

## ASX RELEASE

20 February 2024

## APPENDIX 4D AND HY24 FINANCIAL REPORT

HMC Capital (ASX: HMC) provides the attached Appendix 4D and HY24 Financial Report.

This announcement is authorised for release by the Board.

For further information please contact:

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### About HMC Capital

*HMC Capital is a leading ASX-listed diversified alternative asset manager focused on real estate, private equity, energy transition and digital infrastructure. We manage over \$10bn on behalf of institutional, high net worth and retail investors. We have a highly experienced and aligned team with deep investment and operational expertise. Our point of difference is our ability to execute large, complex transactions. This has underpinned our rapid growth in funds under management since listing in October 2019 and track record of generating outsized returns for our investors. We are well positioned to grow our funds under management to over \$20bn in the medium term.*

## 1. Company details

Name of entity:	HMC Capital Limited
ACN:	138 990 593
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022

## 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 2023 \$'000	31 Dec 2022 \$'000	Change \$'000	Change %
Revenue from ordinary activities	40,223	28,665	11,558	40%
Profit from ordinary activities after tax for owners of HMC Capital Limited	17,802	19,749	(1,947)	(10%)
Profit for the half-year for owners of HMC Capital Limited	17,802	19,749	(1,947)	(10%)
Profit for the half-year including non-controlling interest	35,228	25,149	10,079	40%

### Dividends

	Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 30 June 2023 paid on 4 October 2023 to shareholders registered on 30 August 2023.	6.00	0.60
Interim dividend for the year ending 30 June 2024 will be paid on 2 April 2024 to shareholders registered on 27 February 2024.	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 2023 \$	30 Jun 2023 \$
Net tangible assets per share	3.00	2.92

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

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

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss)	
	31 Dec 2023 %	30 Jun 2023 %	31 Dec 2023 \$'000	31 Dec 2022 \$'000
HomeCo Daily Needs REIT	14.0%	14.1%	(1,461)	13,452
HealthCo Healthcare and Wellness REIT	16.4%	16.3%	(1,044)	323
General Medical Precinct Trust	25.0%	25.0%	-	-
Life Sciences Medical Precinct Trust	31.0%	30.7%	-	-
			<u>(2,505)</u>	<u>13,775</u>

Refer to note 11 of the notes to the consolidated financial statements for further information.

#### 5. Information about audit or review

The consolidated 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 2023 is attached.

#### 7. Signed

As authorised by the board of directors

Signed  \_\_\_\_\_

Chris Saxon  
Chair

Date: 19 February 2024



HM Capital

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HMC Capital Limited  
ACN 138 990 593

2024

# Half-year Report

For the six months ending  
31 December 2023

The directors of HMC Capital Limited (ACN 138 990 593) (referred to hereafter as the Company or HMC Capital) present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the group) consisting of HMC Capital and the entities it controlled at the end of, or during, the half-year ended 31 December 2023 (referred to hereafter as the half-year).

### **Directors**

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

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

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

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

In July 2023, an extraordinary general meeting of unitholders of HCW was held to obtain unitholder approval to HMC Capital's participation in, and support of the capital raising undertaken by HCW. A resolution was passed to amend the Investment Management Agreement to permit the payment of acquisition or disposal fees by way of issues of units to HMC Capital as investment manager, in lieu of cash. In September 2023, 5,368,042 units were issued by HCW in lieu of cash to HMC Capital to satisfy an acquisition fee that arose as a result of tranches 1 and 2 of the acquisition by HCW of assets in HMC Wholesale Healthcare Fund.

Further, a resolution to enter a selective buy back agreement pursuant to which the responsible entity of HCW agreed to buy back, and HMC Capital agreed to sell, up to 8,456,608 units held by HMC Capital for nominal consideration was also passed. In December 2023, HCW executed the selective buyback of 3,448,071 units from HMC Capital pursuant to the selective buy back agreement.

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

During the period, HMC Capital reached the first close on the \$1.3 billion HMC Wholesale Healthcare Fund with \$650.0 million of equity commitments including \$328.0 million from four global institutional investors and \$322.0 million from HCW. The fourth institutional investor finalised due diligence and settled in December 2023.

#### *HMC Capital Foundation*

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

#### *Sigma Healthcare Limited*

HMC Capital entered into an agreement to partially sub-underwrite the retail entitlement offer of Sigma Healthcare Limited announced in December 2023 up to \$27.1 million (being 38,733,737 shares). Subsequent to 31 December 2023, HMC Capital acquired \$12.8 million (being 18,222,292 shares) of Sigma Healthcare Limited under the partial sub-underwriting agreement. Further, subsequent to 31 December 2023, HMC Capital Partners Fund I acquired \$76.4 million (being 109,207,767 shares) by way of subscribing in full for its retail entitlements under the entitlement offer. As announced on 24 January 2024, HMC Capital had assigned the HMC Capital priority sub-underwriting (as defined in Sigma Healthcare Limited announcement dated 24 January 2024) to HMC Capital Partners Fund I.

