Cash performance-related bonuses**

No cash bonuses, performance related bonuses and share based payments were made during the current financial year.

**KMP Shareholdings**

The number of ordinary shares in Land & Homes Group Limited held by each KMP of the Group during the financial year are as follows:

| Name                                   | Balance at beginning of year | Granted as remuneration during the year | Issued on exercise of options during the year | Other changes during the year | Balance at end of year |
|----------------------------------------|------------------------------|-----------------------------------------|-----------------------------------------------|-------------------------------|------------------------|
| Mr Choon Keng (CK) Kho <sup>1</sup>    | 503,229,092                  | -                                       | -                                             | -                             | 503,229,092            |
| Mr Peter Henry Mackinlay               | -                            | -                                       | -                                             | -                             | -                      |
| Mr Patrick Chuan Thye Kho <sup>1</sup> | 503,229,092                  | -                                       | -                                             | -                             | 503,229,092            |
| Mr Shawn Chuan Chi Kao <sup>2</sup>    | 207,356,000                  | -                                       | -                                             | -                             | 207,356,000            |
| Ms Kwee Jee Lee                        | -                            | -                                       | -                                             | -                             | -                      |
| Mr Kim Huat Koh                        | -                            | -                                       | -                                             | -                             | -                      |
| Mr Grant Archibald                     | -                            | -                                       | -                                             | -                             | -                      |
| Mr Charles Chow Cher Lim               | -                            | -                                       | -                                             | -                             | -                      |
| Ms Siew Goh                            | -                            | -                                       | -                                             | -                             | -                      |

<sup>1</sup> Shares held in Telok Ayer Holdings Pte Ltd and Telok Ayer Capital Pte Ltd, of which Mr Choon Keng Kho and Mr Patrick Chuan Thye Kho have a relevant interest.

<sup>2</sup> Shares held in San Teh Xing Investment Pte Ltd, of which Mr Shawn Chuan Chi Kao has a relevant interest.

The number of listed options in Land & Homes Group Limited held by each KMP of the Group during the year are as follows:

| Name                                   | Balance at beginning of year | Granted as remuneration during the year | Issued on exercise of options during the year | Other changes during the year | Balance at end of year |
|----------------------------------------|------------------------------|-----------------------------------------|-----------------------------------------------|-------------------------------|------------------------|
| Mr Choon Keng (CK) Kho <sup>1</sup>    | 181,818,184                  | -                                       | -                                             | -                             | 181,818,184            |
| Mr Peter Henry Mackinlay               | -                            | -                                       | -                                             | -                             | -                      |
| Mr Patrick Chuan Thye Kho <sup>1</sup> | 181,818,184                  | -                                       | -                                             | -                             | 181,818,184            |
| Mr Shawn Chuan Chi Kao <sup>2</sup>    | 114,712,000                  | -                                       | -                                             | -                             | 114,712,000            |
| Ms Kwee Jee Lee                        | -                            | -                                       | -                                             | -                             | -                      |
| Mr Kim Huat Koh                        | -                            | -                                       | -                                             | -                             | -                      |
| Mr Grant Archibald                     | -                            | -                                       | -                                             | -                             | -                      |
| Mr Charles Chow Cher Lim               | -                            | -                                       | -                                             | -                             | -                      |
| Ms Siew Goh                            | -                            | -                                       | -                                             | -                             | -                      |

<sup>1</sup> Options held in Telok Ayer Holdings Pte Ltd and Telok Ayer Capital Pte Ltd, of which Mr Choon Keng Kho and Mr Patrick Chuan Thye Kho have a relevant interest.

<sup>2</sup> Options held in San Teh Xing Investment Pte Ltd, of which Mr Shawn Chuan Chi Kao has a relevant interest.

**LAND & HOMES GROUP LIMITED**  
**ABN: 33 090 865 357**  
**DIRECTORS' REPORT**

**Other transactions and balances with Key Management Personnel**

Please refer to Note 23 - for further information

**Service Contracts**

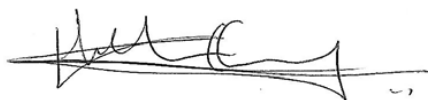
Service contracts have been entered into by the Group with senior executives, describing the components and amounts of remuneration applicable on their initial appointment, including terms and performance criteria for performance-related cash bonuses. These contracts do not fix the amount of remuneration increases from year to year. Remuneration levels are reviewed generally each year by the Remuneration Committee to align with changes in job responsibilities and market salary expectations.

**Theo Osakwe**

|                      |                                                 |
|----------------------|-------------------------------------------------|
| Contract term        | Commenced 12 July 2018, Resigned 31 May 2021    |
| Base salary          | \$153,300 per annum inclusive of superannuation |
| Termination payments | One month written notice by either party.       |

**This concludes the remuneration report, which has been audited.**

The Directors' Report, incorporation the Remuneration Report, is signed in accordance with a resolution of the Board of Directors made pursuant to s.298(2) of the Corporations Act 2001.



**Mr Choon Keng Kho**  
Director

Dated this 30<sup>th</sup> day of September 2021

**Land and Homes Group Limited**  
**ACN: 090 865 357**

**Lead Auditor's Independence Declaration under  
Section 307C of the Corporations Act 2001 to the Directors  
of Land and Homes Group Limited**

I declare that, to the best of my knowledge and belief, in relation to the audit for the year ended 30 June 2021, there have been:

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

This declaration is in respect of Land and Homes Group Limited and the entities it controlled during the year.

**DFK Laurence Varnay Auditors Pty Ltd**



**Faizal Ajmat**  
**Director**

Sydney

Dated: 30<sup>th</sup> day of September 2021

**LAND & HOMES GROUP LIMITED**

**ABN: 33 090 865 357**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2021**

|                                                 |             | <b>Group</b>       |                    |
|-------------------------------------------------|-------------|--------------------|--------------------|
|                                                 | <b>Note</b> | <b>2021<br/>\$</b> | <b>2020<br/>\$</b> |
| <b>Revenue</b>                                  |             |                    |                    |
| Revenue                                         | 3           | 138,482            | 185,790            |
| Other income                                    | 3           | 272,970            | 77,405             |
|                                                 |             | <u>411,452</u>     | <u>263,195</u>     |
| <b>Expenses</b>                                 |             |                    |                    |
| Employee benefits expense                       | 4(a)        | 469,660            | 550,242            |
| Management fee                                  |             | -                  | (641,667)          |
| Professional fees                               |             | 183,992            | 137,217            |
| Share registry                                  |             | 9,241              | 7,393              |
| Insurance                                       |             | 66,415             | 70,107             |
| Travel expenses                                 |             | 2,247              | 40,187             |
| Rental costs - Investment property              |             | 548,310            | 514,551            |
| Depreciation and amortisation expense           |             | 371,490            | 373,137            |
| Movement in fair value in investment property   |             | 1,380,478          | -                  |
| Other expenses                                  |             | 93,540             | 159,528            |
|                                                 |             | <u>3,125,373</u>   | <u>1,210,695</u>   |
| <b>Loss before finance costs and income tax</b> |             | <u>(2,713,921)</u> | <u>(947,500)</u>   |
| Finance costs                                   | 4(a)        | 1,344,321          | 1,146,472          |
| <b>Loss before income tax</b>                   |             | <u>(4,058,242)</u> | <u>(2,093,972)</u> |
| Income tax expense                              | 5           | -                  | -                  |
| <b>Loss for the year</b>                        |             | <u>(4,058,242)</u> | <u>(2,093,972)</u> |
| Other comprehensive income:                     |             | -                  | -                  |
| <b>Total comprehensive loss</b>                 |             | <u>(4,058,242)</u> | <u>(2,093,972)</u> |
| <b>Earnings per share</b>                       |             |                    |                    |
| Basic and diluted (loss) per share (cents)      | 8           | (0.39)             | (0.20)             |

The accompanying notes form part of these financial statements.

**LAND & HOMES GROUP LIMITED**  
**ABN: 33 090 865 357**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

|                                      |             | <b>Group</b>       |                    |
|--------------------------------------|-------------|--------------------|--------------------|
|                                      | <b>Note</b> | <b>2021<br/>\$</b> | <b>2020<br/>\$</b> |
| <b>Assets</b>                        |             |                    |                    |
| <b>Current Assets</b>                |             |                    |                    |
| Cash and cash equivalents            | 9           | 1,231,170          | 535,395            |
| Trade and other receivables          | 10          | 16,657             | 142,204            |
| Investment property                  | 14          | 19,500,000         | -                  |
| Other assets                         | 15          | 173,429            | 16,155             |
| <b>Total Current Assets</b>          |             | <b>20,921,256</b>  | <b>693,754</b>     |
| <b>Non-Current Assets</b>            |             |                    |                    |
| Inventories                          | 11          | 28,281,555         | 26,638,382         |
| Property, plant and equipment        | 13          | 15                 | 1,661              |
| Investment property                  | 14          | -                  | 21,233,770         |
| <b>Total Non-Current Assets</b>      |             | <b>28,281,570</b>  | <b>47,873,813</b>  |
| <b>Total Assets</b>                  |             | <b>49,202,826</b>  | <b>48,567,567</b>  |
| <b>Liabilities</b>                   |             |                    |                    |
| <b>Current Liabilities</b>           |             |                    |                    |
| Trade and other payables             | 16          | 1,866,779          | 1,525,193          |
| Borrowings                           | 17          | 44,639,723         | 40,287,808         |
| <b>Total Current Liabilities</b>     |             | <b>46,506,502</b>  | <b>41,813,001</b>  |
| <b>Non-Current Liabilities</b>       |             |                    |                    |
| Borrowings                           | 17          | -                  | -                  |
| <b>Total Non-Current Liabilities</b> |             | <b>-</b>           | <b>-</b>           |
| <b>Total Liabilities</b>             |             | <b>46,506,502</b>  | <b>41,813,001</b>  |
| <b>Net Assets</b>                    |             | <b>2,696,324</b>   | <b>6,754,566</b>   |
| <b>Equity</b>                        |             |                    |                    |
| Issued capital                       | 18          | 69,078,509         | 69,078,509         |
| Reserves                             |             | 23,961             | 23,961             |
| Retained earnings                    |             | (66,406,146)       | (62,347,904)       |
| <b>Total Equity</b>                  |             | <b>2,696,324</b>   | <b>6,754,566</b>   |

The accompanying notes form part of these financial statements.

