

ASX RELEASE

19 April 2021

HOME CO ACCELERATES TRANSITION TO CAPITAL LIGHT FUND MANAGER

- Sale of 7 LFR assets to HomeCo Daily Needs REIT (**HDN**) for \$266.4 million.
- HMC will participate for its full entitlement in HDN's underwritten \$265 million Entitlement Offer (**Entitlement Offer**).
- Reduces HMC gearing to 0%¹ establishing strong balance sheet to accelerate growth of HealthCo and broader funds platform.
- Demonstrates strategic alignment between HMC and HDN via asset sales, Entitlement Offer participation and bonus unit support.

Proposed Sale

Home Consortium Limited (**HMC**), has entered into conditional agreements to sell a 100% interest in a portfolio of 7 large format retail assets (**LFR Portfolio**) to HDN for a total purchase price of \$266.4 million. The total purchase price is in line with 31 December 2020 portfolio book value and is at a 6% discount to 30 June 2021 independent valuations of \$283.7² million resulting in a revaluation benefit of \$17.3 million expected to be realised by HDN Unitholders upon settlement in early July 2021. Please refer to the HDN investor presentation for additional details.

Completion of the sale is subject to all requisite approvals, including HDN Unitholder approval at an extraordinary general meeting, which is expected to be held in June 2021. HDN will provide HDN Unitholders with a notice of meeting (**NOM**) in the near future, which will be accompanied by an independent expert report (**IER**), opining on the fairness and reasonableness of the transaction to Unitholders not affiliated with HMC, given that HMC owns the responsible entity of HDN.

Details of the 7 LFR assets are summarised below:

- Marsden Park (NSW): Sydney metro LFR centre anchored by Nick Scali and Anaconda.
- Box Hill (VIC): Melbourne metro LFR centre anchored by Decathlon, Goodlife and BCF.
- South Morang (VIC): Melbourne metro LFR centre anchored by Amart and Plenty Valley Medical.
- Upper Coomera (QLD): Gold Coast metro LFR centre anchored by Spotlight and TK Maxx.
- Bundall: (QLD): Gold Coast metro LFR centre anchored by Nick Scali and Goodlife.
- Mackay (QLD): Spotlight and Nick Scali anchored LFR centre.
- Toowoomba (QLD): Amart and Nick Scali anchored LFR centre.

HDN will separately also be acquiring Armstrong Creek Town Centre for a total purchase price of \$55.6 million, representing a 6.0% capitalisation rate. Armstrong Creek is a newly completed Coles-anchored neighbourhood centre which opened for trade in September 2020 and provides exposure to the high population growth corridor of the Geelong region of Victoria.

¹ Borrowings (excluding unamortised debt establishment costs) less cash and cash equivalents divided by total assets less lease liabilities and cash and cash equivalents.

² Independent valuation in respect of the year end 30-Jun-21. Currently in draft form pending finalisation at financial year end

HDN Entitlement Offer and Bonus Units

HomeCo Daily Needs REIT will be undertaking a \$265 million underwritten accelerated non-renounceable 1 for 2.36 Entitlement Offer (**Entitlement Offer**) at an issue price of \$1.295 (**Issue Price**) per unit (**New Unit**) to partially fund \$322 million of proposed acquisitions³ comprising:

- Portfolio of 7 LFR assets from HMC for a total purchase price of \$266.4 million; and
- Armstrong Creek Town Centre for a total purchase price of \$55.6 million, representing a 6.0% cap rate.

HMC has committed to fully take up its entitlement for its 26.6% co-investment in HDN and Home Consortium Developments Limited (**HCDL**), an entity within the HMC stapled group, has committed to sub-underwrite \$26.7 million (approximately 10% of the Entitlement Offer) of the retail component of the Entitlement Offer. The Entitlement Offer is not conditional on the HDN Unitholder vote and the proceeds will be used for Armstrong Creek Town Centre and other alternative acquisitions if the LFR Portfolio acquisitions do not proceed due to an unsuccessful vote.