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 2023 is outlined below.

	<b>Consolidated 31 Dec 2023 \$'000</b>	<b>Consolidated 31 Dec 2022 \$'000</b>
Total revenue and other income including share of profit/loss of associates	46,508	45,716
Net profit for the period	35,228	25,149
Operating earnings	57,823	24,924
Weighted average securities on issue (million)	348.0	300.2
Operating earnings per security (cents)	16.6	8.3

The group recorded total revenue and other income (including share of profit/loss of associates) of \$46.5 million (31 December 2022: \$45.7 million) and a statutory profit after tax for the current half-year of \$35.2 million (31 December 2022: \$25.1 million).

Operating earnings was \$57.8 million for the current half-year compared to operating earnings of \$24.9 million for the half-year ended 31 December 2022. Operating earnings is a non-IFRS financial measure which is not prescribed by Australian Accounting Standards and represents the group's underlying earnings from its operations and is determined by adjusting the statutory net profit after tax for items. A reconciliation is provided below and the guidance provided in Australian Securities and Investments Commission (ASIC) Regulatory Guide 230 'Disclosing non-IFRS financial information' has been followed when presenting the Operating earnings. Non-IFRS financial information has not been audited by the external auditor but has been sourced from the financial reports. The directors consider Operating earnings to represent the core earnings of the group.

*Operating earnings*

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

	<b>Consolidated 31 Dec 2023 \$'000</b>	<b>Consolidated 31 Dec 2022 \$'000</b>
Statutory profit after tax	35,228	25,149
Non-controlling interest adjustments	(17,426)	(5,909)
HMC Capital Partners performance fee	4,275	-
HMC Capital Partners management fee	874	509
Income tax expense/(benefit)	4,887	(3,359)
Amortisation of borrowing costs	501	194
Acquisition and transaction costs	7,535	3,204
Net fair value movements	-	3,589
Donation expense	3,091	-
Depreciation expenses	566	632
Share of associate profit to Funds from Operations (FFO)	19,908	916
Operating earnings before tax	59,439	24,924
Current income tax expense	(1,616)	-
Operating earnings after tax	57,823	24,924

*Summary of financial position*

A summary of the group's financial position as at 31 December 2023 is outlined below:

	<b>Consolidated 31 Dec 2023 \$'000</b>	<b>Consolidated 30 Jun 2023 \$'000</b>
<b>Assets</b>		
Total assets	1,479,772	1,344,816
Net assets	1,231,093	1,200,400
Net tangible assets <sup>1</sup>	1,044,319	1,013,626
Adjusted net tangible assets <sup>2</sup>	884,499	881,704
Number of ordinary securities on issue (million)	348.6	347.6
Net tangible assets (\$ per security) <sup>1</sup>	3.00	2.92
Adjusted net tangible assets (\$ per security) <sup>2</sup>	2.54	2.54
<b>Capital management</b> <sup>3</sup>		
Debt facility limit	275,000	275,000
Drawn debt	17,000	36,500
Cash and undrawn debt <sup>3</sup>	275,675	258,941
Gearing ratio (%) <sup>4</sup>	-	1.80%
Hedged debt (%)	-	-
Weighted average cost of debt (% per annum) <sup>5</sup>	6.6%	5.3%

<sup>1</sup> Net tangible assets include deferred tax assets and liabilities, right-of-use assets and lease liabilities.

<sup>2</sup> Adjusted net tangible assets exclude the following: right-of-use assets, lease liabilities, provisions, deferred tax assets and liabilities and non-controlling interests. Prior period adjusted net tangible asset was revised to exclude non-controlling interest.

<sup>3</sup> 31 December 2023 balance excludes a \$120.0 million non-recourse debt facility in HMC Capital Partners Fund I utilised for acquiring investments in Australian listed equities (30 June 2023: \$50.0 million) and cash balance of \$72.6 million (30 June 2023: \$28.3 million). Prior period cash and undrawn debt was revised to exclude the non-recourse debt facility.

<sup>4</sup> Gearing is defined as borrowings (excluding unamortised establishment costs) less cash and cash equivalents divided by total assets excluding cash and cash equivalents and deferred tax assets and excludes HMC Capital Partners Fund I.

<sup>5</sup> Excludes commitment fee on undrawn debt. Prior period weighted average cost of debt was revised to exclude commitment fee on undrawn debt.

*Financing:*

During the half-year, the group extended the maturity date of the \$275 million debt facility from November 2024 to March 2025.

