



ASX RELEASE

23 February 2023

APPENDIX 4D AND HY23 FINANCIAL REPORT

HMC Capital (ASX: HMC) provides the attached Appendix 4D and HY23 Financial Report.

This announcement is authorised for release by the Board.

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About HMC Capital

HMC Capital is an ASX-listed diversified alternative asset manager which invests in high conviction and scalable real asset strategies on behalf of individuals, large institutions, and super funds. HMC Capital currently manages approximately \$6bn of external assets under management across real estate and private equity.

In August 2022, HMC established HMC Capital Partners Fund I, an open-ended unlisted fund providing exposure to a high-conviction investment strategy seeking to generate superior risk-adjusted returns. HMC Capital Partners Fund I targets public and private companies in Australia and New Zealand with real asset backing.

1. Company details

Name of entity:	HMC Capital Limited (formerly Home Consortium Limited)
ACN:	138 990 593
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

The comparative period included results for the stapled group comprising of HMC Capital Limited (ACN 138 990 593) (HMC Capital) and Home Consortium Developments Pty Limited (ACN 635 859 700) (formerly Home Consortium Developments Limited (HCDL)). The shares of HMC Capital and HCDL were destapled on 24 December 2021. As a result, the comparative period results are for the stapled group until 24 December 2021 and for the destapled group from 25 December 2021 to 31 December 2021.

2. Results for announcement to the market

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

	31 Dec 2022 \$'000	31 Dec 2021 \$'000	Change \$'000	Change %
Revenue from ordinary activities	28,665	28,479	186	1%
Profit from ordinary activities after tax	19,749	48,258	(28,509)	(59%)
Profit for the half-year for owners of HMC Capital Limited	19,749	48,258	(28,509)	(59%)
Profit for the half-year including non-controlling interest	25,149	78,271	(53,122)	(68%)

Dividends

	Amount per security Cents	Franked amount per security Cents
Final dividend paid on 7 October 2022 to shareholders registered on 2 September 2022.	6.00	6.00
Interim dividend for the year ending 30 June 2023 will be paid on 6 April 2023 to shareholders registered on 2 March 2023	6.00	6.00

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

3. Net tangible assets

	31 Dec 22 \$	30 Jun 22 \$
Net tangible assets per share	2.69	2.20

4. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss)	
	31 Dec 2022 %	30 Jun 2022 %	31 Dec 2022 \$'000	31 Dec 2021 \$'000
HomeCo Daily Needs REIT	14.1%	14.1%	13,452	30,545
HealthCo Healthcare and Wellness REIT	20.9%	20.9%	323	2,152
The George Trust	-	40.3%	-	-
General Medical Precinct Trust	25.0%	25.0%	-	-
Life Sciences Medical Precinct Trust	30.3%	30.2%	-	-
			<u>13,775</u>	<u>32,697</u>

Refer to note 12 of the notes to the consolidated financial statements for further information.

5. Information about audit or review

The financial statements were subject to review by the auditors, KPMG. A copy of KPMG's unqualified review report is included as part of the half-year financial report.

6. Attachments

The Interim Report of HMC Capital Limited for the half-year ended 31 December 2022 is attached.

7. Signed

As authorised by the board of directors

Signed  _____

Chris Saxon
Chair

Date: 22 February 2023

HMC Capital Limited

(Formerly known as Home Consortium Limited)

ACN 138 990 593

Interim Report - 31 December 2022

The directors of HMC Capital Limited (ACN 138 990 593) (formerly Home Consortium Limited) (referred to hereafter as the Company or HMC Capital) present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the group) consisting of HMC Capital and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

The comparative period included results for the stapled group comprising of HMC Capital and Home Consortium Developments Pty Limited (ACN 635 859 700) (formerly Home Consortium Developments Limited (HCDL)). The shares of HMC Capital and HCDL were destapled on 24 December 2021. As a result, the comparative period results are for the stapled group until 24 December 2021 and for the destapled group from 25 December 2021 to 31 December 2021.

