

# **Primewest Group Limited**

(including Primewest Property Fund as a stapled group)

ABN 58 636 344 137

## **Interim Financial Report**

**For the half year ended 31 December 2019**

**Primewest Group Limited**  
**Directors' Report**  
**For the half-year ended 31 December 2019**

The Directors present their report, together with the financial statements, on the stapled group (referred to hereafter as the 'stapled group') consisting of Primewest Group Limited and Primewest Property Fund as a stapled security and the controlled entities at the end of, or during, the half-year ended 31 December 2019.

**Directors**

The following persons were Directors of Primewest Group Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

John Bond (Executive Chairman)  
David Schwartz (Managing Director)  
Jim Litis (Executive Director)  
Hamish Beck (Independent Non-Executive Director) appointed 1 October 2019  
Erin Flaherty (Independent Non-Executive Director) appointed 1 October 2019

**Principal activities**

Primewest operates in the real estate funds management sector managing over 80 separate funds across 7 different asset classes. The management of these funds and syndicates involves sourcing, acquiring, managing and disposing of real estate assets on behalf of investors.

During the financial half-year, the principal continuing activities of the stapled group consisted of:

- Generation of revenue through asset management fees, property services fees, transactional fees and performance fees from the funds and syndicates managed by the stapled group.

The stapled group commenced trading on the Australian Securities Exchange on 8 November 2019. There were no other significant changes in the nature of the stapled group's activities during the financial period.

**Dividends**

Dividends of \$5.2 million were paid to existing shareholders of Primewest Funds Limited prior to the Initial Public Offering on 8 November 2019. No additional dividends have been declared since 8 November 2019 (being the date of the Initial Public Offering). There was no dividend reinvestment plan (DRP) active for the period ended 31 December 2019.

**Review and results of operations**

The profit for the stapled group after providing for income tax amounted to \$3,077,838 (31 December 2018: \$4,965,395).

As outlined in the business combination at Note 3 to the financial statements, Primewest Funds Ltd. has been treated as the acquirer. These consolidated financial statements for the half-year include the results of:

- Primewest Funds Ltd for the period 1 July 2019 to 30 September 2019
- Primewest Group Limited and its controlled entities and Primewest Property Fund for the period from 1 October to 31 December 2019.

The comparative figures present the results of Primewest Funds Ltd for the half year ended 31 December 2018.

The following table provides the combined comparative results of all entities in the stapled group for the half-year period.

	Half year ended 31 December 2019	Half year ended 31 December 2018
	\$	\$
Revenue	12,355,905	10,212,925
Expenses (excluding interest, taxes, depreciation and amortisation)	6,297,556	3,386,875
Earnings before interest, taxes, depreciation and amortization (EBITDA)	6,058,349	6,842,174
Add back initial listing expenses	1,631,809	-
Adjusted EBITDA	7,690,158	6,842,174

**Primewest Group Limited**  
**Directors' report**  
**For the half year ended 31 December 2019**

**Significant changes in the state of affairs**

**Australian Securities Exchange Listing**

Primewest is structured as a stapled group comprising Primewest Group Limited and Primewest Property Fund (a unit trust established on 24 September 2019) and their controlled entities. Primewest Management Ltd (ACN 091 415 833) (AFSL 250963) is the responsible entity of Primewest Property Fund.

Shares in Primewest Group Limited and Units in Primewest Property Fund are Stapled together to form a stapled security such that a Unit in Primewest Property Fund and a Share in Primewest Group Limited must be purchased and sold together. The Group's securities are traded on the Australian Securities Exchange (ASX: PWG), having listed on 8 November 2019. The Group raised \$85m through an IPO of 85m securities at an Offer Price of \$1.00 per security.

**Business combination**

This report comprises Primewest Group Limited and its controlled entities and Primewest Property Fund (together referred to as "Primewest"). Primewest was formed on 1 October 2019 through the acquisition of Primewest Funds Ltd, Primewest Management Ltd, PWG Property Pty Ltd, Primewest P/Q Pty Ltd and Primewest (USA) Trust and certain other corporate trustee entities as part of a corporate restructure. For the purposes of the business combination, Primewest Funds Ltd has been treated as the acquiring entity. As such, comparative information for the half-year ended 31 December 2018 has been presented for Primewest Funds Ltd.