**Dividends**

Dividends declared during the half-year were as follows:

	<b>Consolidated 31 Dec 2023 \$'000</b>	<b>Consolidated 31 Dec 2022 \$'000</b>
Final dividend to shareholders registered on 30 August 2023 of 6.0 cents (2022: 6.0 cents) per ordinary security	20,914	18,015

On 19 February 2024, the directors determined to pay an unfranked interim dividend of 6.0 cents per ordinary share. The dividends will be paid on 2 April 2024 to eligible shareholders on the register on 27 February 2024.

**Matters subsequent to the end of the financial half-year**

HMC Capital entered into an agreement to partially sub-underwrite the retail entitlement offer of Sigma Healthcare Limited announced in December 2023 up to \$27.1 million (being 38,733,737 shares). Subsequent to 31 December 2023, HMC Capital acquired \$12.8 million (being 18,222,292 shares) of Sigma Healthcare Limited under the partial sub-underwriting agreement. Further, subsequent to 31 December 2023, HMC Capital Partners Fund I acquired \$76.4 million (being 109,207,767 shares) by way of subscribing in full for its retail entitlements under the entitlement offer. As announced on 24 January 2024, HMC Capital had assigned the HMC Capital priority sub-underwriting (as defined in Sigma Healthcare Limited announcement dated 24 January 2024) to HMC Capital Partners Fund I.

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

In February 2024, HMC Capital has entered into a term sheet to acquire StratCap, a digital infrastructure funds management business in North America. Completion of the acquisition is subject to entering into full form legal agreement, obtaining regulatory approvals and fulfilling customary acquisition conditions.

On 16 February 2024, HMC has opted to unwind its position in the cash backed – equity total return swap and acquire ordinary units for HCW at \$1.335/unit. The trade will be settled T+2 business days on 20 February 2024. This results in an additional 31,912,867 units being acquired, which increases HMC's direct investment in HCW from 16.4% to 22.0%.

No other matter or circumstance has arisen since 31 December 2023 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



Chris Saxon  
Chair



David Di Pilla  
Director

19 February 2024



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

To the Directors of HMC Capital Limited

I declare that, to the best of my knowledge and belief, in relation to the review of HMC Capital Limited for the half-year ended 31 December 2023 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.

KPMG

Brendan Twining  
*Partner*

Sydney  
19 February 2024

**HMC Capital Limited**  
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**For the half-year ended 31 December 2023**



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**HMC Capital Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2023**



	Note	Consolidated 31 Dec 2023 \$'000	31 Dec 2022 \$'000
<b>Revenue</b>	4	40,223	28,665
<b>Other income</b>			
Share of profits/(losses) of associates and joint ventures accounted for using the equity method	11	(2,505)	13,775
Gain recognised on investments in associates		-	593
Interest income		1,758	1,339
Dividend income		7,032	1,937
Change in assets/liabilities at fair value through profit or loss	5	45,295	6,296
<b>Expenses</b>			
Salaries and wages		(17,591)	(14,498)
Corporate expenses		(13,998)	(8,376)
Acquisition and transaction costs	6	(7,535)	(3,204)
Finance costs	6	(8,289)	(4,206)
Other expenses		(4,275)	(531)
<b>Profit before income tax (expense)/ benefit</b>		40,115	21,790
Income tax (expense)/ benefit		(4,887)	3,359
<b>Profit after income tax (expense)/ benefit for the half-year</b>		35,228	25,149
Other comprehensive income for the half-year, net of tax		-	-
<b>Total comprehensive income for the half-year</b>		<u>35,228</u>	<u>25,149</u>
Profit for the half-year is attributable to:			
Non-controlling interest	16	17,426	5,400
Owners of HMC Capital Limited		17,802	19,749
		<u>35,228</u>	<u>25,149</u>
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest	16	17,426	5,400
Owners of HMC Capital Limited		17,802	19,749
		<u>35,228</u>	<u>25,149</u>
Non-controlling interest (NCI) for the half-year ended 31 December 2023 and 31 December 2022 relates to HMC Capital Partners Fund I.			
		<b>Cents</b>	<b>Cents</b>
Basic earnings per security	21	5.12	6.58
Diluted earnings per security	21	5.08	6.57

