



ASX RELEASE

18 November 2020

EXECUTIVE CHAIRMAN'S ADDRESS TO ANNUAL GENERAL MEETING OF HOME CONSORTIUM SECURITYHOLDERS

Home Consortium provides the attached Executive Chairman's address to the Annual General Meeting of Home Consortium securityholders.

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For further information please contact:

INVESTORS

Andrew Selim
General Counsel and Company Secretary
+61 433 367 682
andrew.selim@home-co.com.au

Tom Kohlen
Investor Relations Executive
+61 419 953 526
tom.kohlen@home-co.com.au

MEDIA

John Frey
GRACosway
+61 411 361 361
jfrey@gracosway.com.au

Authorised for release by the Home Consortium Board

About HomeCo

HomeCo is an internally managed Australian property group focused on ownership, development and management. HomeCo is built on a platform of big brands and hyper-convenience, with each centre anchored by leading brands backed by some of Australia's most successful property development and retail organisations including predominantly national retailers spanning daily needs, leisure and lifestyle and services enterprises.



18 November 2020

**Executive Chairman and Chief Executive Officer's Address to
Annual General Meeting 2020 of
Home Consortium Securityholders**

Welcome and Introduction

Good morning, ladies and gentlemen. My name is David Di Pilla, and I am the Executive Chairman and Chief Executive Officer of Home Consortium. I will chair today's Annual General Meeting.

Presenting the formal business of the meeting with me today is Chris Saxon our Deputy Chairman and Lead Independent Non-Executive Director.

I would also like to introduce my fellow directors – our independent non-executive directors Jane McAloon and Brendon Gale and our non-executive directors Zac Fried and Greg Hayes. I would also like to welcome Kelly O'Dwyer who is standing for election as an independent non-executive director today.

On behalf of the Board of Directors, it is my pleasure to welcome you to Home Consortium's inaugural Annual General Meeting.

This meeting has been convened in accordance with the Corporations Act and as a quorum of securityholders is present, I declare the meeting open.

In accordance with Government guidance and restrictions on travel and public gatherings in place at this time as a result of COVID-19, this meeting is being held in virtual format only. Securityholders can be present virtually via the live webcast and you will be able to vote electronically through the online platform provided by Home Consortium's share registry, Link Market Services. To log in you will need your holder identifier and postcode. The online platform provides an opportunity for all securityholders to participate in the meeting.

Securityholder's questions through the online platform are welcome at the meeting. As set out in the Notice of Meeting questions were invited to be submitted by 10:30am (Sydney time) on the 16 November 2020. I confirm that no questions were received by that time, but you are still able to ask questions at any time during the meeting.

Voting on all resolutions will occur by way of poll. Shareholders attending the meeting online will be able to cast their vote using the electronic voting card received when online registration was validated. For assistance please refer to the virtual meeting online guide available in the investor centre on our website.

Shortly I will provide a brief overview of the 2020 financial year, an update on HomeCo's 'Own, Develop and Manage' strategy, including the proposed establishment of the HomeCo Daily Needs REIT and a trading update for the FY21 year to date.

After that I will move to the formal business of the meeting. I will give the background to the relevant resolution, put it to the meeting and then invite questions. The vote by poll will then be formally conducted. I will be proposing Resolutions 1 to 5 and Resolution 8. Given the nature of Resolutions 6 and 7, Chris Saxon (rather than I) will be putting those specific resolutions to the meeting.

Resolution 1 and Resolutions 3-7 are subject to voting exclusions – please refer to the Notice of Meeting for detail in that regard.

Where a proxy vote has been directed to the Chair of the meeting both Chris Saxon and I intend to vote in favour of the relevant resolution.

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

Overview for financial year ended 30 June 2020

Before we commence the formal business of today's meeting, I would like to provide a brief overview of the progress the business has made since listing on the ASX in October 2019.

The 2020 financial year has obviously been a challenging year for all our stakeholders due to the initial shock and ongoing uncertainty caused by the COVID-19 pandemic. Despite the challenges we have worked diligently and I am extremely proud of the progress we have made during the year.

Our ability to proactively engage with our tenants early in the pandemic and work with them in accordance with the Government's National Code of Conduct was a key driver of our strong result. It enabled us to establish a clear path forward with our tenants allowing us to focus on creating value for securityholders via the own, develop and manage model.

Despite the headwinds we delivered strong operating and financial results at our maiden full year results announced in August, significantly beating our prospectus forecasts. The financial and operating highlights have been well documented so I will provide a very brief overview of some of the key highlights:

- FY20 pro-forma freehold FFO of \$17.2m, 13% ahead of prospectus forecasts
- Total FY20 dividends paid of 12 cps fully franked
- Portfolio gross valuations increased by 5.2% (1.7% net of capex) compared to Dec-19 valuations

Despite the volatility we have delivered total shareholder returns¹ of 20.0% since our IPO on 14 October 2019, significantly outperforming the ASX 200 index, up 2.8% and the ASX 200 A-REIT index, down 5.2% over the same period.

I firmly believe it is the quality and dedication of our people that has driven these strong returns to our securityholders.

Evolution of HomeCo's 'Own, Develop and Manage' model

I will now provide an update on the evolution of HomeCo's 'Own, Develop and Manage' strategy.

As a Board we are extremely excited about the strategic growth prospects we see for the group on the horizon.

As part of our FY20 full year results we announced the proposed establishment of the HomeCo Daily Needs REIT and the proposed Health & Wellness fund. These vehicles are important strategic initiatives that mark the next steps in HomeCo's evolution into an alternative asset manager focused on real assets.