**LAND & HOMES GROUP LIMITED**  
**ABN: 33 090 865 357**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2021**

|                                                                                   | Ordinary Shares | Accumulated Losses | Option Reserve | Total       |
|-----------------------------------------------------------------------------------|-----------------|--------------------|----------------|-------------|
|                                                                                   | \$              | \$                 | \$             | \$          |
| <b>Consolidated Group</b>                                                         |                 |                    |                |             |
| <b>Balance at 1 July 2019</b>                                                     | 69,078,509      | (60,253,932)       | 23,961         | 8,848,538   |
| <b>Comprehensive income</b>                                                       |                 |                    |                |             |
| Loss for the year                                                                 | -               | (2,093,972)        | -              | (2,093,972) |
| Other comprehensive income for the year                                           | -               | -                  | -              | -           |
| <b>Total comprehensive income for the year</b>                                    | -               | (2,093,972)        | -              | (2,093,972) |
| <b>Transactions with owners, in their capacity as owners, and other transfers</b> |                 |                    |                |             |
| Shares issued during the year                                                     | -               | -                  | -              | -           |
| <b>Total transactions with owners and other transfers</b>                         | -               | -                  | -              | -           |
| <b>Balance at 30 June 2020</b>                                                    | 69,078,509      | (62,347,904)       | 23,961         | 6,754,566   |
| <b>Balance at 1 July 2020</b>                                                     | 69,078,509      | (62,347,904)       | 23,961         | 6,754,566   |
| <b>Comprehensive income</b>                                                       |                 |                    |                |             |
| Loss for the year                                                                 | -               | (4,058,242)        | -              | (4,058,242) |
| Other comprehensive income for the year                                           | -               | -                  | -              | -           |
| <b>Total comprehensive income for the year</b>                                    | -               | (4,058,242)        | -              | (4,058,242) |
| <b>Transactions with owners, in their capacity as owners, and other transfers</b> |                 |                    |                |             |
| Shares issued during the year                                                     | -               | -                  | -              | -           |
| <b>Total transactions with owners and other transfers</b>                         | -               | -                  | -              | -           |
| <b>Balance at 30 June 2021</b>                                                    | 69,078,509      | (66,406,146)       | 23,961         | 2,696,324   |

The accompanying notes form part of these financial statements.

**LAND & HOMES GROUP LIMITED**  
**ABN: 33 090 865 357**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

|                                                           | <b>Group</b>           |                    |
|-----------------------------------------------------------|------------------------|--------------------|
| <b>Note</b>                                               | <b>2021</b>            | <b>2020</b>        |
|                                                           | <b>\$</b>              | <b>\$</b>          |
| <b>Cash Flows from Operating Activities</b>               |                        |                    |
| Receipts from customers                                   | 378,252                | 255,302            |
| Payments to suppliers and employees                       | (2,000,502)            | (1,040,789)        |
| Interest received                                         | 110                    | 2,213              |
| Finance costs                                             | (556,543)              | (930,399)          |
| Payments for land and development                         | (1,348,990)            | (1,551,911)        |
| <b>Net cash (used in) operating activities</b>            | <b>21a (3,527,673)</b> | <b>(3,265,584)</b> |
| <b>Cash Flows from Investing Activities</b>               |                        |                    |
| Payments for investment property                          | (16,552)               | (109,835)          |
| <b>Net cash (used in) Investing Activities</b>            | <b>(16,552)</b>        | <b>(109,835)</b>   |
| <b>Cash Flows from Financing Activities</b>               |                        |                    |
| Proceeds from borrowings - external lenders               | 4,240,000              | 3,368,000          |
| Repayment of borrowings - external lenders                | -                      | -                  |
| <b>Net cash provided by Financing Activities</b>          | <b>4,240,000</b>       | <b>3,368,000</b>   |
| Net increase in cash held                                 | 695,775                | (7,419)            |
| Cash and cash equivalents at beginning of financial year  | 535,395                | 542,814            |
| <b>Cash and cash equivalents at end of financial year</b> | <b>9 1,231,170</b>     | <b>535,395</b>     |

The accompanying notes form part of these financial statements.

**LAND & HOMES GROUP LIMITED**  
**ABN: 33 090 865 357**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**Corporate Information**

The financial statements of Land & Homes Group Limited (the 'Group') for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 30 September 2021 and covers the consolidated entity consisting of Land & Homes Group Limited and its subsidiaries, as required by the Corporations Act 2001. Land & Homes Group Limited is a for-profit entity for the purpose of preparing these financial statements.

The financial statements are presented in Australian dollars.

Land & Homes Group Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

**Note 1 Summary of Significant Accounting Policies**

**Basis of Preparation**

These general purpose consolidated financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

**(a) Principles of Consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of Land & Homes Group Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the Parent controls. The Parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 20.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Inter-company transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling Interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

**Business Combinations**

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

**Goodwill**

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- (i) the consideration transferred at fair value;
- (ii) any non-controlling interest (determined under either fair value or proportionate interest method); and
- (iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of any identifiable assets acquired and liabilities assumed.

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**Note 1: Summary of Significant Accounting Policies (continued)**

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable AASB Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139: Financial Instruments: Recognition and Measurement, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective note to the financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored and not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

**(b) Income Tax**

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) the initial recognition of an asset or liability in a transaction which: (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

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

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

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**Note 1: Summary of Significant Accounting Policies (continued)**

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

**Tax consolidation**

Land & Homes Group Limited has formed a tax consolidated group with the wholly-owned subsidiaries, Land and Homes Investment Pty Ltd, Brisbane Land Holdings Pty Ltd and BLH Wharf Pty Ltd. The tax consolidation legislation has been implemented from the date of acquisition of these entities and Land & Homes Group Limited is the head entity in the tax consolidated group. These entities are taxed as a single entity and deferred tax assets and liabilities have been offset in these consolidated financial statements.

**(c) Fair Value of Assets and Liabilities**

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable accounting standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

**(d) Inventories**

*Property held for development and resale*

Property purchased for development and sale is valued at the lower of cost and net realisable value. Cost includes acquisition and subsequent development costs, and applicable borrowing costs incurred during development. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. All property held for development and sale is regarded as inventory and is classified as such in the balance sheet. Property is classified as current inventory only when sales are expected to result in realisation of cash within the next twelve months, based on management's sales forecasts.

**(e) Land Held for Sale**

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, foreign currency movements, borrowing costs and holding costs until completion of development. Finance costs, foreign currency movements and holding costs incurred after development is completed are expensed. Gains and losses are recognised in profit or loss on the signing of an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

**(f) Plant and Equipment**

Plant and equipment are stated at historical cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less depreciation and any impairments.

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**Note 1: Summary of Significant Accounting Policies (continued)**

**Depreciation**

Depreciation on plant and equipment is calculated on a straight-line basis over the estimated useful life as follows:

| <b>Class of Fixed Asset</b> | <b>Depreciation Rate</b> |
|-----------------------------|--------------------------|
| Computer equipment          | 33%                      |
| Furniture                   | 25%                      |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. Gains shall not be classified as revenue. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

**(g) Investment Property**

Investment properties comprise significant portions of freehold office buildings that are held for long-term rental yields and / or for capital appreciation. Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful life of 45 years. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are included in profit or loss when the changes arise.

**(h) Leases**

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis. The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of office premises that have a lease term of 12 months or less, and leases of low-value assets comprising certain equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred or restoration obligations, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method over the term of the lease. An impairment review is undertaken for any right-of-use lease asset that shows indicators of impairment, and an impairment loss is recognised against any right-of-use lease asset that is impaired.