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

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	90,276	48,778
Trade and other receivables	8	18,460	32,999
Financial assets at fair value through profit or loss	10	82,840	66,891
Other assets	9	2,593	41,747
<b>Total current assets</b>		<u>194,169</u>	<u>190,415</u>
<b>Non-current assets</b>			
Financial assets at fair value through profit or loss	10	498,497	346,294
Investments accounted for using the equity method	11	592,605	612,547
Property, plant and equipment		1,519	2,089
Intangible assets		186,774	186,774
Right-of-use assets		3,339	3,828
Convertible notes		2,869	2,869
<b>Total non-current assets</b>		<u>1,285,603</u>	<u>1,154,401</u>
<b>Total assets</b>		<u>1,479,772</u>	<u>1,344,816</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	12	67,885	17,482
Borrowings	13	120,000	86,340
Employee benefit obligations		1,144	1,928
Lease liabilities		836	790
Income tax		1,649	-
<b>Total current liabilities</b>		<u>191,514</u>	<u>106,540</u>
<b>Non-current liabilities</b>			
Borrowings	13	16,059	-
Lease liabilities		2,413	2,847
Provisions		485	485
Deferred tax liability		37,815	34,544
Employee benefit obligations		393	-
<b>Total non-current liabilities</b>		<u>57,165</u>	<u>37,876</u>
<b>Total liabilities</b>		<u>248,679</u>	<u>144,416</u>
<b>Net assets</b>		<u>1,231,093</u>	<u>1,200,400</u>
<b>Equity</b>			
Contributed equity	14	5,208,807	5,204,448
Reserves		(1,230,412)	(1,228,589)
Accumulated losses		(2,945,332)	(2,942,220)
Equity attributable to the owners of HMC Capital Limited		1,033,063	1,033,639
Non-controlling interest	16	198,030	166,761
<b>Total equity</b>		<u>1,231,093</u>	<u>1,200,400</u>

**HMC Capital Limited**  
**Consolidated statement of changes in equity**  
**For the half-year ended 31 December 2023**



<b>Consolidated</b>	<b>Contri- buted equity \$'000</b>	<b>Share- based payments reserve \$'000</b>	<b>NCI reserve \$'000</b>	<b>Accumu- lated losses \$'000</b>	<b>Non- controlling interest* \$'000</b>	<b>Total equity \$'000</b>
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	(357)	-	-	-	-	(357)
Share-based payments	-	1,887	-	-	-	1,887
Contributions by NCI	-	-	-	-	140,155	140,155
Vesting of employee awards	5,295	(5,295)	-	-	-	-
Dividends declared (note 15)	-	-	-	(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 the contributed retained earnings of HMC Capital Partners Fund I.

<b>Consolidated</b>	<b>Contri- buted equity \$'000</b>	<b>Share- based payments reserve \$'000</b>	<b>NCI reserve \$'000</b>	<b>Accumu- lated losses \$'000</b>	<b>Non- controlling interest* \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2023	5,204,448	3,950	(1,232,539)	(2,942,220)	166,761	1,200,400
Profit after income tax expense for the half-year	-	-	-	17,802	17,426	35,228
Other comprehensive income for the half-year, net of tax	-	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	17,802	17,426	35,228
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs	4,981	-	-	-	-	4,981
Acquisition of treasury shares (note 14)	(5,033)	-	-	-	-	(5,033)
Share-based payments	-	2,588	-	-	-	2,588
Vesting of employee awards (note 14)	4,411	(4,411)	-	-	-	-
Contributions by NCI	-	-	-	-	13,843	13,843
Dividends declared (note 15)	-	-	-	(20,914)	-	(20,914)
Balance at 31 December 2023	<u>5,208,807</u>	<u>2,127</u>	<u>(1,232,539)</u>	<u>(2,945,332)</u>	<u>198,030</u>	<u>1,231,093</u>

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

**HMC Capital Limited**  
**Consolidated statement of cash flows**  
**For the half-year ended 31 December 2023**



	Note	Consolidated	
		31 Dec 2023 \$'000	31 Dec 2022 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers and tenants (inclusive of GST)		54,045	42,796
Payments to suppliers and employees (inclusive of GST)		(31,059)	(39,259)
Interest received		1,323	1,339
Interest paid		(7,538)	(3,423)
Income taxes paid		-	45
Net cash from operating activities		<u>16,771</u>	<u>1,498</u>
<b>Cash flows from investing activities</b>			
Payments for deposits		-	(7,500)
Payment for financial instruments		(175,453)	(242,940)
Payment for equity accounted investments		(203)	(14,979)
Proceeds on disposal of investments in joint ventures		-	32,700
Proceeds on disposal of financial instruments		-	60,408
Proceeds from disposal of investments		88,936	-
Distributions received		20,044	14,341
Other investing activities		-	372
Net cash used in investing activities		<u>(66,676)</u>	<u>(157,598)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		214,500	187,000
Repayment of borrowings		(164,000)	(30,000)
Proceeds from unissued shares by non-controlling interests		49,283	-
Dividends paid	15	(20,914)	(18,015)
Other financing activities		(1,309)	(705)
Cash contributed by non-controlling entity		13,843	135,155
Net cash from financing activities		<u>91,403</u>	<u>273,435</u>
Net increase in cash and cash equivalents		41,498	117,335
Cash and cash equivalents at the beginning of the financial half-year		<u>48,778</u>	<u>57,555</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>90,276</u></u>	<u><u>174,890</u></u>

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

### **Note 1. General information**

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

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

Level 7, Gateway  
1 Macquarie Place  
Sydney NSW 2000

The consolidated financial statements were authorised for issue, in accordance with a resolution of directors, on 19 February 2024. The directors have the power to amend and reissue the consolidated financial statements.