Directors

Chris Saxon	Independent Non-Executive Chair
David Di Pilla	Managing Director and Chief Executive Officer
Zac Fried	Non-Executive Director
Brendon Gale	Independent Non-Executive Director
Greg Hayes	Non-Executive Director
Jane McAloon	Independent Non-Executive Director (retired on 23 November 2022)
Kelly O'Dwyer	Independent Non-Executive Director
Susan Roberts	Independent Non-Executive Director (appointed on 23 November 2022)

Significant changes in the state of affairs

HMC Capital Partners Fund I

On 4 July 2022, the group's wholly owned subsidiary HMC Investment Management Pty Limited (Manager) launched HMC Capital Partners Fund I (the Fund), an Australian domiciled unlisted wholesale fund providing exposure to a high-conviction investment strategies. The Fund will target public and private companies in Australia and New Zealand with real assets.

The Fund forms part of the consolidated group as at 31 December 2022.

Sale of investment in The George Trust

In December 2022, HealthCo Healthcare and Wellness REIT acquired the group's interest in The George Trust for \$32.7 million. The George Trust is developing The George Private Hospital in Camden, New South Wales. The disposal price represents a 5% discount to the independent valuation as at September 2022.

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

Review of operations and financial performance

A summary of the financial performance of the group for the half-year ended 31 December 2022 is outlined below.

	Consolidated 31 Dec 2022 \$'000	Consolidated 31 Dec 2021 \$'000
Total revenue including share of profit/loss of associates	45,716	61,291
Net profit for the period	25,149	78,271
Funds from operations ('FFO')	24,924	29,890
Weighted average securities on issue (million)	300.2	290.2
FFO per security (cents)	8.3	10.3

The group recorded total revenue (including share of profit/loss of associates) of \$45.7 million (31 December 2021: \$61.3 million) and a statutory profit after tax for the current financial half-year of \$25.1 million compared to \$78.3 million for the half-year ended 31 December 2021. The statutory profit is primarily attributable to share of associate profit from investments in HomeCo Daily Needs REIT and HealthCo Healthcare and Wellness REIT of \$13.8 million and net fair value gains of \$6.3 million.

FFO was \$24.9 million for the current financial half-year compared to FFO of \$29.9 million for the half-year ended 31 December 2021. FFO is a financial measure which is not prescribed by Australian Accounting Standards and represents the group's underlying and recurring earnings from its operations and is determined by adjusting the statutory net profit after tax for items that are non-cash, unrealised or capital in nature. The directors consider FFO to represent the core earnings of the group.

FFO

The table below provides a reconciliation between the net profit after tax for the period and FFO:

	Consolidated 31 Dec 2022 \$'000	Consolidated 31 Dec 2021 \$'000
Statutory profit after tax	25,149	78,271
Non-controlling interest adjustments	(5,400)	-
Deferred income tax expense	(3,360)	2,253
Straight-lining of rental income	-	256
Amortisation of borrowing costs	194	1,594
Acquisition and transaction costs	3,204	2,415
Net fair value movements	3,589	(14,221)
Depreciation expenses	1,066	-
Leasehold rent	(434)	-
Share of associate profit to FFO	916	(23,778)
Gain on investment in associates	-	(16,900)
FFO	24,924	29,890

Summary of financial position

A summary of the group's financial position as at 31 December 2022 is outlined below:

	Consolidated 31 Dec 2022 \$'000	Consolidated 30 June 2022 \$'000
Assets		
Total assets	1,203,189	912,950
Net assets	994,821	846,002
Net tangible assets *	808,047	659,228
Adjusted net tangible assets **	691,856	691,327

Number of securities on issue (million)	300.8	299.6
Net tangible assets (\$ per security)*	2.69	2.20
Adjusted net tangible assets (\$ per security)**	2.30	2.31

Capital management

Debt facility limit	325,000	275,000
Drawn debt	157,000	-
Cash and undrawn debt	342,890	332,555
Gearing ratio (%)	-	-
Hedged debt (%)	-	-
Weighted average cost of debt (% per annum)	4.96%	n/m

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

** Adjusted net tangible assets exclude the following: right-of-use assets, lease liabilities, provisions, deferred tax assets and liabilities and non-controlling interests.

Financing:

During the half-year, the group extended the maturity date of its debt facility to 31 January 2024.

