

## ASX RELEASE

23 November 2022

### AGM 2022 CHAIR AND CEO ADDRESS

Home Consortium Limited (trading as HMC Capital) (ASX: HMC) provides the attached Chair and CEO address to the Annual General Meeting 2022.

The AGM will be held at Level 7, Gateway, 1 Macquarie Place, Sydney at 10.30am today.

This announcement is approved for release by the Board.

### INVESTORS

**Misha Mohl**  
**Group Head of Strategy & IR**  
+61 422 371 575  
[misha.mohl@hmccapital.com.au](mailto:misha.mohl@hmccapital.com.au)

**Will McMicking**  
**Group Chief Financial Officer**  
+61 451 634 991  
[william.mcmicking@hmccapital.com.au](mailto:william.mcmicking@hmccapital.com.au)

### MEDIA ENQUIRIES

**John Frey**  
**Corporate Communications Counsel**  
+61 411 361 361  
[john@brightoncomms.com.au](mailto:john@brightoncomms.com.au)

### ***About HMC Capital***

*HMC Capital is an ASX-listed diversified alternative asset manager which invests in high conviction and scalable real asset strategies on behalf of individuals, large institutions, and super funds. HMC Capital is the manager of HomeCo Daily Needs REIT (ASX: HDN), HealthCo Healthcare and Wellness REIT (ASX: HCW) and HMC Capital Partners Fund I with external AUM of approximately \$6 billion.*

*In August 2022, HMC established HMC Capital Partners Fund I, an open-ended unlisted fund providing exposure to a high-conviction investment strategy seeking to generate superior risk-adjusted returns. HMC Capital Partners Fund I targets public and private companies in Australia and New Zealand with real asset backing where there is potential to unlock 'trapped' value through improved capital allocation and portfolio management.*

Wednesday, 23 November 2022

## **Chair and CEO's Address to 2022 Annual General Meeting of HMC Capital Shareholders**

### **Welcome and Introduction**

Good morning ladies and gentlemen and welcome to our 2022 Annual General Meeting. My name is Chris Saxon, and I am the Chair of Home Consortium Limited (which trades as HMC Capital).

As a quorum of shareholders is present and it is now 10.30am, I declare the meeting open.

In the spirit of reconciliation I would like to begin by acknowledging the Traditional Custodians of country throughout Australia and we celebrate their diverse culture and their connections to land, sea and community. We pay our respect to their Elders past, present and emerging and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

Before I proceed to the formal aspects of the meeting, I would like to introduce my fellow directors – Jane McAloon (who is also Chair of the Audit and Risk Committee), Zac Fried, Greg Hayes, Brendon Gale (who is also Chair of the Sustainability Committee), Kelly O'Dwyer and David Di Pilla, the Managing Director and Group Chief Executive Officer. A number of our executive team are also seated in the audience this morning.

On behalf of the Board, it is my pleasure to welcome you here today. It has been a transformational year for our company with many highlights. Moreover, we are confident HMC Capital is well placed to continue to deliver value for all of our shareholders in the coming year.

Before we begin the proceedings, I would like to take this opportunity to thank Jane McAloon who will retire at this AGM after three years of service on the Board since the time that HMC Capital listed on the ASX. During that time Jane has chaired our Audit and Risk Committee and has also served on our Remuneration and Nomination Committee and our Sustainability Committee. We are indebted to Jane for the valuable contribution she has made to HMC Capital during her tenure. In particular the Board has appreciated her dedication to each of the roles she has performed, and the wide experience she has brought to the Company. We wish her the very best in her future endeavours.

Also, as you will have seen from our ASX announcement this morning, Susan Roberts has been appointed to the Board. That appointment is effective from the conclusion of this AGM and she will be put up for election by shareholders at next year's AGM. Susan Roberts is an experienced director and CEO with over 30 years in the financial services, investment and insurance industries. Her current roles include Chair of Audit for AIG Australia and Teachers Health, and she is a Director of Metlife Australia. We are excited to welcome Susan to the Board and believe that her appointment further strengthens the Board as HMC Capital pursues its ambition to become Australia's leading alternative asset manager.

### **Agenda**

In terms of the agenda today, I will provide a brief overview of key aspects of our 2022 result. I will then ask David to address you and provide a more detailed overview of FY22. We will then move to the formal business of the day.