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

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 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 2023 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 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 2023 and are not expected to have any significant impact for the full financial year ending 30 June 2024.

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

### **Note 3. Operating segments**

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

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

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

**Note 3. Operating segments (continued)**

The operating segments are based on the internal reports that are reviewed by the Chief Operating Decision Maker ('CODM') in assessing performance and in determining the allocation of resources. The CODM monitor the performance of the business on the basis of Operating Earnings for each segment. Operating Earnings represent 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.

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

Revenue from management fee income, operating earnings, total assets and total liabilities are presented below for each reportable segment.

<b>Consolidated - 31 Dec 2023</b>	<b>Real Estate \$'000</b>	<b>Private Equity \$'000</b>	<b>Corporate \$'000</b>	<b>Total \$'000</b>
<b>Revenue</b>				
Management fee income	39,952	-	-	39,952
Other income	-	-	271	271
<b>Total revenue</b>	<u>39,952</u>	<u>-</u>	<u>271</u>	<u>40,223</u>
<b>Operating earnings before tax</b>	50,468	21,986	(13,015)	59,439
Depreciation expenses	-	-	(566)	(566)
Fair value movements	-	-	-	-
Donation expenses	-	-	(3,091)	(3,091)
HMC Capital Partners management fee	-	(874)	-	(874)
HMC Capital Partners performance fee	-	(4,275)	-	(4,275)
Acquisition and transaction costs	(6,892)	(495)	(148)	(7,535)
Amortisation of borrowing costs	-	-	(501)	(501)
Share of associate profit (adjusted)	(19,908)	-	-	(19,908)
Non-controlling interest	-	17,426	-	17,426
<b>Profit before tax expense</b>	<u>23,668</u>	<u>33,768</u>	<u>(17,231)</u>	<u>40,115</u>
Income tax expense				(4,887)
<b>Profit after tax expense</b>				<u>35,228</u>
<b>Assets</b>				
Segment assets	843,738	571,209	64,825	1,479,772
<b>Total assets</b>				
<i>Total assets includes:</i>				
Investments in associates	592,605	-	-	592,605
<b>Liabilities</b>				
Segment liabilities	16,059	178,246	54,374	248,679
<b>Total liabilities</b>				<u>248,679</u>

**Note 3. Operating segments (continued)**

Consolidated - 31 Dec 2022	Real Estate \$'000	Private Equity \$'000	Corporate \$'000	Total \$'000
<b>Revenue</b>				
Management fee income	28,393	-	-	28,393
Other income	272	-	-	272
<b>Total revenue</b>	<u>28,665</u>	<u>-</u>	<u>-</u>	<u>28,665</u>
<b>Operating earnings before tax</b>	32,103	5,294	(12,473)	24,924
Depreciation expenses	-	-	(632)	(632)
Fair value movements	-	-	(3,589)	(3,589)
Donation expenses	-	-	-	-
HMC Capital Partners management fee	-	(509)	-	(509)
Acquisition and transaction costs	(1,450)	(1,754)	-	(3,204)
Amortisation of borrowing costs	-	-	(194)	(194)
Share of associate profit (adjusted)	(916)	-	-	(916)
Non-controlling interest	-	5,909	-	5,909
<b>Profit before tax benefit</b>	<u>29,737</u>	<u>8,941</u>	<u>(16,888)</u>	<u>21,790</u>
Income tax benefit				3,359
<b>Profit after tax benefit</b>				<u>25,149</u>
<b>Assets</b>				
Segment assets	914,167	399,743	30,906	1,344,816
<b>Total assets</b>				
<i>Total assets includes:</i>				
Investments in associates	612,547	-	-	612,547
<b>Liabilities</b>				
Segment liabilities	36,340	54,984	53,092	144,416
<b>Total liabilities</b>				<u>144,416</u>

The key changes to the operating segments is the segregation of the pre-existing 'Investments' segment has been realigned to the 'Corporate' segment. Corporate expenses within the pre-existing 'Corporate' segment which are directly related to real estate and private equity has been realigned to the respective segments. The pre-existing Funds management operating segment remains largely unchanged in terms of its composition apart from it being renamed to 'Real Estate'.