Dividends

Dividends declared during the half-year were as follows:

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Final dividend to shareholders registered on 2 September 2022 of 6.0 cents (2021: 6.0 cents) per ordinary security	<u>18,015</u>	<u>17,416</u>

On 22 February 2023, the directors determined to pay a fully franked interim dividend of 6.0 cents per ordinary share. The dividends will be paid on 6 April 2023 to eligible shareholders on the register on 2 March 2023.

Matters subsequent to the end of the financial half-year

In February 2023 the group launched the Last Mile Logistics Fund (LML Fund). The LML Fund will target core plus transitional assets (sub-regional, neighbourhood and large format retail assets) with potential to unlock additional upside through repositioning the assets into non-discretionary daily needs uses with essential last mile real estate infrastructure.

In February 2023 the LML Fund acquired Menai Marketplace for \$150.0 million.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

Rounding of amounts

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

Related party confirmation

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

Auditor's independence declaration

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

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

On behalf of the directors

A handwritten signature in black ink, appearing to be 'Chris Saxon', written over a horizontal line.

Chris Saxon
Chair

A handwritten signature in black ink, appearing to be 'David Di Pilla', written over a horizontal line.

David Di Pilla
Director

22 February 2023



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

To the Directors of HMC Capital Limited

I declare that, to the best of my knowledge and belief, in relation to the review of HMC Capital Limited for the half-year ended 31 December 2022 there have been:

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

A stylized, handwritten signature of the KPMG firm, appearing as 'KPMG.' in a dark blue ink.

KPMG

A handwritten signature of Brendan Twining, appearing as 'BT.' in a dark blue ink.

Brendan Twining

Partner

Sydney

22 February 2023

HMC Capital Limited
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For the half-year ended 31 December 2022



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HMC Capital Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022



		Consolidated	
	Note	31 Dec 2022	31 Dec 2021
		\$'000	\$'000
Continuing operations			
Revenue	4	28,665	28,479
Other income			
Share of profits of associates and joint ventures accounted for using the equity method	12	13,775	32,697
Gain recognised on investments in associates	12	593	16,900
Interest income		1,339	115
Dividend income		1,937	-
Change in assets/liabilities at fair value through profit or loss	5	6,296	27,202
Expenses			
Property and fund management expenses		(11,179)	(7,576)
Corporate expenses		(12,226)	(9,019)
Acquisition and transaction costs	6	(3,204)	(2,415)
Finance costs	6	(4,206)	(3,891)
Profit before income tax benefit/(expense)		21,790	82,492
Income tax benefit/(expense)		3,359	(4,221)
Profit after income tax benefit/(expense) for the half-year		25,149	78,271
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year		<u>25,149</u>	<u>78,271</u>
Profit for the half-year is attributable to:			
Non-controlling interest	17	5,400	30,013
Owners of HMC Capital Limited		19,749	48,258
		<u>25,149</u>	<u>78,271</u>
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		5,400	30,013
Owners of HMC Capital Limited		19,749	48,258
		<u>25,149</u>	<u>78,271</u>

Non-controlling interest (NCI) for the half-year ended 31 December 2022 relates to HMC Capital Partners Fund I. NCI for the period ended 31 December 2021 relates to HCDL for the period that it was stapled to HMC Capital.

		Cents	Cents
Basic earnings per security	22	6.58	16.63
Diluted earnings per security	22	6.57	16.55