The lease liability is initially measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. Lease liabilities include the net present value of fixed payments (include in-substance fixed payments) less any lease incentives receivable, variable lease payments (linked to an index or a rate), and any expected residual value guarantee payments. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

**(i) Financial Instruments**

**Recognition and Initial Measurement**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

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**Note 1: Summary of Significant Accounting Policies (continued)**

**Classification and Subsequent Measurement**

**Financial liabilities**

Financial instruments are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The *effective interest method* is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:

- it is incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in a effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship are recognised in profit or loss.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

**Financial assets**

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Company initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy, and information about the groupings was documented appropriately, so that the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis;
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

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**Note 1: Summary of Significant Accounting Policies (continued)**

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

**Impairment**

The Group recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (e.g. amounts due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the following approaches to impairment, as applicable under AASB 9: Financial Instruments:

- the simplified approach

*Simplified approach*

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:

- trade receivables or contract assets that result from transactions within the scope of AASB 15: *Revenue from Contracts with Customers* and which do not contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (i.e. diversity of customer base, appropriate groupings of historical loss experience, etc.).

**(j) Impairment of Assets**

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**(k) Employee Benefits**

**Short-term employee benefits**

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The company's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

**Other long-term employee benefits**

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees.

Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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**Note 1: Summary of Significant Accounting Policies (continued)**

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

**(l) Cash and Cash Equivalents**

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

**(m) Revenue recognition**

Revenue is recognised at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised.

***Rental income***

Rental income on investment properties is accounted for on a straight-line basis over the lease term. Contingent rentals are recognised as income in the periods when they are earned.

***Interest***

Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

**(n) Borrowings**

All loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the loans and borrowings using the effective interest method. Fees paid for establishing loan facilities are recognised as transaction costs if it is probable that some or all of the facility will be drawn down, and deferred until the draw down occurs. If it is not probable that the facility will be drawn down, fees are capitalised as prepayments for liquidity services and amortised over the period to which the facility relates.

Borrowings are derecognised from the statement of financial position when the obligation specified in the contract has been discharged, cancelled or expires. The difference between the carrying amount of the borrowing derecognised and the consideration paid is recognised in profit or loss as other income or finance costs.

Where the terms of a borrowing are renegotiated and the Group issues equity instruments to a creditor to extinguish all or part of a borrowing, the equity instruments issued as part of the debt for equity swap are measured at the fair value of the equity instruments issued, unless the fair value cannot be measured reliably, in which case, they are measured at the fair value of the debt extinguished. The difference between the carrying amount of the debt extinguished and the fair value of the equity instruments issued is recognised as a gain or loss in profit or loss. All borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

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

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

**(p) Trade and Other Receivables**

Trade receivables are recognised at original invoice amounts less an allowance for uncollectible amounts and have repayment terms between 30 and 90 days. Collectability of trade receivable is assessed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance is made for doubtful debts where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms. Objective evidence of impairment includes financial difficulties of the debtor, default payments or debts more than 120 days overdue. On confirmation that the trade receivable will not be collectible, the gross carrying value of the asset is written off against the associated provision.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and are not, in the view of the directors, sufficient to require the de-recognition of the original instrument.

**(q) Trade and Other Payables**

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and generally have 30-day payment terms.

They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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**Note 1: Summary of Significant Accounting Policies (continued)**

**(r) Comparative Figures**

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

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

**(s) Critical accounting estimates and judgements**

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

These estimates and judgements are based on the best information available at the time of preparing of the financial statements, however as additional information is known, then the actual results may differ from the estimates.

**Key Estimates**

*Useful life of investment property*

The investment property has been recorded at cost with a useful life of 45 years. The total cost of \$22,742,995 was allocated between land (\$6,100,000) and buildings (\$16,642,995). The remaining expected useful economic life of the building has been determined to be 45 years and the building component has been depreciated on a straight line basis. The Group has recognised a depreciation charge of \$1,978,919 since acquisition and improvements to the building of \$99,850.

**Key Judgements**

*Provision for impairment of receivables*

The value of the provision for impairment of receivables is estimated by considering the ageing of receivables, communication with debtors and prior history.

*Impairment of investment property*

The carrying value of the investment property, is reviewed against the market valuation for any evidence of impairment at each balance sheet date.

**(t) Going Concern**

The financial statements have been prepared on a going concern basis which contemplates the realisation of assets and settlements of liabilities in the ordinary course of business. For the year ended 30 June 2021, the Group made a loss of \$4,058,242 (2020: loss of \$2,093,972) and had net current liabilities at 30 June 2021 of \$25,585,246 (30 June 2020: net current liabilities of \$41,119,247).

The ability of the Group to continue as a going concern is principally dependent upon the ability of the Group to secure funds by raising capital from equity and debt markets. These conditions indicate a material uncertainty that may cast a significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors believe there are reasonable grounds that the Group will continue as a going concern, after considering the following factors:

- Subsequent to the year end, 207 Wharf Street was disposed for a total consideration of \$19.5 million.
- The sale proceeds from 207 Wharf Street was used to reduce the Group's bank borrowings by \$18.96 million.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result, should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

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**Note 2 Parent Information**

|                                                                                                                                                                                                                   | 2021              | 2020               |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------------|
|                                                                                                                                                                                                                   | \$                | \$                 |
| The following information has been extracted from the books and records of the financial information of the parent entity set out below and has been prepared in accordance with Australian Accounting Standards. |                   |                    |
| <b>Statement of Financial Position</b>                                                                                                                                                                            |                   |                    |
| Current Assets                                                                                                                                                                                                    | 16,089,816        | 16,340,670         |
| Non-current Assets                                                                                                                                                                                                | 8,895,016         | 3,817,328          |
| <b>Total Assets</b>                                                                                                                                                                                               | <b>24,984,832</b> | <b>20,157,998</b>  |
| Current Liabilities                                                                                                                                                                                               | 13,292,336        | 10,347,794         |
| Non-current Liabilities                                                                                                                                                                                           | -                 | -                  |
| <b>Total Liabilities</b>                                                                                                                                                                                          | <b>13,292,336</b> | <b>10,347,794</b>  |
| <b>Net Assets</b>                                                                                                                                                                                                 | <b>11,692,496</b> | <b>9,810,204</b>   |
| Issued Capital                                                                                                                                                                                                    | 69,078,509        | 69,078,509         |
| Reserve                                                                                                                                                                                                           | 23,961            | 23,961             |
| Retained earnings                                                                                                                                                                                                 | (57,409,974)      | (59,292,266)       |
| <b>Total Equity</b>                                                                                                                                                                                               | <b>11,692,496</b> | <b>9,810,204</b>   |
| <b>Statement of Profit and Loss and Other Comprehensive Income</b>                                                                                                                                                |                   |                    |
| Loss for the year                                                                                                                                                                                                 | (912,043)         | (3,004,647)        |
| Other comprehensive losses for the year                                                                                                                                                                           | -                 | -                  |
| <b>Total comprehensive losses for the year</b>                                                                                                                                                                    | <b>(912,043)</b>  | <b>(3,004,647)</b> |

**Note 3 Revenue and Other Income**

|                                     | Group          |                |
|-------------------------------------|----------------|----------------|
|                                     | 2021           | 2020           |
|                                     | \$             | \$             |
| <b>Revenue</b>                      |                |                |
| Rental revenue                      | 138,482        | 185,790        |
|                                     | <u>138,482</u> | <u>185,790</u> |
| <b>Other income</b>                 |                |                |
| - Other income                      | 100,110        | 77,405         |
| - Unrealised foreign exchange gains | 61,145         | -              |
| - Government Covid-19 subsidiaries  | 111,715        | -              |
|                                     | <u>272,970</u> | <u>77,405</u>  |

**Note 4 Profit for the Year**

|                                                                                               | Group     |           |
|-----------------------------------------------------------------------------------------------|-----------|-----------|
|                                                                                               | 2021      | 2020      |
|                                                                                               | \$        | \$        |
| Profit before income tax from continuing operations includes the following specific expenses: |           |           |
| (a) Expenses                                                                                  |           |           |
| Interest expense on borrowings                                                                | 1,344,321 | 1,146,472 |
| Depreciation expense                                                                          | 371,490   | 373,137   |
| Rental costs - Investment property                                                            | 548,310   | 514,551   |
| Employee benefits expense                                                                     |           |           |
| — wages and salary expense                                                                    | 437,672   | 519,480   |
| — superannuation expense                                                                      | 31,988    | 30,762    |