**Note 4. Revenue**

	Consolidated	
	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Management fee income	39,952	28,393
Other income	271	272
	<u>40,223</u>	<u>28,665</u>

*Disaggregation of revenue*

Management fees are recognised over time as services are rendered. Other 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**

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Net fair value gain on remeasurement of financial instruments	44,155	6,296
Realised gain on disposal of investments	1,140	-
	<u>45,295</u>	<u>6,296</u>

**Note 6. Expenses**

*A. Acquisition and transaction costs and Finance costs*

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Acquisition and transaction costs</i>		
Transaction and group reorganisation costs	1,532	3,204
Loss on sale of investments in associates due to selective buyback	6,003	-
	<u>7,535</u>	<u>3,204</u>
<i>Finance costs</i>		
Interest and finance charges on borrowings	7,718	3,928
Interest and finance charges on lease liabilities	70	84
Amortisation of borrowing costs	501	194
	<u>8,289</u>	<u>4,206</u>

*B. Change in expense classification*

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

The comparatives have been realigned to current year presentation. The total of corporate expenses (\$12.2 million) and property and fund management expense (\$11.2 million) of \$23.4 million as at 31 December 2022 have been disaggregated further into the following categories.

	<b>31 Dec 2022</b>
	<b>\$'000</b>
Salaries and wages	14,498
Corporate expenses	8,376
Other expenses	531
	<u>23,405</u>

There is no net impact on the comparative period profit/loss due to the realignment.

**Note 7. Cash and cash equivalents**

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current assets</i>		
Cash at bank	90,276	48,778
	<u>90,276</u>	<u>48,778</u>

**Note 8. Trade and other receivables**

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current assets</i>		
Trade receivables	563	14,286
Allowance for expected credit losses	(18)	(241)
	545	14,045
Distributions receivables	9,710	7,543
Accrued income	7,650	10,947
Other receivables	555	464
	17,915	18,954
	18,460	32,999

**Note 9. Other assets**

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current assets</i>		
Prepayments	1,186	39,903
Deposits	1,407	1,844
	2,593	41,747
	2,593	41,747

*HMC Wholesale Healthcare Fund*

In March 2023, the group announced the acquisition of a portfolio of 11 private hospitals leased to private hospital operator Healthscope for \$1,200.0 million by funds managed by HMC Capital. During the previous financial year, 4 of the 11 hospitals were acquired by HCW for \$256.0 million with the remaining 7 hospitals to be acquired in 2 tranches by a new HMC Capital managed fund for \$944.0 million called the HMC Wholesale Healthcare Fund.

During the previous financial year, the HMC Wholesale Healthcare Fund completed settlement of the initial tranche of 3 assets (\$474.0 million) which was funded with HCW's initial equity commitment and debt. The remaining 4 hospitals from the final tranche (\$470.0 million) were settled by December 2023 with equity funding sourced from third party institutional investors.

**Note 10. Financial assets at fair value through profit or loss**

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current assets</i>		
Cash backed - equity total return swap	46,912	66,891
Australian listed equity securities	35,928	-
	82,840	66,891
	82,840	66,891
<i>Non-current assets</i>		
Australian listed equity securities	498,497	346,294
	498,497	346,294

Refer to note 17 for further information on fair value measurement.

**Note 11. Investments accounted for using the equity method**

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Non-current assets</i>		
Associate - HomeCo Daily Needs REIT	419,111	434,030
Associate - HealthCo Healthcare and Wellness REIT	161,418	166,644
Joint venture - General Medical Precinct Trust	2,511	2,511
Joint venture - Life Sciences Medical Precinct Trust	9,565	9,362
	<u>592,605</u>	<u>612,547</u>

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

	<b>Consolidated</b>
	<b>31 Dec 2023</b>
	<b>\$'000</b>
Opening carrying amount	612,547
Additional investments	7,503
Disposals	(8,687)
Share of profit after income tax	(2,505)
Share of distributions declared by associates	(16,253)
	<u>592,605</u>

**Interests in associates and joint ventures**

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

<b>Name</b>	<b>Principal place of business / Country of incorporation</b>	<b>Ownership interest</b>	
		<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
		<b>%</b>	<b>%</b>
HomeCo Daily Needs REIT	Australia	14.0%	14.1%
HealthCo Healthcare and Wellness REIT	Australia	16.4%	16.3%
General Medical Precinct Trust	Australia	25.0%	25.0%
Life Sciences Medical Precinct Trust	Australia	31.0%	30.7%

**Note 12. Trade and other payables**

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current liabilities</i>		
Trade payables	282	286
Rent received in advance	116	124
Accrued expenses	15,982	14,419
Client monies received in advance	49,782	-
Other payables	1,723	2,653
	<u>67,885</u>	<u>17,482</u>

**Note 13. Borrowings**

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current liabilities</i>		
Secured margin loan (HMC Capital Partners Fund 1, non-recourse borrowings)	120,000	50,000
Secured bank debt (HMC Capital)	-	36,500
Capitalised borrowing costs	-	(160)
	<u>120,000</u>	<u>86,340</u>
<i>Non-current liabilities</i>		
Secured bank debt (HMC Capital)	17,000	-
Capitalised borrowing costs	(941)	-
	<u>16,059</u>	<u>-</u>

The group's margin loan comprises a \$50.0 million non-recourse debt facility and a \$70.0 million non-recourse debt facility which has been utilised for acquiring investments in Australian listed equities. The facilities is secured by HMC Capital Partners Fund I investments in Australian listed equities. The \$50.0 million facility's maturity date is 5 September 2024. The \$70.0 million facility's maturity date was 25 January 2024. Subsequent to 31 December 2023, the \$70.0 million facility's maturity date was extended to 24 July 2024.