Since announcing these initiatives in August we have made significant progress, culminating in the proposed ASX listing of the HomeCo Daily Needs REIT next Monday, 23 November 2020, which is subject to today's securityholder vote. On completion of the proposed in-specie distribution, HomeCo securityholders will have an investment in two ASX-listed vehicles each characterised by distinct investment attributes. Upon completion of the in-specie distribution and proposed listing, HomeCo will own 27% of the HomeCo Daily Needs REIT while existing HomeCo securityholders will directly own 27%.

The HomeCo Daily Needs REIT will provide unitholders with exposure to a high quality, stabilised and convenience focused portfolio of assets designed to achieve diversification across sectors, tenants, and geographies. At the issue price of \$1.33, representing a 0% premium to NTA, the HomeCo Daily Needs REIT is expected to deliver a 5.5% distribution yield in FY21 which will be 100% tax deferred. Importantly, the portfolio

¹ As at 17 November 2020

has a compelling growth profile with structural lease escalations, potential acquisition opportunities and further development of existing properties designed to deliver consistent growing distributions for unitholders.

We are also well advanced in our planning for the Health & Wellness fund. HomeCo currently has \$250m of Health & Wellness focused assets on its balance sheet and a significant pipeline of development opportunities. Our significant exposure to health, childcare, aged care, government services and wellness tenants means we are well placed to introduce external capital to the Health & Wellness fund in FY21.

HomeCo Daily Needs REIT Trading Update

I will now provide a trading update on the HomeCo Daily Needs REIT.

The HomeCo Daily Needs REIT portfolio continues to perform with assets in November 2020 benefiting from more normalised trading conditions with social distancing restrictions easing in all our key geographic regions. Our foot traffic levels which were resilient throughout the early stages of the pandemic have continued to improve and were up 19% in October 2020 versus pcp on a like-for-like basis.

Unadjusted cash collection of contracted rent continues to improve for the HomeCo Daily Needs REIT with October 2020 at 96% and November 2020 already at 94% (as at 17 November 2020) and on track to cash collect closer to 98–99%. Our cash collections throughout this period reflect the sustainability of our assets and the strength of the relationships we have built with our tenants over time.

HomeCo is also in exclusive negotiations for HomeCo Daily Needs REIT to acquire a Queensland-based convenience focused asset for a purchase price of ~\$48 million representing a fully leased yield of 7.4%. The asset is a neighbourhood centre with a long WALE of 8 years and 530 on-grade car spaces. Any such acquisition will be fully debt funded and is expected to be immediately 4.5% accretive to the HomeCo Daily Needs REIT's FY21 FFO. Gearing will increase from 26.2% at listing to 30.8% post-transaction. Further details will be provided in due course and any acquisition remains subject to HDN board approval.

The HomeCo Daily Needs REIT is also proposing to upsize its debt facility from \$400 million to \$500 million and post-acquisition would have liquidity of \$215m to execute on developments and further acquisitions.

In addition, HomeCo is pleased to announce the appointment of Paul Doherty as Fund Manager for the HomeCo Daily Needs REIT. Paul brings over 25 years experience in the property industry and spent over 13 years at Woolworths Group holding senior leadership positions across property investments, capital transactions and asset management including most recently as National Investment Manager.

Outlook

The establishment of the HomeCo Daily Needs REIT represents a key milestone for HomeCo as it evolves towards becoming an owner, developer and manager of alternative real assets. HomeCo's assets under management have increased 60% from \$925 million at IPO last year to approximately \$1.5 billion today. Together the HomeCo Daily Needs REIT and Health & Wellness fund will establish a platform for HomeCo to continue to grow assets under management through capital recycling and the introduction of external capital. In delivering against this strategy we believe we have the potential to leverage the existing asset base and grow assets under management to \$5 billion in the future.

HomeCo is also pleased to announce the appointment of Heechung Sung as Head of Capital Partnerships. Heechung has over 16 years experience in the finance industry, including over 10 years at Macquarie Group, most recently in Macquarie Infrastructure and Real Assets division in roles across capital markets, product strategy, asset management and investor relations. Heechung will look after HomeCo's newly created Capital Partnerships Group which will focus on building and strengthening relationships with various channels of capital including local and offshore institutional investors, super funds, pension funds and sovereign wealth funds. This

will further accelerate HomeCo's ability to grow total assets under management in a capital efficient manner and allow HomeCo to continue to deliver above average risk-adjusted returns to securityholders going forward.

Before we commence the formal business of today's meeting, I would like to highlight a number of key Board changes which we announced on 19 October 2020. They are:

- Christopher Saxon will assume the role of Independent Chairman from 1 January 2021 and I will continue to serve as Managing Director and Chief Executive Officer from that date.
- Subject to securityholders voting in favour of Resolution 2 later this morning, Kelly O'Dwyer will become an independent non-executive director, resulting in a majority of independent directors on the HomeCo Board.

These steps will see HomeCo's corporate governance reflect best practice and are in line with ASX principles and recommendations. We believe that these changes are an appropriate evolution to our governance structure which will oversee the company's ongoing growth.

To conclude, I would now like to thank my fellow Directors and all HomeCo team members for their hard work and dedication in 2020. None of this would have been possible without you.

Thank you to our tenants for their ongoing dedication to continue trading through the challenging conditions of 2020.

I would also like to thank our strategic partners including advisors involved in the listing of HomeCo and the proposed listing of HomeCo Daily Needs REIT, our advisors and consultants involved in project developments and our agents involved in leasing, capital transactions and asset management. Thank you and congratulations for your efforts this year.

Finally, I would also like to thank our investors for your continued support.

I am extremely proud of the way our HomeCo team have navigated what has been a difficult year, committed to our strategy and delivered above average risk adjusted returns for our securityholders.

I will now commence the formal business of today's meeting.

David Di Pilla
Executive Chairman and CEO
Home Consortium