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**Note 5 Tax Expense**

|                                                                                                                                                                                                                                          | <b>Group</b>            |                         |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
|                                                                                                                                                                                                                                          | <b>2021</b>             | <b>2020</b>             |
|                                                                                                                                                                                                                                          | <b>\$</b>               | <b>\$</b>               |
| (a) The components of tax (expense) income comprise:                                                                                                                                                                                     |                         |                         |
| Current tax                                                                                                                                                                                                                              | -                       | -                       |
| Deferred tax                                                                                                                                                                                                                             | -                       | -                       |
|                                                                                                                                                                                                                                          | <u>-</u>                | <u>-</u>                |
| (b) The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:                                                                                                                     |                         |                         |
| Prima facie tax payable on profit from ordinary activities before income tax at 26% (2020: 27.50%)                                                                                                                                       |                         |                         |
| — consolidated group                                                                                                                                                                                                                     | (1,055,143)             | (575,842)               |
| Add:                                                                                                                                                                                                                                     |                         |                         |
| Tax effect of:                                                                                                                                                                                                                           |                         |                         |
| — non-deductible depreciation and amortisation                                                                                                                                                                                           | 96,587                  | 102,613                 |
| — unrealised movement in fair value in investment property                                                                                                                                                                               | 358,924                 | -                       |
| — non-allowable items                                                                                                                                                                                                                    | -                       | 96,812                  |
|                                                                                                                                                                                                                                          | <u>(599,631)</u>        | <u>(376,417)</u>        |
| Less:                                                                                                                                                                                                                                    |                         |                         |
| Tax effect of:                                                                                                                                                                                                                           |                         |                         |
| — deductible depreciation                                                                                                                                                                                                                | 96,587                  | 114,420                 |
| — other deductible items                                                                                                                                                                                                                 | -                       | 41,858                  |
| Non-recognition of deferred tax assets                                                                                                                                                                                                   | (696,219)               | (532,695)               |
| Income tax attributable to entity                                                                                                                                                                                                        | <u>-</u>                | <u>-</u>                |
| (c) Unrecognised deferred tax assets                                                                                                                                                                                                     |                         |                         |
| Deferred tax assets have not been recognised in the Statement of Financial Position for the following items:                                                                                                                             |                         |                         |
| - Unused tax losses                                                                                                                                                                                                                      | 15,354,137              | 9,915,417               |
| - Accruals                                                                                                                                                                                                                               | -                       | (332,546)               |
|                                                                                                                                                                                                                                          | <u>15,354,137</u>       | <u>9,582,871</u>        |
| Carried forward tax losses from prior years and the current period may not be available to be offset against future taxable profits, due to there being both a change of ownership and change in the principal activity of the business. |                         |                         |
| Deferred tax assets not taken up at 26% (2020: 27.5%)                                                                                                                                                                                    | <u><b>3,992,076</b></u> | <u><b>2,726,740</b></u> |
| This future income tax benefit will only be obtained if:                                                                                                                                                                                 |                         |                         |
| (i) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;                                                                                                                    |                         |                         |
| (ii) the conditions for deductibility imposed by tax legislation continue to be complied with; and                                                                                                                                       |                         |                         |
| (iii) no changes in tax legislation adversely affect the Group in realising the benefit.                                                                                                                                                 |                         |                         |

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**Note 6 Key Management Personnel Compensation**

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2021.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

|                              | 2021<br>\$     | 2020<br>\$     |
|------------------------------|----------------|----------------|
| Short-term employee benefits | 215,000        | 519,480        |
| Post-employment benefits     | 14,250         | 30,762         |
| Total KMP compensation       | <u>229,250</u> | <u>550,242</u> |

**Short-term employee benefits**

These amounts include fees and benefits paid to the non-executive chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other key management personnel.

**Post-employment benefits**

These amounts are the current year's estimated costs of providing for the Group's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

**Note 7 Auditor's Remuneration**

Remuneration of the auditor, DFK Laurence Varney Auditors Pty Ltd for:

— auditing or reviewing the financial statements

|  | Group         |               |
|--|---------------|---------------|
|  | 2021<br>\$    | 2020<br>\$    |
|  | 25,000        | 24,300        |
|  | <u>25,000</u> | <u>24,300</u> |

**Note 8 Earnings per Share**

|                                                                                                          | Group                |                      |
|----------------------------------------------------------------------------------------------------------|----------------------|----------------------|
|                                                                                                          | 2021<br>\$           | 2020<br>\$           |
| (a) Reconciliation of earnings to profit or loss                                                         |                      |                      |
| (Loss) from continuing operations                                                                        | (4,058,242)          | (2,093,972)          |
| Losses used in the calculation of basic and dilutive EPS                                                 | <u>(4,058,242)</u>   | <u>(2,093,972)</u>   |
|                                                                                                          | <b>No.</b>           | <b>No.</b>           |
| (b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS | 1,049,389,293        | 1,049,389,293        |
| Weighted average number of dilutive options outstanding                                                  | -                    | -                    |
| Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS  | <u>1,049,389,293</u> | <u>1,049,389,293</u> |
| <b>Losses per share</b>                                                                                  |                      |                      |
| From continuing operations:                                                                              |                      |                      |
| Basic and Diluted losses per share (cents)                                                               | (0.3867)             | (0.1995)             |

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**Note 9 Cash and Cash Equivalents**

|                          | Note | Group            |                |
|--------------------------|------|------------------|----------------|
|                          |      | 2021             | 2020           |
|                          |      | \$               | \$             |
| Cash at bank and on hand |      | 1,231,170        | 535,395        |
|                          | 21   | <u>1,231,170</u> | <u>535,395</u> |

**Reconciliation of cash**

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

|                           |                  |                |
|---------------------------|------------------|----------------|
| Cash and cash equivalents | 1,231,170        | 535,395        |
|                           | <u>1,231,170</u> | <u>535,395</u> |

A floating charge over cash and cash equivalents has been provided for certain debts. Refer to Note 17 for further details.

**Note 10 Trade and Other Receivables**

|                                           | Group         |                |
|-------------------------------------------|---------------|----------------|
|                                           | 2021          | 2020           |
|                                           | \$            | \$             |
| Current                                   |               |                |
| Other receivables                         | 16,657        | 142,204        |
| Total current trade and other receivables | <u>16,657</u> | <u>142,204</u> |

**(a) Collateral Held as Security**

No collateral was held as security at balance date of this report.

|                                                        | Note | Group         |                |
|--------------------------------------------------------|------|---------------|----------------|
|                                                        |      | 2021          | 2020           |
|                                                        |      | \$            | \$             |
| <b>(b) Financial Assets Measured at Amortised Cost</b> |      |               |                |
| Trade and other Receivables                            |      |               |                |
| — Total current                                        |      | 16,657        | 142,204        |
| — Total non-current                                    |      | -             | -              |
| Total financial assets measured at amortised cost      | 24   | <u>16,657</u> | <u>142,204</u> |

**(c) Collateral Pledged**

The properties held by the Group have been pledged as security for the United Overseas Bank loans.

**Note 11 Inventories**

|                                 | Group             |                   |
|---------------------------------|-------------------|-------------------|
|                                 | 2021              | 2020              |
|                                 | \$                | \$                |
| Non-Current                     |                   |                   |
| <b>Property held for resale</b> |                   |                   |
| Land held for sale              | 21,319,234        | 21,319,234        |
| Capitalised Development Costs   | 6,962,321         | 5,319,148         |
| Aggregate Carrying Costs        | <u>28,281,555</u> | <u>26,638,382</u> |

This property held as inventory, located at 100 Barry Parade, Brisbane is pledged as security with United Overseas Bank Ltd. (Refer to Note 17 - Borrowings and Note 23 - Related Party Transactions) for further information.

The Accounting Policy for Inventory is detailed in the Summary of Significant Accounting Policies - 1(d).

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**Note 12 Interests in Subsidiaries**

**(a) Information about Principal Subsidiaries**

The subsidiaries listed below have share capital consisting solely of ordinary shares or ordinary units which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by Group. Each subsidiary's principal place of business is also its country of incorporation.

| Name of subsidiary                 | Principal place of business | Ownership interest held by the Group |          |
|------------------------------------|-----------------------------|--------------------------------------|----------|
|                                    |                             | 2021 (%)                             | 2020 (%) |
| Land & Homes Investment Pty Ltd    | Australia                   | 100                                  | 100      |
| Brisbane Land Holdings Pty Limited | Australia                   | 100                                  | 100      |
| BLH Wharf Pty Ltd                  | Australia                   | 100                                  | 100      |

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

**Note 13 Property, Plant and Equipment**

|                            | Group     |              |
|----------------------------|-----------|--------------|
|                            | 2021 \$   | 2020 \$      |
| <b>PLANT AND EQUIPMENT</b> |           |              |
| Plant and equipment:       |           |              |
| At cost                    | 29,563    | 29,563       |
| Accumulated depreciation   | (29,548)  | (27,902)     |
|                            | <u>15</u> | <u>1,661</u> |
| Total plant and equipment  | <u>15</u> | <u>1,661</u> |

**(a) Movements in Carrying Amounts**

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

|                            | Plant and Equipment \$ | Total \$     |
|----------------------------|------------------------|--------------|
| <b>Consolidated Group:</b> |                        |              |
| Balance at 1 July 2019     | 4,954                  | 4,954        |
| Depreciation expense       | (3,293)                | (3,293)      |
| Balance at 30 June 2020    | <u>1,661</u>           | <u>1,661</u> |
| Balance at 1 July 2020     | 1,661                  | 1,661        |
| Depreciation expense       | (1,646)                | (1,646)      |
| Balance at 30 June 2021    | <u>15</u>              | <u>15</u>    |

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**Note 14 Investment Property**

|                                                  | <b>Group</b>      |                   |
|--------------------------------------------------|-------------------|-------------------|
|                                                  | <b>2021</b>       | <b>2020</b>       |
|                                                  | <b>\$</b>         | <b>\$</b>         |
| <b>At Cost</b>                                   |                   |                   |
| Balance at beginning of year                     | 21,233,770        | 21,503,764        |
| Acquisitions and additional costs - Wharf Street | 16,552            | 99,850            |
| Depreciation - Building component                | (369,844)         | (369,844)         |
| Fair value movement                              | (1,380,478)       | -                 |
| Balance at end of year                           | <u>19,500,000</u> | <u>21,233,770</u> |

The property located at 187, 191, 195, 199, 203, 207 and 2011A Wharf Street, Spring Hill, Brisbane was originally purchased for \$22,727,792, inclusive of stamp duty and other acquisition costs. The Group has applied the cost model. The total cost of \$22,742,995 was allocated between land (\$6,100,000) and buildings (\$16,642,995). The remaining expected useful economic life of the building has been determined to be 45 years and the building component has been depreciated on a straight-line basis. To date, the Group has recognised a depreciation charge of \$1,978,919 and improvements of \$116,402.