The group's bank debt comprises a \$275.0 million secured syndicated debt facility. During the half-year, the maturity date of the facility was extended from November 2024 to March 2025. The bank debt is secured by group assets.

*Financing arrangements*

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

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Total facilities</i>		
Secured margin loan	120,000	50,000
Secured bank debt	275,000	275,000
	<u>395,000</u>	<u>325,000</u>
<i>Used at the reporting date</i>		
Secured margin loan	120,000	50,000
Secured bank debt	17,000	36,500
	<u>137,000</u>	<u>86,500</u>
<i>Unused at the reporting date</i>		
Secured margin loan	-	-
Secured bank debt	258,000	238,500
	<u>258,000</u>	<u>238,500</u>

**Note 14. Contributed equity**

	<b>Consolidated</b>			
	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares - fully paid	348,570,704	347,613,058	5,209,757	5,204,776
Less: Treasury shares	(180,829)	(72,462)	(950)	(328)
	<u>348,389,875</u>	<u>347,540,596</u>	<u>5,208,807</u>	<u>5,204,448</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>\$'000</b>
Balance	1 July 2023	347,613,058	5,204,776
Issue of shares to the Trust (at \$5.26 per ordinary share)	23 August 2023	957,646	5,033
Share issue transaction costs, net of tax		-	(52)
Balance	31 December 2023	<u>348,570,704</u>	<u>5,209,757</u>

*Movements in treasury shares*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>\$'000</b>
Balance	1 July 2023	(72,462)	(328)
Acquisition of shares by the Trust (at \$5.26 per ordinary share)	23 August 2023	(957,646)	(5,033)
Vesting of employee awards		849,279	4,411
Balance	31 December 2023	<u>(180,829)</u>	<u>(950)</u>

*Treasury shares*

Treasury shares are shares in HMC Capital Limited held by the HMC Capital Limited Employee Share Plan 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 15. Dividends**

Dividends declared during the half-year were as follows:

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Final dividend to shareholders registered on 30 August 2023 of 6.0 cents (2022: 6.0 cents) per ordinary security	20,914	18,015
	<u>20,914</u>	<u>18,015</u>

On 19 February 2024, the directors determined to pay an unfranked interim dividend of 6.0 cents per ordinary share. The dividends will be paid on 2 April 2024 to eligible shareholders on the register on 27 February 2024.

**Note 16. 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.

	<b>HMC Capital Partners Fund I</b>	
	<b>31 Dec 2023*</b>	<b>30 Jun 2023*</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Summarised statement of financial position</i>		
Current assets	72,712	53,449
Non-current assets	498,497	346,294
<b>Total assets</b>	<b>571,209</b>	<b>399,743</b>
Current liabilities	178,246	54,984
<b>Total liabilities</b>	<b>178,246</b>	<b>54,984</b>
<b>Net assets</b>	<b>392,963</b>	<b>344,759</b>
<i>Summarised statement of profit or loss and other comprehensive income</i>		
Revenue and other income	43,666	12,706
Expenses	(9,307)	(2,035)
Profit before income tax expense	34,359	10,671
Income tax expense	-	-
Profit after income tax expense	34,359	10,671
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>34,359</b>	<b>10,671</b>
<i>Statement of cash flows</i>		
Net cash (used in)/ from operating activities	(3,751)	500
Net cash used in investing activities	(85,128)	(192,631)
Net cash from financing activities	133,142	335,155
<b>Net increase in cash and cash equivalents</b>	<b>44,263</b>	<b>142,024</b>
<i>Other financial information</i>		
Profit attributable to non-controlling interests	17,426	5,400
Accumulated non-controlling interests at the end of reporting period	198,030	145,555

\* Summarised statement of profit or loss and other comprehensive income and statement of cash flows is for half-year period 1 July 2023 to 31 December 2023 (30 June 2023: Comparative half-year period from 1 July 2022 to 31 December 2022)

## Note 17. Fair value measurement

### Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability

<b>Consolidated - 31 Dec 2023</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<i>Assets</i>				
Cash backed - equity total return swap	46,912	-	-	46,912
Australian listed equity securities	534,425	-	-	534,425
Total assets	<u>581,337</u>	<u>-</u>	<u>-</u>	<u>581,337</u>
<b>Consolidated - 30 Jun 2023</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<i>Assets</i>				
Cash backed - equity total return swap	66,891	-	-	66,891
Australian listed equity securities	346,294	-	-	346,294
Total assets	<u>413,185</u>	<u>-</u>	<u>-</u>	<u>413,185</u>

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.