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

		Consolidated	
	Note	31 Dec 2022	30 Jun 2022
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents	7	174,890	57,555
Trade and other receivables	8	26,877	32,296
Other assets	9	10,389	2,411
Derivative financial instruments	10	85,970	14,425
Total current assets		<u>298,126</u>	<u>106,687</u>
Non-current assets			
Financial assets at fair value through profit or loss	11	117,283	-
Investments accounted for using the equity method	12	591,324	608,712
Property, plant and equipment		2,586	3,140
Intangible assets		186,774	186,774
Right-of-use assets		4,317	4,806
Convertible notes		2,779	2,282
Other assets	9	-	549
Total non-current assets		<u>905,063</u>	<u>806,263</u>
Total assets		<u>1,203,189</u>	<u>912,950</u>
Liabilities			
Current liabilities			
Trade and other payables	13	14,538	22,777
Borrowings	14	50,000	-
Employee benefit obligations		1,474	4,797
Lease liabilities		748	717
Income tax		2,030	1,984
Total current liabilities		<u>68,790</u>	<u>30,275</u>
Non-current liabilities			
Borrowings	14	106,645	-
Lease liabilities		3,249	3,628
Provisions		485	485
Deferred tax liability		29,199	32,560
Total non-current liabilities		<u>139,578</u>	<u>36,673</u>
Total liabilities		<u>208,368</u>	<u>66,948</u>
Net assets		<u>994,821</u>	<u>846,002</u>
Equity			
Contributed equity	15	5,041,684	5,036,746
Reserves		(1,230,893)	(1,227,485)
Accumulated losses		(2,961,525)	(2,963,259)
Equity attributable to the owners of HMC Capital Limited		849,266	846,002
Non-controlling interest	17	145,555	-
Total equity		<u>994,821</u>	<u>846,002</u>

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

HMC Capital Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2022



Consolidated	Contri- buted equity \$'000	Profits reserve \$'000	Share- based payments reserve \$'000	NCI reserve \$'000	Accumu- lated losses \$'000	Non- controlling interest* \$'000	Total equity \$'000
Balance at 1 July 2021	3,710,382	1,885	2,128	-	(3,007,503)	4,087	710,979
Profit after income tax expense for the half-year	-	-	-	-	48,258	30,013	78,271
Other comprehensive income for the half-year, net of tax	-	-	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	-	48,258	30,013	78,271
<i>Transactions with owners in their capacity as owners:</i>							
Contributions of equity, net of transaction costs	473	-	(478)	-	-	-	(5)
Share-based payments	-	-	1,140	-	-	-	1,140
Transfer from NCI on de- stapling	-	-	-	34,100	-	(34,100)	-
Destapling transaction costs	-	-	-	(1,473)	-	-	(1,473)
Share issue upon acquisition of HCDL	1,265,167	-	-	(1,265,167)	-	-	-
Dividends declared	-	(1,885)	-	-	(15,531)	-	(17,416)
Balance at 31 December 2021	<u>4,976,022</u>	<u>-</u>	<u>2,790</u>	<u>(1,232,540)</u>	<u>(2,974,776)</u>	<u>-</u>	<u>771,496</u>

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

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

HMC Capital Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2022



Consolidated	Contri- buted equity \$'000	Share- based payments reserve \$'000	NCI reserve \$'000	Accumu- lated losses \$'000	Non- controlling interest* \$'000	Total equity \$'000
Balance at 1 July 2022	5,036,746	5,054	(1,232,539)	(2,963,259)	-	846,002
Profit after income tax benefit for the half-year	-	-	-	19,749	5,400	25,149
Other comprehensive income for the half-year, net of tax	-	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	19,749	5,400	25,149
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (note 15)	(357)	-	-	-	-	(357)
Share-based payments	-	1,887	-	-	-	1,887
Vesting of employee awards (note 15)	5,295	(5,295)	-	-	-	-
Contributions by NCI	-	-	-	-	140,155	140,155
Dividends declared (note 16)	-	-	-	(18,015)	-	(18,015)
Balance at 31 December 2022	<u>5,041,684</u>	<u>1,646</u>	<u>(1,232,539)</u>	<u>(2,961,525)</u>	<u>145,555</u>	<u>994,821</u>

* Non-controlling interest represents equity attributable to external investors of HMC Capital Partners Fund I.