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

**Matters subsequent to the end of the financial period**

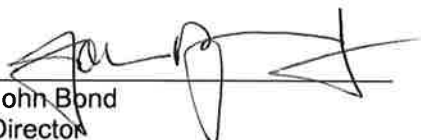
The Directors of the stapled group are not aware of any other matter or circumstance not otherwise dealt with in this report or the financial report that has significantly affected or may significantly affect the operations of the stapled group, the results of its operations or the state of affairs of the stapled group in future financial years.

**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

  
John Bond  
Director

20 February 2020  
Perth

**RSM Australia Partners**

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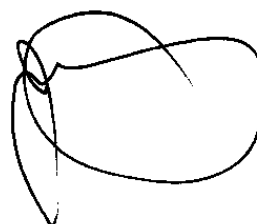
**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Primewest Group Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



Perth, WA  
Dated: 20 February 2020

J A KOMNINOS  
Partner

## **Primewest Group Limited**

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### **General information**

The financial statements of Primewest Group Limited as a stapled group comprised of Primewest Group Limited and the entities it controlled at the end of, or during, the half-year and Primewest Property Fund. The financial statements are presented in Australian dollars, which is Primewest Group Limited's functional and presentation currency.

Primewest Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

#### **Registered office**

1st Floor  
307 Murray Street  
Perth WA 6000

#### **Principal place of business**

1st Floor  
307 Murray Street  
Perth WA 6000

A description of the nature of the stapled group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 20 February 2020.

**Primewest Group Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2019**

	Note	Consolidated 31 December 2019 \$	31 December 2018 \$
<b>Revenue from continuing operations</b>			
Revenue	2	12,355,905	10,212,925
Interest revenue		119,197	16,124
		<u>12,475,102</u>	<u>10,229,049</u>
<b>Expenses</b>			
Commissions		(620,795)	(765,050)
Employee costs		(2,528,810)	(2,279,244)
General and administration		(924,512)	(342,581)
Professional fees		(591,630)	-
Amortisation of right-of use assets		(99,631)	-
Amortisation of management rights	7	(1,330,178)	-
Depreciation and amortisation		(68,510)	(363)
Interest expense on lease liability		(16,302)	-
Initial listing expenses		<u>(1,631,809)</u>	<u>-</u>
		7,812,177	3,387,238
<b>Profit before income tax expense from continuing operations</b>		4,662,925	6,841,811
Income tax expense		<u>(1,585,087)</u>	<u>(1,876,416)</u>
Profit after income tax expense from continuing operations		3,077,838	4,965,395
<b>Profit after income tax expense for the half-year</b>		3,077,838	4,965,395
<b>Total comprehensive income for the half-year</b>		<u><u>3,077,838</u></u>	<u><u>4,965,395</u></u>
Profit for the half-year is attributable to:			
Owners of Primewest Group Limited		<u>3,077,838</u>	<u>4,965,395</u>
		<u><u>3,077,838</u></u>	<u><u>4,965,395</u></u>
		\$	\$
<b>Earnings per stapled security for profit from continuing operations attributable to the owners of Primewest Group Limited</b>			
Basic earnings per stapled security		0.02	496.53
Diluted earnings per stapled security		0.02	496.53
<b>Earnings per stapled security for profit attributable to the owners of Primewest Group Limited</b>			
Basic earnings per stapled security		0.02	496.53
Diluted earnings per stapled security		0.02	496.53

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

**Primewest Group Limited**  
**Consolidated statement of financial position**  
**As at 31 December 2019**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 December 2019 \$</b>	<b>30 June 2019 \$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	84,905,106	3,498,285
Trade and other receivables		2,063,438	539,088
Financial assets		105,269	104,126
Other		-	-
<b>Total current assets</b>		<u>87,073,813</u>	<u>4,141,499</u>
<b>Non-current assets</b>			
Property, plant and equipment	5	433,888	911
Right-of-use assets	6	1,624,968	-
Intangibles	7	121,930,341	-
Other		90,928	36,761
<b>Total non-current assets</b>		<u>124,080,125</u>	<u>36,762</u>
<b>Total assets</b>		<u>211,153,938</u>	<u>4,179,171</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		1,198,952	630,838
Lease liabilities	1	370,491	-
Provisions for income taxes		892,794	464,004
<b>Total current liabilities</b>		<u>2,462,237</u>	<u>1,094,842</u>
<b>Non-current liabilities</b>			
Lease liabilities	1	1,267,037	-
Provisions		-	-
<b>Total non-current liabilities</b>		<u>1,267,037</u>	<u>-</u>
<b>Total liabilities</b>		<u>3,729,274</u>	<u>1,094,842</u>
<b>Net assets</b>		<u>207,424,664</u>	<u>3,084,329</u>
<b>Equity</b>			
Contributed equity	8	206,443,906	1,005
Retained profits		980,758	3,083,324
<b>Total equity</b>		<u>207,424,664</u>	<u>3,084,329</u>