## Note 18. Contingent liabilities

The group had no contingent liabilities as at 31 December 2023 and 30 June 2023.

## Note 19. Commitments

	<b>Consolidated</b>	
	<b>31 Dec 2023 \$'000</b>	<b>30 Jun 2023 \$'000</b>
<i>Capital commitments</i>		
Committed at the reporting date but not recognised as liabilities:		
Capital expenditure	27,114	-
Property acquisitions	<u>-</u>	<u>432,400</u>
	<u>27,114</u>	<u>432,400</u>

HMC Capital entered into an agreement to partially sub-underwrite the retail entitlement offer of Sigma Healthcare Limited announced in December 2023 up to \$27.1 million (being 38,733,737 shares). Subsequent to 31 December 2023, HMC Capital acquired \$12.8 million (being 18,222,292 shares) of Sigma Healthcare Limited under the partial sub-underwriting agreement.

**Note 20. Related party transactions**

*HealthCo Healthcare and Wellness REIT (HCW)*

In July 2023, an extraordinary general meeting of unitholders of HCW was held to obtain unitholder approval to HMC Capital's participation in, and support of the capital raising undertaken by HCW. A resolution was passed to amend the Investment Management Agreement to permit the payment of acquisition or disposal fees by way of issues of units to HMC Capital as investment manager, in lieu of cash. In September 2023, 5,368,042 units were issued by HCW in lieu of cash to HMC Capital to satisfy an acquisition fee that arose as a result of tranches 1 and 2 of the acquisition by HCW of assets in HMC Wholesale Healthcare Fund.

Further, a resolution to enter a selective buy back agreement pursuant to which the responsible entity of HCW agreed to buy back, and HMC Capital agreed to sell, up to 8,456,608 units held by HMC Capital for nominal consideration was also passed. In December 2023, HCW executed the selective buyback of 3,448,071 units from HMC Capital in pursuant to the selective buy back agreement.

*HMC Wholesale Healthcare Fund*

During the period, HMC Capital reached the first close on the \$1.3 billion HMC Wholesale Healthcare Fund with \$650.0 million of equity commitments including \$328.0 million from four global institutional investors and \$322.0 million from HCW. The fourth institutional investor finalised due diligence and settled in December 2023 purchasing units from HMC.

**Note 21. Earnings per security**

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit after income tax	35,228	25,149
Non-controlling interest	(17,426)	(5,400)
Profit after income tax	<u>17,802</u>	<u>19,749</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	348,018,911	300,188,231
Adjustments for calculation of diluted earnings per share:		
Options/rights over ordinary shares	<u>2,311,445</u>	<u>395,808</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>350,330,356</u>	<u>300,584,039</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per security	5.12	6.58
Diluted earnings per security	5.08	6.57

**Note 22. Events after the reporting period**

HMC Capital entered into an agreement to partially sub-underwrite the retail entitlement offer of Sigma Healthcare Limited announced in December 2023 up to \$27.1 million (being 38,733,737 shares). Subsequent to 31 December 2023, HMC Capital acquired \$12.8 million (being 18,222,292 shares) of Sigma Healthcare Limited under the partial sub-underwriting agreement. Further, subsequent to 31 December 2023, HMC Capital Partners Fund I acquired \$76.4 million (being 109,207,767 shares) by way of subscribing in full for its retail entitlements under the entitlement offer. As announced on 24 January 2024, HMC Capital had assigned the HMC Capital priority sub-underwriting (as defined in Sigma Healthcare Limited announcement dated 24 January 2024) to HMC Capital Partners Fund I.

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

In February 2024, HMC Capital has entered into a term sheet to acquire StratCap, a digital infrastructure funds management business in North America. Completion of the acquisition is subject to entering into full form legal agreement, obtaining regulatory approvals and fulfilling customary acquisition conditions.

On 16 February 2024, HMC has opted to unwind its position in the cash backed – equity total return swap and acquire ordinary units for HCW at \$1.335/unit. The trade will be settled T+2 business days on 20 February 2024. This results in an additional 31,912,867 units being acquired, which increases HMC's direct investment in HCW from 16.4% to 22.0%.

No other matter or circumstance has arisen since 31 December 2023 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 2023 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



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Chris Saxon  
Chair



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David Di Pilla  
Director

19 February 2024



# 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 ("the Company").

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 2023 and of its performance for the **Interim Period** 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 2023;
- Consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the Interim Period ended on that date;
- Notes 1 to 22 including selected explanatory notes; and
- The Directors' Declaration.

The **Group** comprises the Company and the entities it controlled at the Interim Period's end or from time to time during the Interim Period.

The **Interim Period** is the 6 months ended on 31 December 2023

### 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 2023 and its performance for the Interim Period 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

19 February 2024

**HM**Capital