On 12 July 2021, the Company completed the sale of 207 Wharf Street for \$19.5million.

The Accounting Policy for Investment Property is detailed in the Summary of Significant Accounting Policies - 1(g).

The following amounts have been recognised in profit or loss:

|                                                                                                         |         |         |
|---------------------------------------------------------------------------------------------------------|---------|---------|
| Rental income                                                                                           | 138,482 | 185,790 |
| Direct operating expenses arising from investment property that generated rental income during the year | 548,310 | 514,551 |

**Note 15 Other Assets**

|             | <b>Group</b>   |               |
|-------------|----------------|---------------|
|             | <b>2021</b>    | <b>2020</b>   |
|             | <b>\$</b>      | <b>\$</b>     |
| Current     |                |               |
| Deposits    | -              | 16,155        |
| Prepayments | 173,429        | -             |
|             | <u>173,429</u> | <u>16,155</u> |

**Note 16 Trade and Other Payables**

|                                          | <b>Note</b> | <b>Group</b>     |                  |
|------------------------------------------|-------------|------------------|------------------|
|                                          |             | <b>2021</b>      | <b>2020</b>      |
|                                          |             | <b>\$</b>        | <b>\$</b>        |
| Current                                  |             |                  |                  |
| Trade payables                           |             | 1,066,734        | 962,409          |
| Accrued expenses and payroll liabilities |             | 800,045          | 562,784          |
|                                          |             | <u>1,866,779</u> | <u>1,525,193</u> |

|                                                                                    | <b>Note</b> | <b>Group</b>     |                  |
|------------------------------------------------------------------------------------|-------------|------------------|------------------|
|                                                                                    |             | <b>2021</b>      | <b>2020</b>      |
|                                                                                    |             | <b>\$</b>        | <b>\$</b>        |
| (a) Financial liabilities at amortised cost classified as trade and other payables |             |                  |                  |
| Trade and other payables                                                           |             |                  |                  |
| — Total current                                                                    |             | 1,866,779        | 1,525,193        |
| — Total non-current                                                                |             | -                | -                |
| Financial liabilities as trade and other payables                                  |             | <u>1,866,779</u> | <u>1,525,193</u> |

For further information regarding related party transaction, refer to Note 23.

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**Note 17 Borrowings**

|                                                  | Note | Group             |                   |
|--------------------------------------------------|------|-------------------|-------------------|
|                                                  |      | 2021              | 2020              |
|                                                  |      | \$                | \$                |
| <b>Current</b>                                   |      |                   |                   |
| <b>Unsecured</b>                                 |      |                   |                   |
| Loan from Related Party Shareholder <sup>1</sup> |      | 1,253,786         | 1,227,389         |
| Convertible Note - Class A <sup>2</sup>          | 24   | 9,787,594         | 8,547,594         |
| Convertible Note - Class B <sup>3</sup>          | 18   | 638,343           | 552,825           |
|                                                  |      | <u>11,679,723</u> | <u>10,327,808</u> |
| <b>Secured</b>                                   |      |                   |                   |
| Bank loans <sup>4</sup>                          |      | 32,960,000        | 29,960,000        |
|                                                  |      | <u>32,960,000</u> | <u>29,960,000</u> |
| Total current borrowings                         |      | <u>44,639,723</u> | <u>40,287,808</u> |

<sup>1</sup> The loan from SLH Corporation Pte Ltd (SLH) is interest bearing but unsecured, and provides for a total facility of \$1 million Singapore dollars to the Group for its overhead expenses. On 22 November 2018, SLH Corporation Pte Ltd (SLH) assigned the loan to Khosland Management Pte Ltd. The term of the loan expired 31 December 2019. The Company is in the process of renegotiating an extension of this loan.

The Convertible Notes each have a face value of \$0.02 and are unsecured. The Group has the right to redeem the Notes by paying the full-face value together with all accrued but unpaid interest (net of any withholding tax) in full at any time after 30 months following the date of issue, subject to giving each Noteholder not less than 21 days' notice in writing.

Unless earlier converted, the face value of each Note will be repaid in Australian dollars without counterclaim on the fifth anniversary of its date of issue, or on the date that is nine months from the date of issue if shareholder approval is not obtained to the convertibility of the Note as required under the terms of the agreement. The notes are classified as current on this basis.

<sup>2</sup> The Convertible Note - Class A have a term of 5 years with interest of 9% per annum payable at the end of each quarter and on conversion or redemption.

<sup>3</sup> The Convertible Note - Class B have a term of 5 years with interest of 13.8% per annum payable at the end of each quarter and on conversion or redemption.

<sup>4</sup> The loans from United Overseas Bank were entered into on 19 February 2016 for the purpose of purchasing the Wharf Street property (\$15,960,000) and 31 October 2016 for the purpose of buying Barry Parade property (\$14,000,000). The loans are subject to an interest margin of 1.5% and 2.0% per annum respectively over and above the relevant period Bank Bill Swap Reference Rate and are due for repayment on 24 February 2021 and 31 October 2020 respectively.

**Assets pledged as security**

The bank loans are secured by way of first mortgages over the two properties. The carrying amount of the assets pledged as security for current borrowings are:

|                       | Note | Group             |                   |
|-----------------------|------|-------------------|-------------------|
|                       |      | 2021              | 2020              |
|                       |      | \$                | \$                |
| <b>First mortgage</b> |      |                   |                   |
| Inventories           | 11   | 28,281,555        | 26,638,382        |
| Investment property   | 14   | 19,500,000        | 21,233,770        |
|                       |      | <u>47,781,555</u> | <u>47,872,152</u> |

**Fair value**

The fair value of financial liabilities is determined by reference to market prices where they exist or by discounting contractual cash flows by current market interest rates for liabilities with similar risk profiles.

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**Note 18 Issued Capital**

|                                                                | <b>Group</b>      |                   |
|----------------------------------------------------------------|-------------------|-------------------|
|                                                                | <b>2021</b>       | <b>2020</b>       |
|                                                                | <b>\$</b>         | <b>\$</b>         |
| 1,049,389,287 (2020: 1,049,389,287) Fully Paid Ordinary Shares | 69,078,509        | 69,078,509        |
|                                                                | <u>69,078,509</u> | <u>69,078,509</u> |

The Group has authorised share capital amounting to 1,049,389,293 ordinary shares.

|                                          | <b>Group</b>         |                   |                      |                   |
|------------------------------------------|----------------------|-------------------|----------------------|-------------------|
|                                          | <b>2021</b>          |                   | <b>2020</b>          |                   |
|                                          | <b>No.</b>           | <b>\$</b>         | <b>No.</b>           | <b>\$</b>         |
| At the beginning of the reporting period | 1,049,389,287        | 69,078,509        | 1,049,389,287        | 69,078,509        |
| Shares issued during the year            | -                    | -                 | -                    | -                 |
| At the end of the reporting period       | <u>1,049,389,287</u> | <u>69,078,509</u> | <u>1,049,389,287</u> | <u>69,078,509</u> |

Ordinary shareholders are entitled to participate in dividends and the proceeds on winding up of the Company in proportion to the number of, and amounts paid, on the shares held. Every ordinary shareholder present at a meeting in person or by proxy is entitled to one vote on a show of hands, and on a poll has one vote for each share held, but in respect of partly paid shares will have a fraction of a vote in proportion to the amount paid up on those shares.