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

**Primewest Group Limited**  
**Consolidated statement of changes in equity**  
**For the half-year ended 31 December 2019**

	<b>Issued capital \$</b>	<b>Retained Profits \$</b>	<b>Total equity \$</b>
Balance at 1 July 2018	1,005	10,443,455	10,444,460
Profit after income tax expense for the half-year	-	4,965,395	4,965,395
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	4,965,395	4,965,395
<i>Transactions with owners in their capacity as owners:</i>			
Dividends paid (note 9)	-	(8,572,846)	(8,572,846)
Balance at 31 December 2018*	<u>1,005</u>	<u>6,836,004</u>	<u>6,837,009</u>
	<b>Issued capital \$</b>	<b>Retained Profits \$</b>	<b>Total equity \$</b>
Balance at 1 July 2019	1,005	3,083,324	3,084,329
Business combination (note 3)	124,557,735	-	124,557,735
Initial public offering	85,170,346	-	85,170,346
Initial public offering issue costs	(3,285,175)	-	(3,285,175)
Profit after income tax expense for the half-year	-	3,077,838	3,077,838
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	3,077,838	3,077,838
<i>Transactions with owners in their capacity as owners:</i>			
Cancellation of class Z shares (note 8)	(5)	-	(5)
Dividends paid (note 9)	-	(5,180,404)	(5,180,404)
Balance at 31 December 2019*	<u>206,443,906</u>	<u>980,758</u>	<u>207,424,664</u>

\* As a result of the date of the business combination (note 3), the statement of changes in equity presents movements in shareholders for Primewest Funds Ltd for the half-year ended 31 December 2018 and of the stapled group for the half-year ended 31 December 2019.

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



**Primewest Group Limited**  
**Consolidated Statement of cash flows**  
**For the half-year ended 31 December 2019**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 December 2019</b>	<b>31 December 2018</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers		11,717,407	11,300,544
Payments to suppliers and employees		(7,254,981)	(4,153,023)
Interest received		119,197	16,124
Income taxes paid		(1,358,809)	(1,008,884)
GST Received/(paid)		312,389	(416,622)
Net cash from operating activities	14	<u>3,535,203</u>	<u>5,738,140</u>
Cash acquired on business combination	3	1,186,893	-
Payments for investments		-	(100,000)
Payments for property, plant and equipment		<u>(20,037)</u>	<u>-</u>
Net cash provided by/(used in) investing activities		<u>1,166,856</u>	<u>(100,000)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of capital, net of issue costs		81,885,166	-
Dividends paid	9	(5,180,404)	(8,572,846)
Repayment of amounts due from shareholders	9	<u>-</u>	<u>3,613,304</u>
Net cash provided by/(used in) financing activities		<u>76,704,762</u>	<u>(4,959,542)</u>
Net increase in cash and cash equivalents		81,406,821	678,598
Cash and cash equivalents at the beginning of the financial half-year		<u>3,498,285</u>	<u>2,760,011</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>84,905,106</u></u>	<u><u>3,438,609</u></u>

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

**Primewest Group Limited**  
**Notes to the consolidated financial statements**  
**31 December 2019**

**Note 1. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 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 product disclosure statement and prospectus for the initial public offering 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, except for the policies stated below.

**New or amended Accounting Standards and Interpretations adopted**

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

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

The following Accounting Standards and Interpretations are most relevant to the stapled group:

**AASB 16 Leases**

The stapled group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The impact on the financial performance and position of the stapled group from the adoption of AASB 16 was:

- Recognition and separate disclosure of a right-of-use asset and a lease liability of \$1.6m at 31 December 2019
- Measurement of the lease liability as the present value of the lease payments that are unpaid at the date of transition, discounted using an appropriate discount rate.
- Operating expense of \$103,373 is replaced by interest expense of \$16,302 and depreciation of \$99,631

The average incremental borrowing rate used to measure the lease liability described above is 4.0%. After transition, the right-of-use asset is amortised over the remaining lease term and the lease liability is measured on an effective interest basis.