In addition to considering the 2022 Annual Report, shareholders will be asked to support 11 resolutions as set out in the Notice of Meeting, namely:

- the adoption of the Remuneration Report;
- the re-election of Greg Hayes as Director;
- the grant of performance rights to the Managing Director and Chief Executive Officer;
- the change of the Company's name from Home Consortium Limited to HMC Capital Limited;
- ratification of the appointment of KPMG as the Company's auditor;
- the reinsertion of proportional takeover bid provisions into the Company's constitution; and
- the issue of options to acquire shares in the Company to entities controlled by David Di Pilla, Zac Fried, Christopher Saxon, Jane McAloon and Kelly O'Dwyer in connection with their subscription for units in HMC Capital Partners Fund 1.

Voting on all resolutions will occur by way of poll. I now declare that poll open.

Once the votes are counted following closure of the meeting, the results will be released to the ASX.

I intend to vote any undirected proxies held by me as Chair of the meeting in favour of all resolutions.

## 2022 Result

Before I hand over to David for the CEO's address, I would like to provide a brief overview of key aspects of our 2022 result as well as our position in the current operating environment.

In FY22, the Group delivered record pre-tax earnings per share of 31.0 cents. This was up 126% on the FY21 result and 68% above our original guidance of 18.5 cents per share. It also exceeded our revised guidance numbers.

Dividends per share of 12.0 cents per share for the full-year was in-line with guidance. This is consistent with the Group's strategy to, over time, retain a higher proportion of earnings for accretive re-investment opportunities which meet the Group's high return on equity target.

Our very significant growth in earnings has been achieved whilst at the same time continuing to strengthen the Group's capital position. The Group has completed the sale of the remaining retail properties crystallising strong cash-backed profits and returning the balance sheet to a net cash position.

These exceptional results have been achieved in an increasingly challenging business environment, and on behalf of the Board, I would like to acknowledge the efforts of our management team and people in achieving these financial outcomes.

I would now like to hand over to David Di Pilla, Managing Director and Group Chief Executive Officer for his address.

## Managing Director and Group CEO Address

### Introduction

Thanks Chris and good morning everyone.

Firstly, I would like to thank our shareholders for your ongoing support and for entrusting us with your capital.

As I said three years ago, we take the responsibility of managing our shareholders money seriously. Since our IPO in October 2019, HMC Capital has delivered a total shareholder return of 110% which far exceeds the broader equity market.

I am proud of the progress we achieved in FY22 and remain excited about the future growth prospects for our business.

The proposed resolution to change the company's official name from Home Consortium to HMC Capital represents another important milestone in the transition of the business to a capital light fund manager. The new name aligns with our ambition to become Australia's leading diversified alternative asset manager and the investment we've made in our organisational capability.

The current volatility and uncertainty in global capital markets reinforces our strategy to create a more sophisticated and diversified business which can thrive in both stable and volatile market environments.

### FY22 Review

As Chris highlighted, FY22 was a year of significant achievement for HMC Capital. We delivered record growth in earnings and funds under management underpinned by \$4.6bn of gross transactions including the successful execution of three major strategic growth initiatives:

- In September 2021, we successfully listed HealthCo Healthcare and Wellness REIT;
- In March 2022, we completed the merger between our HomeCo Daily Needs REIT and Aventus Group; and
- In August 2022, we successfully launched and reached first close on HMC Capital Partners Fund I

HMC Capital now manages approximately \$6bn of external funds under management versus \$1.4bn in FY21 and nil when the business was listed. I'd like to highlight three important points which distinguish our funds management platform and strategy:

- Firstly, our funds under management are underpinned by long-term capital sources across a large and growing investor base comprising retail, high-net-worth and institutional investors;
- Secondly, our three vehicles were organically created in-house by our entrepreneurial team; and
- Thirdly, our vehicles are focused on high conviction sectors with structural tailwinds and strategic assets where we can add value through our operating capability.

In August 2022, we established HMC Capital Partners Fund I with a first close fund raising of approximately \$300m including HMC Capital's \$150m commitment. The external funds raised predominantly came from ultra-high-net-worth and family office investors. This was an outstanding result in a challenging fundraising environment.

This initiative expands our platform into new alternative sectors including private equity and provides flexible capital which can take advantage of the current market volatility and dislocation.