**(b) Options**

The following reconciles with the outstanding listed options to subscribe for fully paid ordinary shares in the Company at the beginning and end of the financial year.

|                                          | <b>Group</b>       |                    |
|------------------------------------------|--------------------|--------------------|
|                                          | <b>No.</b>         | <b>No.</b>         |
| At the beginning of the reporting period | 347,227,368        | 347,227,368        |
| Issued during the financial year         | -                  | -                  |
| Expired during the financial year        | -                  | -                  |
| Exercised during the financial year      | -                  | -                  |
| At the end of the reporting period       | <u>347,227,368</u> | <u>347,227,368</u> |

**(c) Capital Management**

Management controls the capital of the Group in order to maintain an optimal debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern. In order to achieve these objectives, the Group seeks to maintain a gearing ratio that balances risks and returns at an acceptable level and also maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through altering its dividend policy, new share issues, or the reduction of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

It is the Group's policy to maintain its gearing ratio within the range of 70-90%. The Group's gearing ratio at the end of the financial year is shown below.

|                                        |             | <b>Group</b>      |                   |
|----------------------------------------|-------------|-------------------|-------------------|
|                                        | <b>Note</b> | <b>2021</b>       | <b>2020</b>       |
|                                        |             | <b>\$</b>         | <b>\$</b>         |
| Total borrowings and lease liabilities |             | 44,639,723        | 40,287,808        |
| Trade and other payables               |             | 1,866,779         | 1,525,193         |
| Less cash and cash equivalents         | 9           | (1,231,170)       | (535,395)         |
| Net debt                               |             | <u>45,275,332</u> | <u>41,277,606</u> |
| Total equity                           |             | <u>2,696,324</u>  | <u>6,754,566</u>  |
| Total net debt and equity              |             | <u>47,971,656</u> | <u>48,032,172</u> |
| Gearing ratio                          |             | 94%               | 86%               |

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**Note 19 Contingent Liabilities and Contingent Assets**

The Group did not have any contingent assets as at 30 June 2021. (30 June 2020: Nil)

These financial Statements disclose a liability to a Director related entity in the amount of \$225,744. The amount owed to the Director related entity is in dispute. The Director related entity claims that the amount due is \$1,237,818. The Director related entity believes that it is entitled to be paid management fees. No written management agreement exists between the Company and the Director related entity or any other entity and accordingly, the majority of Directors do not believe that the company has any obligation to pay the management fees claimed by the Director related party. Management fees that had been previously accrued by the Company have been reversed in the financial records of the Company with the approval of a majority of Directors.

In the event of any legal claim arising from the Director related entity in the future, the majority of the Board are of the view that such a claim would be fully contested.

**Note 20 Operating Segments**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision makers in assessing performance and determining the allocation of resources.

Operating segments are determined on the basis of financial information reported to the Board which is at the consolidated entity level.

Management currently identified the consolidated entity as having only one operating segment, being the acquisition of prime sites for project development into quality residential, commercial and mixed-used apartments. Accordingly, all significant operating decisions are based upon analysis of the consolidated entity as one segment. The financial results from the segment are equivalent to the financial statements of the Group.

**Note 21 Cash Flow Information**

|                                                                                                        | <b>Group</b>       |                    |
|--------------------------------------------------------------------------------------------------------|--------------------|--------------------|
|                                                                                                        | <b>2021</b>        | <b>2020</b>        |
|                                                                                                        | <b>\$</b>          | <b>\$</b>          |
| <b>(a) Reconciliation of Cash Flows from Operating Activities with Profit after Income Tax</b>         |                    |                    |
| Loss after income tax                                                                                  | (4,058,242)        | (2,093,972)        |
| Non-cash flows in profit                                                                               |                    |                    |
| Depreciation                                                                                           | 371,490            | 373,137            |
| Movement in fair value in investment property                                                          | 1,380,478          | 159,528            |
| <b>Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:</b> |                    |                    |
| (Increase)/decrease in trade and term receivables                                                      | 125,547            | (82,822)           |
| (Increase)/decrease in inventories                                                                     | (1,688,532)        | (1,721,647)        |
| Increase/(decrease) in trade payables and accruals                                                     | 341,586            | 259,720            |
| Net cash generated by operating activities                                                             | <u>(3,527,673)</u> | <u>(3,106,056)</u> |

**Note 22 Events After the Reporting Period**

Other than the following, the directors are not aware of any significant events since the end of the reporting period.

On 14 July 2021, the Company announced it had completed the sale of 207 Wharf Street for \$19.5million. As a result, the Company repaid \$18.96million of its borrowings with the bank.

On 27 July 2021, the Company announced that 347,227,356 LHMO options which have an exercise price of \$0.20 will expire on 12 August 2021.

**LAND & HOMES GROUP LIMITED**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**Note 23 Related Party Transactions**

**Related Parties**

**(a) The Group's main related parties are as follows:**

**i. Entities exercising control over the Group:**

The ultimate parent entity that exercises control over the Group is Land & Homes Group Limited, which is incorporated in Australia.

**ii. Key Management Personnel:**

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 6.

**(b) Transactions with related parties:**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

|                                            | <b>Group</b> |             |
|--------------------------------------------|--------------|-------------|
|                                            | <b>2021</b>  | <b>2020</b> |
|                                            | <b>\$</b>    | <b>\$</b>   |
| (i) Management and other professional fees | -            | (641,667)   |

As at 30 June 2020, management fees that had been previously accrued by the Company were reversed. There were no written agreement in existence between the related parties to substantiate any obligation to pay the management fees to the related party. Refer to Note 19 - Contingent Liabilities for further information.

**(c) Amounts payable to related parties**

|                                       | <b>Group</b>     |                  |
|---------------------------------------|------------------|------------------|
|                                       | <b>2021</b>      | <b>2020</b>      |
|                                       | <b>\$</b>        | <b>\$</b>        |
| (i) <b>Loans from related parties</b> |                  |                  |
| Beginning of the year                 | 1,227,389        | 1,151,913        |
| Loans advanced                        | -                | 75,476           |
| Interest charged                      | 88,828           | -                |
| Movement in foreign currency          | (62,430)         | -                |
| End of the year                       | <u>1,253,787</u> | <u>1,227,389</u> |

On 27 February 2017, Land & Homes Group Limited entered into a loan agreement with a related party, S.L.H Corporation Pte Ltd (SLH). SLH agreed to lend up to \$1 million Singapore dollars to the Group for its overhead expenses. To date, \$1,267,453 (2020:\$1,175,348) Singapore dollars has been drawn down (A\$1,253,787) (2020: A\$1,227,389) from this facility including capitalised interest.

The loan is drawn down in accordance with the approved expenditure plan, is unsecured, has a 12 month term commencing from the first drawdown on 14 June 2017 and bears interest at the SIBOR rate (Singapore Inter Bank overdraft rate) plus 1.75% (approximately a total of 2.75% to 3% at the current SIBOR rate). The loan maturity is the 11 June 2018. Effective 1 January 2018, SLH assigned its interest in the loan to Khosland Management Pte Ltd.

The term of the loan was extended to 31 December 2019 with an interest rate of 7% with effect from 1 April 2019. The Group is in the process of renewing this related party loan.

**(d) Amounts due to related parties**

|                           | <b>Group</b>   |                |
|---------------------------|----------------|----------------|
|                           | <b>2021</b>    | <b>2020</b>    |
|                           | <b>\$</b>      | <b>\$</b>      |
| Mr Choon Keng (CK) Kho    | 80,000         | 65,000         |
| Mr Patrick Chuan Thye Kho | 53,333         | 43,333         |
| Mr Charles Chow Cher Lim  | 26,667         | 21,667         |
| Siew Goh                  | 26,667         | 21,667         |
|                           | <u>186,667</u> | <u>151,667</u> |

The above amounts relates to sub-committee fees that have been accrued.

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**Note 24 Financial Risk Management**

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, payables to related parties and borrowings.

The totals for each category of financial instruments, measured in accordance with AASB 9: *Financial Instruments* as detailed in the accounting policies to these financial statements, are as follows:

|                                         |             | <b>Group</b>      |                   |
|-----------------------------------------|-------------|-------------------|-------------------|
|                                         | <b>Note</b> | <b>2021</b>       | <b>2020</b>       |
|                                         |             | <b>\$</b>         | <b>\$</b>         |
| <b>Financial Assets</b>                 |             |                   |                   |
| Financial assets at amortised cost      |             |                   |                   |
| — cash and cash equivalents             | 9           | 1,231,170         | 535,395           |
| — trade and other receivables           | 10          | 16,657            | 142,204           |
| <b>Total Financial Assets</b>           |             | <b>1,247,827</b>  | <b>677,599</b>    |
| <b>Financial Liabilities</b>            |             |                   |                   |
| Financial liabilities at amortised cost |             |                   |                   |
| — trade and other payables              | 16          | 1,866,779         | 1,525,193         |
| — payables to related parties           | 17          | 1,253,786         | 1,227,389         |
| — borrowings                            | 17          | 43,385,937        | 39,060,419        |
| <b>Total Financial Liabilities</b>      |             | <b>46,506,502</b> | <b>41,813,001</b> |

**Financial Risk Management Policies**

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risk and the method used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board of Directors has overall responsibility for the establishment of the Group's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and the use of derivatives.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The day-to-day risk management is carried out by the Group's finance function under policies and objectives which have been designed and implemented by the Board of Directors. This includes monitoring the levels of exposure to interest rate and foreign exchange rate risk and assessment of market forecasts for interest rate and foreign exchange movements.

Land & Homes Group Limited does not actively engage in the trading of financial assets for speculative purposes.

Mitigation strategies for specific risks faced are described below:

**a. Credit risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group and arises principally from the Group's cash deposits and receivables.

It is the Group's policy that all customers who wish to trade on credit terms undergo a credit assessment process which takes into account the customer's financial position, past experience and other factors. Credit limits are then set based on ratings in accordance with the limits set by the Board of Directors. These limits are reviewed on a regular basis.

The maximum exposure to credit risk, without taking into account the value of any collateral or other security, in the event that the other parties fail to perform their obligations under financial instruments for each class of reporting recognised financial asset at the reporting date is the carrying amount of those assets as indicated in the statement of financial position.

**Cash and cash equivalents:**

In order to manage the Group's credit risk arising from cash deposits, only reputable banks and financial institutions are dealt with.