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

HMC Capital Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2022



		Consolidated	
	Note	31 Dec 2022	31 Dec 2021
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers and tenants (inclusive of GST)		42,796	24,998
Payments to suppliers and employees (inclusive of GST)		(39,259)	(14,082)
Interest received		1,339	115
Interest paid		(3,423)	(1,779)
Income taxes refunded		45	-
Net cash from operating activities		1,498	9,252
Cash flows from investing activities			
Payment for deposits		(7,500)	-
Payment for investment properties		-	(5,450)
Payment for financial instruments		(242,940)	-
Payments for convertible notes		(497)	(1,734)
Payment for plant and equipment		(23)	-
Payment for equity accounted investments		(14,979)	(166,192)
Proceeds on disposal of investments in associates		32,700	-
Proceeds on disposal of financial instruments		60,408	-
Proceeds from disposal of investment properties		-	563,044
Distributions received		14,341	7,387
Dividends received		892	-
Net cash (used in)/from investing activities		(157,598)	397,055
Cash flows from financing activities			
Payment for treasury shares	15	(335)	-
Share issue transaction costs	15	(22)	(999)
Proceeds from borrowings		187,000	133,000
Repayment of borrowings		(30,000)	(387,750)
Borrowing costs paid		-	(698)
Repayment of lease liabilities and surrenders		(348)	(105)
Dividends paid	16	(18,015)	(17,416)
Cash contributed by non-controlling entity		135,155	-
Net cash from/(used in) financing activities		273,435	(273,968)
Net increase in cash and cash equivalents		117,335	132,339
Cash and cash equivalents at the beginning of the financial half-year		57,555	11,694
Cash and cash equivalents at the end of the financial half-year		174,890	144,033

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

Note 1. General information

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

The comparative period included results for the stapled group comprising of HMC Capital and Home Consortium Developments Pty Limited (HCDL) (ACN 635 859 700) (formerly Home Consortium Developments Limited). The shares of HMC Capital and HCDL were destapled on 24 December 2021. As a result, the comparative period results are for the stapled group until 24 December 2021 and for the destapled group from 25 December 2021 to 31 December 2021.

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

Level 7, Gateway
1 Macquarie Place
Sydney NSW 2000

The financial statements were authorised for issue, in accordance with a resolution of directors, on 22 February 2023. The directors have the power to amend and reissue the financial statements.

Note 2. Basis of preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

New or amended Accounting Standards and Interpretations adopted

The group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the group during the financial half-year ended 31 December 2022 and are not expected to have any significant impact for the full financial year ending 30 June 2023.

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

Note 3. Operating segments

Identification of reportable operating segments

The group is organised into three operating segments: Investments, Funds management and Corporate. The operating segments are based on the internal reports that are reviewed by the Chief Operating Decision Makers ('CODM') in assessing performance and in determining the allocation of resources.

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

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

Operating segment information

Consolidated - 31 Dec 2022	Investments \$'000	Funds management \$'000	Corporate \$'000	Total \$'000
Revenue				
Management fee income	-	28,393	-	28,393
Other property income	272	-	-	272
Total revenue	<u>272</u>	<u>28,393</u>	<u>-</u>	<u>28,665</u>
FFO (before income tax)	19,283	17,236	(11,594)	24,925
Depreciation expenses	-	-	(1,066)	(1,066)
Leasehold rent	-	-	434	434
Fair value movements	(3,589)	-	-	(3,589)
Acquisition and transaction costs	(1,753)	(1,451)	-	(3,204)
Amortisation of borrowing costs	(194)	-	-	(194)
Share of associate profit (adjusted)	(916)	-	-	(916)
Non-controlling interest	5,400	-	-	5,400
Profit/(loss) before income tax benefit	<u>18,231</u>	<u>15,785</u>	<u>(12,226)</u>	<u>21,790</u>
Income tax benefit				3,359
Profit after income tax benefit				<u>25,149</u>
Assets				
Segment assets	972,990	221,754	8,445	1,203,189
Total assets				<u>1,203,189</u>
<i>Total assets includes:</i>				
Investments in associates	591,324	-	-	591,324
Liabilities				
Segment liabilities	159,074	45,470	3,824	208,368
Total liabilities				<u>208,368</u>

Note 3. Operating segments (continued)

	Investments \$'000	Funds management \$'000	Corporate \$'000	Total \$'000
Consolidated - 31 Dec 2021				
Revenue				
Management fee income	-	18,458	-	18,458
Property rental income	9,185	-	-	9,185
Other property income	836	-	-	836
Total revenue	10,021	18,458	-	28,479
FFO (before income tax)	26,128	14,749	(9,019)	31,858
Fair value movements	14,221	-	-	14,221
Acquisition and transaction costs	-	(2,415)	-	(2,415)
Amortisation of borrowing costs	(1,594)	-	-	(1,594)
Straight-lining and amortisation	(256)	-	-	(256)
Share of associate profit (adjusted)	23,778	-	-	23,778
Other adjustments	16,900	-	-	16,900
Profit/(loss) before income tax expense	79,177	12,334	(9,019)	82,492
Income tax expense				(4,221)
Profit after income tax expense				78,271
Consolidated - 30 Jun 2022				
Assets				
Segment assets	680,130	223,996	8,824	912,950
Total assets				912,950
<i>Total assets includes:</i>				
Investments in associates	608,712	-	-	608,712
Liabilities				
Segment liabilities	5,688	46,553	14,707	66,948
Total liabilities				66,948