- HMC Capital Partners will take high conviction strategic stakes in public companies in Australia and New Zealand where there is potential to unlock trapped value through a private equity style investment approach.
- We believe this strategy also provides an alternative approach for institutional investors to access unique, large-scale investment opportunities.

Over time this will become a significant growth engine for the Group.

I'd also like to highlight our proactive response to the rising interest rate environment and market volatility which has protected capital and preserved the funding capacity and strong balance sheets of our REITs:

- Our HomeCo Daily Needs REIT's proactively divested a property which reduced gearing to the bottom end of its target gearing range of 30-40%. This also increased interest rate hedging to 74% as at 30 June 2022;
- Our HealthCo REIT also opportunistically sold a property for a 71% premium to book value which returned the vehicle to a net cash position with over \$400m of liquidity.

Our two REITs are now strongly capitalised to fund their value enhancing development pipelines and take advantage of more attractive acquisition opportunities which are now emerging.

HMC Capital itself sold the two remaining balance sheet properties for a 38% premium to book value in FY22. These disposals mark the successful completion of our transition to a capital light fund manager and significantly strengthen our capital position with nil debt as at financial year end.

### Sustainability

I am proud of the progress we have made implementing our sustainability strategy across our underlying investments, people and culture and corporate governance. Our key strategic ESG objective is to create "Healthy Communities". We strive to do this by servicing the needs of communities through our network of assets, by delivering lasting positive social outcomes for those local communities, and by taking responsibility for environmental impacts.

We remain on-track to achieve net zero emissions for our Scope 1 and 2 emissions by 2028. It remains our goal to drive high performance building design and operations to reduce carbon emissions and mitigate climate-related risk in our managed real estate portfolio. As a practical example, our development in Mackay on behalf of HomeCo Daily Needs REIT has been designed to achieve a "Green Star Buildings" rating, we believe the first large format retail development to achieve the new Buildings rating.

For further information on our ESG performance, please review our 2022 Sustainability Report.

## New growth initiatives

I am pleased to provide the following update on the strategic growth initiatives we outlined at our FY22 result:

- Last mile logistics unlisted fund
  - This strategy will leverage our proven capability and track record in originating and repositioning well-located real estate into daily needs retail infrastructure in the last mile
  - The fund will target core plus returns from investment opportunities which are outside the investment mandate of the HomeCo Daily Needs REIT
  - Institutional investor feedback on the strategy has been positive and we are aiming to raise third party capital in the first half of 2023
  - We expect to make an announcement before year-end with further information on the proposed fund structure and seed investment which has been secured on deferred settlement terms
- Healthcare institutional partnership
  - Development led fund strategy focused on large-scale healthcare precinct opportunities with institutional capital partners
  - We intend to seed the fund with a number of large-scale development opportunities including HMC's stake in stages 2 and 3 of the Camden healthcare precinct
  - We have received strong interest from both domestic and global institutional investors who are highly attracted to this asset class and are seeking opportunities of this nature
- HMC Capital Partners Fund I
  - Early fund performance has been strong with the fund outperforming the S&P/ASX300 Index by 10.0% during the month of September as reported in our inaugural quarterly update
  - Fund is well positioned to take advantage of current market conditions and emerging opportunities with approximately 60% cash holdings
  - We remain excited about the upside potential in our Sigma Healthcare investment which now sits at ~18% of issued capital
  - Currently assessing several additional investment opportunities including large and complex situations which could provide opportunities for HMC to co-invest as a strategic partner
- Corporate M&A
  - Continue to assess inorganic growth opportunities which could provide new scalable platforms in our target alternative sectors

## Outlook and guidance

Turning now to our outlook and guidance.

Today we reaffirm our FY23 dividend per share guidance of 12.0 cents which is in-line with FY22 and consistent with our strategy to re-invest retained earnings into high ROE growth opportunities.

As I said at the outset, our well capitalised and more diversified platform is well positioned to take advantage of attractive investment opportunities which are starting to emerge. We expect this will continue in FY23 as the lagged impact of aggressive central bank policy tightening this year takes effect.

We remain as excited as ever about the growth prospects for our business and see the current market environment as an opportunity to accelerate our strategy to become a leading diversified alternative asset manager.

In closing, I would like to thank our Board, our investors and all our stakeholders for their ongoing support.

I will now hand back to our Chair, Chris Saxon to conduct the formal business of the meeting.