**Right-of-use assets**

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

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

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

**Lease liabilities**

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

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

**Note 2. Revenue**

	<b>31 December 2019</b>	<b>31 December 2018</b>
	<b>\$</b>	<b>\$</b>
<b>From continuing operations</b>		
<i>Revenue from contracts with customers</i>		
Asset management fees	6,469,697	4,093,706
Property services fees	2,553,013	641,651
Transaction fees	3,307,965	5,473,278
	-	-
	<u>12,330,675</u>	<u>10,208,635</u>
Other revenue	25,230	4,290
	<u>25,230</u>	<u>4,290</u>
<i>Revenue from continuing operations</i>	<u><u>12,355,905</u></u>	<u><u>10,212,925</u></u>

**Primewest Group Limited**  
**Notes to the consolidated financial statements**  
**31 December 2019**

Note 2. Revenue (continued)

The disaggregation of revenue from contracts with customers is as follows:

	Asset Management \$	Property Services \$	Transaction \$	Total \$
<b>31 December 2019</b>				
<i>Geographical regions</i>				
Australia	6,391,738	2,553,013	3,185,848	12,130,599
United States	77,959	-	122,117	200,076
	<u>6,469,697</u>	<u>2,553,013</u>	<u>3,307,965</u>	<u>12,330,675</u>
<b>31 December 2018</b>				
<i>Geographical regions</i>				
Australia	4,093,706	641,651	5,473,278	10,212,925
United States	-	-	-	-
	<u>4,093,706</u>	<u>641,651</u>	<u>5,473,278</u>	<u>10,212,925</u>

**Note 3. Business Combination**

*Description*

This report comprises Primewest Group Limited and its controlled entities and Primewest Property Fund (the stapled group). Primewest Group Limited ("PWG") was incorporated on 20 September 2019. On 1 October 2019, PWG acquired all of the outstanding shares of Primewest Funds Ltd, Primewest Management Ltd, Primewest P/Q Pty Ltd, PWG Property Pty Ltd and Primewest (USA) Trust for consideration of 238,616,357 ordinary shares of Primewest Group Limited at a fair value of \$124,752,571. For the purposes of the business combination, Primewest Funds Ltd has been treated as the acquiring entity. As such, comparative information for the half-year ended 31 December 2018 has been presented for Primewest Funds Ltd.

Details of the acquisition are as follows:

	<b>Fair value \$'000</b>
Cash and cash equivalents	1,381,729
Trade and other receivables	852,621
Other assets	98,676
Plant and equipment	481,449
Trade and other payables	<u>(1,322,423)</u>
Net assets acquired	1,492,052
Management rights	100,535,378
Goodwill	<u>22,725,141</u>
Acquisition-date fair value of the total consideration transferred	<u><u>124,752,571</u></u>
Representing:	
Securities issued	124,557,735
Cash and cash equivalents	194,836

**Primewest Group Limited**  
**Notes to the consolidated financial statements**  
**31 December 2019**

**Note 4. Current assets - cash and cash equivalents**

	<b>Consolidated</b>	
	<b>31 December 2019</b>	<b>30 June 2019</b>
	<b>\$</b>	<b>\$</b>
Cash on hand	1,000	1,005
Cash at bank	84,904,106	3,497,280
	<u>84,905,106</u>	<u>3,498,285</u>

**Note 5. Non-current assets - property, plant and equipment**

	<b>Consolidated</b>	
	<b>31 December 2019</b>	<b>30 June 2019</b>
	<b>\$</b>	<b>\$</b>
Leasehold improvements - at cost	710,508	-
Less: Accumulated depreciation	(319,533)	-
	<u>390,975</u>	<u>-</u>
Plant and equipment - at cost	460,061	3,600
Less: Accumulated depreciation	(417,148)	(2,689)
	<u>42,913</u>	<u>911</u>

*Reconciliations*

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

<b>Consolidated</b>	Leasehold improvements \$	Plant and equipment \$	Total \$
Balance at 1 July 2019	-	911	911
Additions through business combinations (note 3)	407,421	74,028	481,449
Additions after business combinations	-	20,038	20,038
Disposals	-	-	-
Depreciation expense	(16,446)	(52,064)	(68,510)
Balance at 31 December 2019	<u>390,975</u>	<u>42,913</u>	<u>433,888</u>

Refer to note 10 for further information on fair value measurement.