Note 4. Revenue

	Consolidated	
	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Management fee income	28,393	18,458
Property rental income	-	9,185
Other income	272	836
	28,665	28,479

Disaggregation of revenue

Management fees are recognised over time as services are rendered. Revenue from property rental is recognised on a straight-line basis over the lease term. Other property income is recognised over time as services are rendered. Revenue from operating segments are disclosed in note 3.

Note 5. Change in assets/liabilities at fair value through profit or loss

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Net fair value gain on investment properties	-	5,003
Net fair value gain on remeasurement of listed equities and derivatives	6,296	9,218
Realised gain on disposal of investment properties	-	12,981
	<u>6,296</u>	<u>27,202</u>

Note 6. Expenses

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Profit before income tax includes the following specific expenses:		
<i>Finance costs</i>		
Interest and finance charges on borrowings	3,928	2,291
Interest and finance charges on lease liabilities	84	6
Amortisation of borrowing costs*	194	1,594
Finance costs expensed	<u>4,206</u>	<u>3,891</u>
<i>Acquisition and transaction costs</i>		
Transaction and group reorganisation costs	<u>3,204</u>	<u>2,415</u>

* Amortisation of borrowing costs include \$nil (2021: \$1.3 million) written off upon refinancing and limit reduction of the debt facilities.

Note 7. Cash and cash equivalents

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
<i>Current assets</i>		
Cash at bank	<u>174,890</u>	<u>57,555</u>

Note 8. Trade and other receivables

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
<i>Current assets</i>		
Trade receivables	6,433	16,431
Allowance for expected credit losses	(225)	(263)
	<u>6,208</u>	<u>16,168</u>
Distributions receivables	8,474	7,735
Accrued income	6,373	6,127
Other receivables	5,822	2,266
	<u>20,669</u>	<u>16,128</u>
	<u>26,877</u>	<u>32,296</u>

Note 9. Other assets

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
<i>Current assets</i>		
Prepayments	1,055	473
Deposits	9,334	1,938
	<u>10,389</u>	<u>2,411</u>
<i>Non-current assets</i>		
Capitalised borrowing costs	-	549

Note 10. Derivative financial instruments

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
<i>Current assets</i>		
Derivative asset - equity total return swaps	85,970	14,425

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

Note 11. Financial assets at fair value through profit or loss

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
<i>Non-current assets</i>		
Australian listed equity securities	117,283	-

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

Note 12. Investments accounted for using the equity method

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
<i>Non-current assets</i>		
Associate - HomeCo Daily Needs REIT	445,116	443,194
Associate - HealthCo Healthcare and Wellness REIT	134,649	136,924
Joint venture - The George Trust	-	17,150
Joint venture - General Medical Precinct Trust	2,511	2,511
Joint venture - Life Sciences Medical Precinct Trust	9,048	8,933
	<u>591,324</u>	<u>608,712</u>

Note 12. Investments accounted for using the equity method (continued)

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

Opening carrying amount	608,712
Additional investments	15,703
Disposals – The George Trust	(32,700)
Gain on disposal	593
Share of profit after income tax	13,775
Share of distributions declared by associates	(14,665)
Other	(94)
Closing carrying amount	<u>591,324</u>

During the half-year, the group sold its interest in The George Trust to HealthCo Healthcare and Wellness REIT for \$32.7 million.