HDN Unitholders who are issued New Units in the Entitlement Offer (and investors issued with shortfall units) will also receive, without any further action, up to 1 bonus unit in HDN (**Bonus Unit**) for every 20 New Units issued to them in the Entitlement Offer. Full entitlement to Bonus Units is conditional on a HDN Unitholder / Investor holding at least the aggregate of (i) the number of Units held on the Record Date (**Record Date Holding**) and (ii) the number of New Units issued to eligible Unitholders / Investors under the Entitlement Offer (**Full Entitlement Holding**), on the date 3 months after the Retail Entitlement Offer issue date (**Bonus Unit Determination Date**). Unitholders who hold more than their Record Date Holding but less than their Full Entitlement Holding will receive a number of Bonus Units which is proportionally lower. The issue of the Bonus Units is being supported by HMC, which has agreed to sell via a Selective Buy-Back (subject to HDN Unitholder approval) a number of Units it holds, for nominal consideration, equal to the number of Bonus Units that are to be issued by HDN.

FY21 Earnings Guidance Reaffirmed

The sale of the LFR Portfolio continues HMC's transition towards a capital light fund manager with significant financial capacity to accretively recycle capital and grow funds under management to over \$5 billion in the medium-term. Importantly, the transaction increases HMC's externally managed AUM to \$1,348m⁴, an increase of 38% versus \$978 million pre-transaction (and 60% growth since the IPO of HDN in November 2020). As a result of these transactions HMC will receive net proceeds of \$198 million⁵, HomeCo's pro-forma 31 December 2020 gearing is expected to decrease to 0% from 13.6%.

HomeCo Group Managing Director and Chief Executive Officer David Di Pilla said: "HMC continues to execute on its strategy to unlock value and growth through capital recycling. Importantly, our actions today clearly demonstrate the strong alignment between HMC and HDN and our ability to create value for investors across our platform."

HMC reaffirms FY21 FFO guidance of no less than \$35.0 million (12.9 cents per security). HMC also reaffirms FY21 dividend guidance of 12.0 cents per security.

FY21 FFO guidance excludes acquisition fees associated with the proposed sale of the LFR Portfolio which are scheduled to complete in early July 2021 (subject to a successful HDN Unitholder vote).

Please refer to the HDN investor presentation for additional details.

-ENDS-

³ LFR Portfolio and Armstrong Creek Town Centre. Excludes transaction costs and stamp duty

⁴ HDN 31-Dec-20 total assets pro-forma adjusted for LFR Portfolio (30-Jun-21 draft valuation) and Armstrong Creek acquisitions.

⁵ Sale proceeds of \$266.4 million adjusted for Entitlement Offer participation and 1.0% acquisition fee payable by HDN to HMC. Excludes Bonus Units

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Authorised for release by the HMC Board

About HomeCo

HomeCo is focused on the ownership, development and management of real assets. HomeCo manages a property portfolio of assets with our tenants spanning daily needs, leisure and lifestyle, healthcare, wellness and government services enterprises across Australia.

Important Notice - Forward-Looking Statements

This announcement contains certain forward-looking statements, which may include indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks, uncertainties, assumptions, contingencies and other factors, many of which are beyond the control of Home Consortium. Actual results, performance or achievements may differ materially from those expressed or implied in those statements and any projections and assumptions on which these statements are based.

No guarantee, representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns, statements or tax treatment in relation to future matters contained in this announcement. The forward-looking statements are based only on information available to Home Consortium as at the date of this announcement. Except as required by applicable laws or regulations, Home Consortium does not undertake any obligation to provide any additional or updated information or revise the forward-looking statements or other statements in this announcement, whether as a result of a change in expectations or assumptions, new information, future events, results or circumstances.

This announcement is also subject to the same disclaimer as appears in the HDN Investor Presentation with any necessary contextual changes.