The credit risk on cash and cash equivalents is limited given that the counterparties are financial institutions with high credit ratings assigned by international credit-rating agencies.

**LAND & HOMES GROUP LIMITED**  
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**Note 24: Financial Risk Management (continued)**

**b. Liquidity risk**

Liquidity risk is the risk that the Group may not be able to meet its financial obligations as they fall due.

**Financing arrangements**

The following financing facilities were available to the Group at the end of the reporting period:

|                                           | <b>Group</b>      |                   |
|-------------------------------------------|-------------------|-------------------|
|                                           | <b>2021</b>       | <b>2020</b>       |
|                                           | <b>\$</b>         | <b>\$</b>         |
| <b>Bank Loans</b>                         |                   |                   |
| Used at the end of the reporting period   | 32,960,000        | 29,960,000        |
| Unused at the end of the reporting period | -                 | -                 |
|                                           | <u>32,960,000</u> | <u>29,960,000</u> |

The bank loan has been fully drawn. The repayment terms are reflected in the table below.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect management's expectations that banking facilities will be rolled forward.

**Financial liability and financial asset maturity analysis**

| <b>Consolidated Group</b>                       | <b>Within 1 Year</b> |              | <b>1 to 5 years</b> |             | <b>Over 5 years</b> |             | <b>Total</b> |              |
|-------------------------------------------------|----------------------|--------------|---------------------|-------------|---------------------|-------------|--------------|--------------|
|                                                 | <b>2021</b>          | <b>2020</b>  | <b>2021</b>         | <b>2020</b> | <b>2021</b>         | <b>2020</b> | <b>2021</b>  | <b>2020</b>  |
|                                                 | <b>\$</b>            | <b>\$</b>    | <b>\$</b>           | <b>\$</b>   | <b>\$</b>           | <b>\$</b>   | <b>\$</b>    | <b>\$</b>    |
| <b>Financial liabilities due for payment</b>    |                      |              |                     |             |                     |             |              |              |
| Trade and other payables                        | 1,866,779            | 1,525,193    | -                   | -           | -                   | -           | 1,866,779    | 1,525,193    |
| Amounts payable to related parties              | 1,253,786            | 1,227,389    | -                   | -           | -                   | -           | 1,253,786    | 1,227,389    |
| Convertible Notes                               | 10,425,937           | 9,100,419    | -                   | -           | -                   | -           | 10,425,937   | 9,100,419    |
| Bank loans                                      | 32,960,000           | 29,960,000   | -                   | -           | -                   | -           | 32,960,000   | 29,960,000   |
| Total expected outflows                         | 46,506,502           | 41,813,001   | -                   | -           | -                   | -           | 46,506,502   | 41,813,001   |
|                                                 |                      |              |                     |             |                     |             |              |              |
| <b>Consolidated Group</b>                       | <b>Within 1 Year</b> |              | <b>1 to 5 years</b> |             | <b>Over 5 years</b> |             | <b>Total</b> |              |
|                                                 | <b>2021</b>          | <b>2020</b>  | <b>2021</b>         | <b>2020</b> | <b>2021</b>         | <b>2020</b> | <b>2021</b>  | <b>2020</b>  |
|                                                 | <b>\$</b>            | <b>\$</b>    | <b>\$</b>           | <b>\$</b>   | <b>\$</b>           | <b>\$</b>   | <b>\$</b>    | <b>\$</b>    |
| <b>Financial Assets - cash flows realisable</b> |                      |              |                     |             |                     |             |              |              |
| Cash and cash equivalents                       | 1,231,170            | 535,395      | -                   | -           | -                   | -           | 1,231,170    | 535,395      |
| Trade, term and loan receivables                | 16,657               | 142,204      | -                   | -           | -                   | -           | 16,657       | 142,204      |
| Total anticipated inflows                       | 1,247,827            | 677,599      | -                   | -           | -                   | -           | 1,247,827    | 677,599      |
|                                                 |                      |              |                     |             |                     |             |              |              |
| Net (outflow) / inflow on financial instruments | (45,258,675)         | (41,135,402) | -                   | -           | -                   | -           | (45,258,675) | (41,135,402) |

**c. Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates, foreign exchange rates or other market factors. The Group is not exposed to material price risk relating to equity securities or foreign exchange.

**d. Interest rate risk**

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

The Group monitors its interest rate exposure continuously and also considers on a continual basis alternative financial opportunities.

**LAND & HOMES GROUP LIMITED**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**Note 24: Financial Risk Management (continued)**

The Group's exposure to interest rate risk and the effective weighted average interest rate by maturity period is set out in the below tables.

|                                           | 30 June 2021                              |              | 30 June 2020                              |              |
|-------------------------------------------|-------------------------------------------|--------------|-------------------------------------------|--------------|
|                                           | Effective<br>Average<br>Fixed<br>Interest | Balance      | Effective<br>Average<br>Fixed<br>Interest | Balance      |
| <b>Floating Rate Balances</b>             | %                                         | \$           | %                                         | \$           |
| Cash and cash equivalents                 | 0.01                                      | 1,231,170    | 0.41                                      | 535,395      |
| Borrowings                                | 2.08                                      | (44,639,723) | 3.86                                      | (40,287,808) |
| <b>Net exposure to interest rate risk</b> |                                           | (43,408,553) |                                           | (39,752,413) |

The Group's fixed rate borrowings and receivables are carried at amortised cost. They are therefore not subject to interest rate risk as defined in AASB 7.

**Sensitivity Analysis**

Based on the simulations performed, the annual impact on profit and loss of a one percent shift in interest rates, with all other variables held constant, is estimated to be a maximum increase or decrease of \$434,085 (2020:\$236,590).

**Fair Values**

**Fair value measurements**

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes. Fair values are categorised into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- Inputs for the asset or liability that are not based in observable market data (unobservable inputs) (level 3).

At 30 June 2021, the Group did not have any financial instruments that were measured and recorded at fair value. The aggregate fair values of all financial assets and liabilities approximate their carrying values at the balance date.

**Note 25 Company Details**

**The registered office of the company is:**

Land & Homes Group Limited  
100 Boundary Street  
Brisbane QLD 4000

**The principal places of business are:**

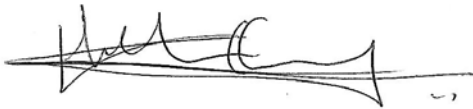
Land & Homes Group Limited  
100 Boundary Street  
Brisbane QLD 4000

**LAND & HOMES GROUP LIMITED**  
**ABN: 33 090 865 357**  
**DIRECTORS' DECLARATION**

In accordance with a resolution of the directors of Land & Homes Group Limited, the directors of the company declare that:

1. the financial statements and notes, as set out on pages 11 to 35, are in accordance with the Corporations Act 2001 and:
  - (a) comply with Australian Accounting Standards applicable to the entity, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
  - (b) give a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date of the consolidated group;
2. in the directors' opinion 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

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

A handwritten signature in black ink, appearing to read 'Mr Choon Keng Kho', written over a horizontal line.

**Mr Choon Keng Kho**

Director

Dated this 30<sup>th</sup> day of September 2021

**Land and Homes Group Limited**  
**ACN 090 865 357**

**Independent Auditor's Report to the shareholders of Land and Homes Group Limited**

**Report on the Audit of the Financial Report**

**Opinion**

We have audited the financial report of Land and Homes Group Limited and Controlled Entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion:

- a) The accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of their financial performance for the year then ended; and
  - (ii) 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 (including Independence Standards)* (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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Suite 12.01, Level 12, 222 Pitt Street, Sydney NSW 2000

 +61 02 9264 5400  
 [audit@dfkiv.com.au](mailto:audit@dfkiv.com.au)  
 [dfkiv.com.au](http://dfkiv.com.au)

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ABN 75 648 004 595

## Emphasis of Matter – Material Uncertainty Relating to Going Concern

We draw attention to Note 1(t) in the Financial Report, which indicates that the ability of the Group to continue as a going concern is dependent upon the future successful raising of necessary funding through debt and equity. This condition, along with other matters as set out in Note 1(t) indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

We also draw attention to Note 19 pertaining to contingent liabilities. Directors remuneration disclosed in the Director's report is also being disputed. In the event of any of any legal claim arising from the director related entity in the future, the majority of the Board is of the view that such claim will be fully contested.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the year ended 30 June 2021. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Apart from above the key audit matters are:

| Key audit matters                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | How our audit addressed the key audit matters                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Fair value of investment properties</b><br><b>Refer to Note 14</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <p>The Group's investment property is office space located at 207 Wharf Street, Sprint Hill QLD. The fair value of the investment property is the net carrying amount of cost after accumulated depreciation.</p> <p>At each reporting date, management of Land and Homes Group Limited assesses the fair value of the investment property to determine if it is impaired or not.</p> <p>This was a key audit matter because the:</p> <ul style="list-style-type: none"> <li>Investment property balance is financially significant in the Consolidated Statement of Financial Position.</li> <li>The impact of changes in the fair value of the investment property can have a significant effect on the Group's comprehensive income especially in light of Covid 19.</li> <li>Investment property valuations are inherently subjective due to the use of assumptions in the valuation methodology.</li> </ul> | <ul style="list-style-type: none"> <li>We checked the settlement sheet for the value of investment property at date of purchase.</li> <li>We vouched the invoices for additions to the investment property.</li> <li>We re-perform the building depreciation calculations.</li> <li>We have reviewed contract for sale and settlement sheet as the property was sold post year end. Such information was also relied upon by Board for year end impairment testing and the resulting impairment loss was taken up in the Financial Report.</li> </ul> |