Interests in associates and joint ventures

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

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 Dec 2022 %	30 Jun 2022 %
HomeCo Daily Needs REIT	Australia	14.1%	14.1%
HealthCo Healthcare and Wellness REIT	Australia	20.9%	20.9%
The George Trust	Australia	-	40.3%
General Medical Precinct Trust	Australia	25.0%	25.0%
Life Sciences Medical Precinct Trust	Australia	30.3%	30.2%

Note 13. Trade and other payables

	Consolidated	
	31 Dec 2022 \$'000	30 Jun 2022 \$'000
<i>Current liabilities</i>		
Trade payables	1,678	3,198
Rent received in advance	-	265
Accrued expenses	10,090	15,783
Other payables	2,770	3,531
	<u>14,538</u>	<u>22,777</u>

Note 14. Borrowings

	Consolidated	
	31 Dec 2022 \$'000	30 Jun 2022 \$'000
<i>Current liabilities</i>		
Secured margin loan	50,000	-
<i>Non-current liabilities</i>		
Secured bank debt	107,000	-
Capitalised borrowing costs*	(355)	-
	106,645	-

* Capitalised borrowing costs of \$549,000 as at 30 June 2022 is included in other assets (note 9).

Bank debt comprises a \$275.0 million secured syndicated debt facility. During the period, the maturity date of the facility was extended from 30 November 2023 to 31 January 2024. The bank debt is secured by group assets.

During the period HMC Capital Partners Fund I entered into a \$50.0 million non-recourse debt facility which has been utilised for acquiring investments in Australian listed equities. The facility's maturity date is 1 September 2023.

Financing arrangements

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

	Consolidated	
	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Total facilities		
Secured margin loan	50,000	-
Secured bank debt	275,000	275,000
	325,000	275,000
Used at the reporting date		
Secured margin loan	50,000	-
Secured bank debt	107,000	-
	157,000	-
Unused at the reporting date		
Secured margin loan	-	-
Secured bank debt	168,000	275,000
	168,000	275,000

Note 15. Contributed equity

	Consolidated			
	31 Dec 2022 Shares	30 Jun 2022 Shares	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Ordinary shares - fully paid	300,777,145	299,617,806	5,042,324	5,036,746
Less: Treasury shares	(138,597)	-	(640)	-
	300,638,548	299,617,806	5,041,684	5,036,746

Note 15. Contributed equity (continued)

Movements in ordinary share capital

Details	Date	Shares	\$'000
Balance	1 July 2022	299,617,806	5,036,746
Issue of shares to the Trust (at \$4.92 per ordinary share)	25 August 2022	635,264	3,125
Issue of shares to the Trust (at \$4.72 per ordinary share)	28 September 2022	524,075	2,475
Share issue transaction costs, net of tax		-	(22)
Balance	31 December 2022	<u>300,777,145</u>	<u>5,042,324</u>

Issue of options in HMC Capital Limited

During the half-year, the group issued 2,801,102 options in HMC Capital Limited, for nil consideration, to eligible early investors that subscribed for units in HMC Capital Partners Fund I. Each option has an exercise price of \$7.00 and expire on 30 November 2025. The options are quoted on the ASX under the ticker code HMCO.

Movements in treasury shares

Details	Date	Shares	\$'000
Balance	1 July 2022	-	-
Acquisition of shares by the Trust (at \$4.92 per ordinary share)	25 August 2022	(635,264)	(3,125)
Acquisition of shares by the Trust (at \$4.72 per ordinary share)	28 September 2022	(524,075)	(2,475)
Acquisition of shares through on-market purchase	30 September 2022	(74,116)	(335)
Vesting of employee awards		1,094,858	5,295
Balance	31 December 2022	<u>(138,597)</u>	<u>(640)</u>

Treasury shares

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

Note 16. Dividends

Dividends declared during the half-year were as follows:

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Final dividend to shareholders registered on 2 September 2022 of 6.0 cents (2021: 6.0 cents) per ordinary security	<u>18,015</u>	<u>17,416</u>

On 22 February 2023, the directors determined to pay a fully franked interim dividend of 6.0 cents per ordinary share. The dividends will be paid on 6 April 2023 to eligible shareholders on the register on 2 March 2023.