**Primewest Group Limited**  
**Notes to the consolidated financial statements**  
**31 December 2019**

**Note 6. Non-current assets - right-of-use assets**

	<b>Consolidated</b>	
	<b>31 December 2019</b>	<b>30 June 2019</b>
	<b>\$</b>	<b>\$</b>
Office leases - right-of-use	1,724,599	-
Less: Accumulated depreciation	(99,631)	-
	<u>1,624,968</u>	<u>-</u>

Additions to the right-of-use assets during the half-year were \$1,724,599.

The Group is the lessee under its lease of office space over its premises in Perth and Sydney. The terms of the Perth lease are a fixed term of seven years ending October 2020 with an option of five years. The terms of the Sydney lease are a fixed term of four years ending June 2021 with no option to renew.

The stapled group leases office equipment under agreements of less than two years. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

**Note 7. Non-current assets - intangibles**

	<b>Consolidated</b>	
	<b>31 December 2019</b>	<b>30 June 2019</b>
	<b>\$</b>	<b>\$</b>
Goodwill	22,725,141	-
Less: Impairment	-	-
	<u>22,725,141</u>	<u>-</u>
Management Rights	100,535,378	-
Less: Accumulated amortisation	(1,330,178)	-
	<u>99,205,200</u>	<u>-</u>
	<u><u>121,930,341</u></u>	<u><u>-</u></u>

*Reconciliations*

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

<b>Consolidated</b>	Goodwill \$	Management Rights \$	Total \$
Balance at 1 July 2019	-	-	-
Additions through business combinations (note 3)	22,725,141	100,535,378	123,260,519
Amortisation expense	-	(1,330,178)	(1,330,178)
Balance at 31 December 2019	<u>22,725,141</u>	<u>99,205,200</u>	<u>121,930,341</u>

**Primewest Group Limited**  
**Notes to the consolidated financial statements**  
**31 December 2019**

**Note 8. Contributed equity**

	31 Dec 2019 Securities*	30 June 2019 Securities*	Consolidated	
			31 Dec 2019 \$	30 June 2019 \$
Ordinary shares - fully paid	349,135,592	10,000	206,443,906	1,000
Z class shares – fully paid	-	5	-	5
			<u>206,443,906</u>	<u>1,005</u>

*Movements in ordinary share capital*

Details	Date	Securities*	Average issue price	\$
Balance	30 June 2019	10,005	\$0.10	1,005
Cancellation of Z class shares	30 September 2019	(5)	(\$1.00)	(5)
Issue of securities through business combination	1 October 2019	238,606,357	\$0.52	124,557,735
Issue of securities through Initial Public Offering	8 November 2019	25,519,235	\$0.006	170,346
Issue of securities through Initial Public Offering	8 November 2019	85,000,000	\$1.00	85,000,000
Initial public offering listing costs				(3,285,175)
Balance	31 December 2019	<u>349,135,592</u>		<u>206,443,906</u>

\* Following the initial public offering completed by the group on 8 November 2019, the shares were stapled to a unit in the Primewest Property Fund to become a stapled security.

**Note 9. Equity - dividends**

Dividends paid during the financial half-year were as follows:

	Consolidated	
	31 Dec 2019 \$	31 Dec 2018 \$
Dividends paid	<u>5,180,404</u>	<u>8,572,846</u>

No dividends were declared subsequent to the 8 November 2019, the date of the Initial Public Offering or subsequent to the half-year. The dividends paid in the current year were to shareholders of Primewest Funds Limited prior to the business combination and initial public offering of the stapled group. In the half-year ended 31 December 2018, dividends declared were applied to shareholder loan balances outstanding of \$3,613,304.