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Suite 12.01, Level 12, 222 Pitt Street, Sydney NSW 2000

+61 02 9264 5400

audit@dfklv.com.au

dfklv.com.au

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ABN 75 648 004 595

| Key audit matters                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | How our audit addressed the key audit matters                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Going concern</b><br/>Refer to Note 1 (t) in the financial statements</p> <p>We identified going concern as a key audit matter due to the Group's current year loss before tax, net current liabilities and negative operating cash flows.<br/>For the year ended 30 June 2021, Management performed an assessment of the Group's ability to continue as a going concern. The following procedures were performed as part of this assessment:</p> <ul style="list-style-type: none"> <li>• Preparing cash flow projections up to September 2022;</li> <li>• Achieving settlement of \$18.6m external bank debt post year end from proceeds of sale from the Investment property;</li> <li>• Seeking to confirm commitments from arm's length third party investors in the private placement of convertible notes;</li> <li>• Reviewing options to fund ongoing development of non-current inventory; and</li> <li>• Considering other debt and equity funding options.</li> </ul> | <p>Our audit procedures in relation to going concern included:</p> <ul style="list-style-type: none"> <li>• We critically analysed The Group's forecasts for the next 12 months from the date of signing the financial statements, including the potential impact of the Covid-19 pandemic, assessing the sensitivity and basis of the assumptions used;</li> <li>• We reviewed the financial position and assessed a number of key ratios; and</li> <li>• Reviewed FY 2022 YTD results against FY22 forecast.</li> </ul> |
| <p><b>Contingent Liabilities</b><br/>We identified above as a key audit matter due to the fact that as disclosed at Note 19, there is a dispute pertaining to amount owed to directors and director related entities and respective remunerations.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• Review of solicitor confirmations;</li> <li>• Review of director confirmations;</li> <li>• Review of minutes of Board meeting; and</li> <li>• Reliance on management representation.</li> </ul>                                                                                                                                                                                                                                            |

### Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, 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. 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.

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+61 02 9264 5400

[audit@dfklv.com.au](mailto:audit@dfklv.com.au)

[dfklv.com.au](http://dfklv.com.au)

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ABN 75 648 004 595

### Responsibilities of 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 related 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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement 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.

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Suite 12.01, Level 12, 222 Pitt Street, Sydney NSW 2000

+61 02 9264 5400

[audit@dfklv.com.au](mailto:audit@dfklv.com.au)

[dfklv.com.au](http://dfklv.com.au)

DFK Laurence Varnay Auditors Pty Ltd

ABN 75 648 004 595

## Auditor's Responsibilities for the Audit of the Financial Report (Cont'd)

- 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 with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period 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 Remuneration Report

### ***Opinion on the Remuneration Report***

We have audited the Remuneration Report included on pages 11-14 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Land and Homes Group Limited, for the year ended 30 June 2021 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.

## DFK Laurence Varnay Auditors Pty Ltd



Faizal Ajmat

Director

Sydney

Date 30 September 2021

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### Additional Information for Listed Public Companies as at 19 October 2021

- (a) Number of LHM shareholders: 1,463
- (b) Total shares issued: 1,049,389,287
- (c) Percentage of total holdings by or on behalf of the 20 largest shareholders: 98.96%
- (d) Distribution schedule of the number of holders – Ordinary Shares

| Holding Ranges                     | Holders      | Total Units          | % Issued Capital |
|------------------------------------|--------------|----------------------|------------------|
| 0 up to and including 1,000        | 1,082        | 27,216               | 0.00%            |
| 1,001 up to and including 5,000    | 9            | 21,745               | 0.00%            |
| 5,001 up to and including 10,000   | 214          | 2,134,158            | 0.21%            |
| 10,001 up to and including 100,000 | 107          | 2,787,580            | 0.27%            |
| above 100,000                      | 51           | 1,044,418,588        | 99.53%           |
| <b>Totals</b>                      | <b>1,463</b> | <b>1,049,389,287</b> | <b>100.00%</b>   |

- (e) The number of holders holding less than marketable parcel: 1,389
- (f) Voting rights: Every member present personally or by proxy or attorney shall, on a show of hands, have one vote and on a poll shall have one vote for every share held.
- (g) Top 20 Holders of Ordinary Shares:

| Position | Holder Name                             | Holding              | % IC          |
|----------|-----------------------------------------|----------------------|---------------|
| 1        | Telok Ayer Holdings Pte Ltd             | 453,000,000          | 43.17%        |
| 2        | San Teh Xing Investment Pte Ltd         | 207,356,000          | 19.76%        |
| 3        | Mr Lai Huat Yeo                         | 165,909,091          | 15.81%        |
| 4        | Telok Ayer Capital Pte Ltd              | 47,000,000           | 4.48%         |
| 5        | Citicorp Nominees Pty Limited           | 45,980,406           | 4.38%         |
| 6        | Ms Gek Swee Fanny Seah                  | 27,000,001           | 2.57%         |
| 7        | BNO Paribas Noms Pty Ltd <Drp>          | 19,307,258           | 1.84%         |
| 8        | Mr Kay Meng Andy Lee                    | 12,500,000           | 1.19%         |
| 8        | Mr Tai Min Loh                          | 12,500,000           | 1.19%         |
| 9        | Five Trees Pty Limited                  | 7,750,000            | 0.74%         |
| 10       | Mr Stephen Miller                       | 6,500,000            | 0.62%         |
| 11       | Mr Garfield Kam Tim Ip                  | 5,000,000            | 0.48%         |
| 11       | Ronage Pty Ltd                          | 5,000,000            | 0.48%         |
| 12       | Telok Ayer Capital Pte Ltd              | 3,229,092            | 0.31%         |
| 13       | HSBC Custody Nominees (Australia) Ltd   | 2,882,400            | 0.27%         |
| 14       | Mr Ng Chee Kwong Colin                  | 2,500,000            | 0.24%         |
| 14       | Riterea Pty Ltd                         | 2,500,000            | 0.24%         |
| 14       | Mr Bruce Eric Mackinlay                 | 2,500,000            | 0.24%         |
| 15       | Ms Su Ming Celine Teo                   | 2,175,000            | 0.21%         |
| 16       | Mr Terence Goon Eu Jin                  | 1,320,000            | 0.13%         |
| 17       | Mr Aik Leng Yeo                         | 1,250,000            | 0.12%         |
| 17       | Mr Ian Mackinlay                        | 1,250,000            | 0.12%         |
| 17       | Tiger Holdings P/L <Lee Super Fund A/C> | 1,250,000            | 0.12%         |
| 17       | Mr Kuan Bon Heng                        | 1,250,000            | 0.12%         |
| 18       | Benelong Capital Partners Pty Ltd       | 624,201              | 0.06%         |
| 19       | Mr Tan Wee Han                          | 510,000              | 0.05%         |
| 20       | Mr Chong Beng Pek                       | 480,000              | 0.05%         |
|          | <b>Totals</b>                           | <b>1,038,523,449</b> | <b>98.96%</b> |

- (h) The names of Substantial Holders and the number of shares held:

| Substantial Holder                       | Holding     | % IC  |
|------------------------------------------|-------------|-------|
| Telok Ayer Holdings Pte Ltd & Associates | 503,229,092 | 47.96 |
| San Teh Xing Investment Pte Ltd          | 207,356,000 | 19.76 |
| Mr Lai Huat Yeo                          | 165,909,091 | 15.81 |

- (i) The Company's securities are traded on the Australian Securities Exchange: ASX Code: LHM
- (j) The Company's 2021 Corporate Governance Statement is located on the Company's website at:  
<http://www.landnhomesgroup.com/irm/content/corporate-governance.aspx?RID=330>

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**CORPORATE DIRECTORY****Directors**

Choon Keng Kho  
Peter Mackinlay  
Patrick Chuan Thye Kho  
Kwee Jee Lee  
Kim Huat Koh  
Grant Archibald  
Chuan Chi Kao  
Charles Chow Cher Lim  
Siew Goh

**Company Secretary**

Andrew J. Cooke

**Registered Office**

Level 3A, Hyde Park Tower  
148 Elizabeth Street  
SYDNEY NSW 2000  
Tel: + 61 2 8281 3008

**Head Office & Principal Place of Business**

100 Boundary Street  
Brisbane City, QLD 4000  
Tel: + 61 7 3905 5658

**Share Register**

Automic Group  
Level 5, 126 Phillip Street  
Sydney NSW 2000  
Investor Services: 1 300 288 664  
Web: [automicgroup.com.au](http://automicgroup.com.au)

**Auditors**

DFK Laurence Varnay  
Level 12  
222 Pitt Street  
SYDNEY NSW 2000

**Website**

[www.landnhomesgroup.com](http://www.landnhomesgroup.com)