Note 17. Non-controlling interests

Summarised financial information

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

	HMC Capital Partners Fund I 31 Dec 2022 \$'000
<i>Summarised statement of financial position</i>	
Current assets	234,426
Non-current assets	117,283
Total assets	351,709
Current liabilities	50,884
Non-current liabilities	-
Total liabilities	50,884
Net assets	300,825
<i>Summarised statement of profit or loss and other comprehensive income</i>	
Revenue and other income	12,706
Expenses	(2,035)
Profit before income tax expense	10,671
Income tax expense	-
Profit after income tax expense	10,671
Other comprehensive income	-
Total comprehensive income	10,671
<i>Summarised statement of cash flows</i>	
Net cash used in operating activities	(500)
Net cash used in investing activities	(192,631)
Net cash from financing activities	335,155
Net increase in cash and cash equivalents	142,024
<i>Other financial information</i>	
Profit attributable to non-controlling interests	5,400
Accumulated non-controlling interests at the end of reporting period	145,555

Note 18. Fair value measurement

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability

Consolidated - 31 Dec 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Australian listed equity securities	117,283	-	-	117,283
Derivative financial instruments	-	85,970	-	85,970
Total assets	117,283	85,970	-	203,253

Consolidated - 30 Jun 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Derivative financial instruments	-	14,425	-	14,425
Total assets	-	14,425	-	14,425

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

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

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

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

Note 19. Contingent liabilities

The group had no contingent liabilities as at 31 December 2022 and 30 June 2022.

Note 20. Commitments

	Consolidated 31 Dec 2022 \$'000	30 Jun 2022 \$'000
<i>Capital commitments</i>		
Committed at the reporting date but not recognised as liabilities:		
Capital expenditure	-	26,950
Property acquisitions*	142,500	-
	<u>142,500</u>	<u>26,950</u>

* The commitment as at 31 December 2022 related to the acquisition of Menai Marketplace on behalf of the Last Mile Logistics Fund (LML Fund). As disclosed in note 23 the LML Fund was established and settled the acquisition in February 2023.

Note 21. Related party transactions

HomeCo Daily Needs REIT (HDN) – acquisition of Southlands Boulevard

In November 2022 the group paid a \$4,625,000 non-refundable procurement and exclusivity fee, exclusive of GST, to a vendor in relation to HDN's acquisition of Southlands Boulevard. HDN subsequently reimbursed the group for the \$4,625,000.

Last Mile Logistics Fund (LML Fund)

In November 2022 the group paid a deposit of \$7,500,000 to secure the acquisition of Menai Marketplace on behalf of the LML Fund.

The \$7,500,000 was reimbursed by the LML Fund in February 2023 and is disclosed as part of other assets in the consolidated statement of financial position as at 31 December 2022.

Sale of interest in The George Trust to HealthCo Healthcare and Wellness REIT (HCW)

In December 2022 the group sold its interest in The George Trust to HCW for \$32,700,000. The disposal price represented a 5% discount to the independent valuation undertaken in September 2022.

Note 22. Earnings per security

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Profit after income tax	25,149	78,271
Non-controlling interest	(5,400)	(30,013)
Profit after income tax	<u>19,749</u>	<u>48,258</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	300,188,231	290,221,414
Adjustments for calculation of diluted earnings per share:		
Options/rights over ordinary shares	<u>395,808</u>	<u>1,379,795</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>300,584,039</u>	<u>291,601,209</u>
	Cents	Cents
Basic earnings per security	6.58	16.63
Diluted earnings per security	6.57	16.55

Note 23. Events after the reporting period

In February 2023 the group launched the Last Mile Logistics Fund (LML Fund). The LML Fund will target core plus transitional assets (sub-regional, neighbourhood and large format retail assets) with potential to unlock additional upside through repositioning the assets into non-discretionary daily needs uses with essential last mile real estate infrastructure.

In February 2023 the LML Fund acquired Menai Marketplace for \$150.0 million.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

In the directors' opinion:

- the attached consolidated financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached consolidated financial statements and notes give a true and fair view of the group's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Chris Saxon
Chair



David Di Pilla
Director

22 February 2023



Independent Auditor's Review Report

To the shareholders of HMC Capital Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying **Interim Financial Report** of HMC Capital Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of HMC Capital Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2022;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the half-year ended on that date;
- Notes 1 to 23 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Group** comprises HMC Capital Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including:

- giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



KPMG



Brendan Twining

Partner

Sydney

22 February 2023