**Primewest Group Limited**  
**Notes to the consolidated financial statements**  
**31 December 2019**

**Note 10. Fair value measurement**

*Fair value hierarchy*

The following tables detail the stapled 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 December 2019</b>	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Cash and cash equivalents	84,905,106	-	-	84,905,106
Trade and other receivables	2,063,438	-	-	2,063,438
Financial assets	-	105,269	-	105,269
Total assets	86,968,544	105,269	-	87,078,813
<i>Liabilities</i>				
Trade and other payables	1,198,952	-	-	1,198,952
Provisions	892,794	-	-	892,794
Total liabilities	2,091,746	-	-	2,091,746
<b>Consolidated – 30 June 2019</b>	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Cash and cash equivalents	3,498,285	-	-	3,498,285
Trade and other receivables	539,088	-	-	539,088
Financial assets	-	104,126	-	104,126
Total assets	4,037,373	104,126	-	4,141,499
<i>Liabilities</i>				
Trade and other payables	630,838	-	-	630,838
Provisions	464,004	-	-	464,004
Total liabilities	1,094,842	-	-	1,094,842

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

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

*Valuation techniques for fair value measurements categorised within level 2*

The basis of the valuation of financial assets is fair value. The financial assets are revalued annually based on independent assessments by a member of the Australian Property Institute having recent experience in the location and category of investment property being valued. Valuations are based on current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment.



**Primewest Group Limited**  
**Notes to the consolidated financial statements**  
**31 December 2019**

**Note 11. Contingent assets and contingent liabilities**

There were no contingent assets or liabilities at the reporting date.

**Note 12. Related party transactions**

The stapled group is the lessee of office space in Perth which is leased from a Fund in which the Executive Directors hold approximately 58% ownership. Total rent paid for the half year period ending 31 December 2019 was \$151,390 (2018: \$135,632)

**Note 13. Events after the reporting period**

The Directors of the stapled group are not aware of any other matter or circumstance not otherwise dealt with in this report that has arisen since 31 December 2019 that has significantly affected, or may significantly affect the stapled group's operations, the results of those operations, or the stapled group's state of affairs in future financial years.

**Note 14. Reconciliation of profit after income tax to net cash from operating activities**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
	<b>\$</b>	<b>\$</b>
Profit after income tax expense for the half-year	3,077,838	4,965,391
Adjustments for:		
Depreciation and amortisation	1,398,688	363
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(638,496)	56,697
Decrease/(increase) in other assets	10,134	5,607
Increase/(decrease) in trade and other payables	(539,237)	(157,450)
Increase/(decrease) in provision for income tax	226,276	867,532
Net cash from operating activities	<u>3,535,203</u>	<u>5,738,140</u>

**Note 15. Earnings per stapled security**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
	<b>\$</b>	<b>\$</b>
<i>Earnings per stapled security for profit from continuing operations</i>		
Profit after income tax	3,077,838	4,965,394
Non-controlling interest	-	-
Profit after income tax attributable to the owners of Primewest Group Limited	<u>3,077,838</u>	<u>4,965,394</u>
	<b>\$</b>	<b>\$</b>
Basic earnings per stapled security	0.02	496.54
Diluted earnings per stapled security	0.02	496.54

**Primewest Group Limited**  
**Notes to the financial statements**  
**31 December 2019**

	<b>Number</b>	<b>Number</b>
<i>Weighted average number of stapled securities</i>		
Weighted average number of securities used in calculating basic earnings per stapled security	150,669,554	10,000
Adjustments for calculation of diluted earnings per stapled security:	-	-
Options over stapled securities	-	-
	<hr/>	<hr/>
Weighted average number of ordinary shares used in calculating diluted earnings per stapled security	<u>150,669,554</u>	<u>10,000</u>

**Primewest Group Limited**  
**Directors' declaration**  
**31 December 2019**

In the Directors' opinion:

- the attached 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 financial statements and notes give a true and fair view of the stapled group's financial position as at 31 December 2019 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.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to be 'John J. St', is written over a horizontal line. The signature is stylized and cursive.

Director

20 February 2020  
Perth

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**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE STAPLED SECURITY HOLDERS OF  
PRIMEWEST GROUP LIMITED**

We have reviewed the accompanying half-year financial report of Primewest Group Limited which comprises the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the stapled group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year and Primewest Property Fund.

*Directors' Responsibility for the Half-Year Financial Report*

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

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the stapled group's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Primewest Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year 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.

### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Primewest Group Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

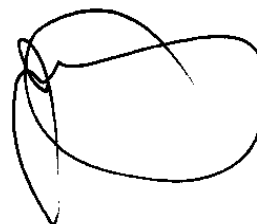
### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Primewest Group Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the stapled group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



RSM AUSTRALIA PARTNERS



Perth, WA  
Dated: 20 February 2020

J A KOMNINOS  
Partner