

ASX RELEASE

24 February 2021

HOME CONSORTIUM DELIVERING ON ITS OWN, DEVELOP & MANAGE STRATEGY

Financial Highlights

- 38% total securityholder return since IPO in Oct-19, outperforming the S&P/ASX 200 A-REIT Index by 50%+ after adjusting for HDN in-specie distribution
- 7.3 cents 1H FY21 FFO per security
- Interim FY21 dividend of 6.0 cents per security (100% franked) declared
- 13.6% balance sheet gearing at 31-Dec-20, a 22% decrease versus 35.6% gearing at 30-Jun-20
- ~\$200m liquidity available for deployment¹ to grow funds management business

Property Investment Highlights

- \$634m direct property investments (post HDN in-specie distribution and asset recycling)
- 3 major centre developments scheduled for opening in FY22, targeting 7-9% cash yield²
- \$40m disposals (asset recycling), with \$23m completed and \$17m contracted for settlement in 1Q CY21 which are expected to realise an average ungeared IRR of 10%

Funds Management Highlights

- \$1.7bn Funds Under Management (FUM) representing a +82% growth since IPO³
- Successful listing of HomeCo Daily Needs REIT (HDN) in Nov-20 with 16% growth in FUM since IPO
- HomeCo's proposed second fund, HealthCo has ~\$350m of proposed seed assets⁴ and is targeting a \$500m first close by H1 FY22

HomeCo's Managing Director and Chief Executive Officer, Mr David Di Pilla, said "It is pleasing to deliver such a strong set of results that demonstrate the continued execution of our Own, Develop and Manage strategy. Since IPO HomeCo has significantly outperformed the S&P/ASX 200 Index by more than 31% and the S&P/ASX 200 A-REIT Index by more than 50%. Importantly we have made significant progress in transitioning to a capital light manager with minimal balance sheet gearing. With FUM of approximately \$1.7bn today we are well positioned to grow earnings and FUM by leveraging the existing asset base to over \$5bn and there is significant potential to increase this further through establishing capital partnerships."

¹ Includes cash and undrawn debt

² Estimated cash yield based on assumptions relating to future income, valuation, capex and calculated on a fully stabilised basis.

³ Includes assets contracted at Proxima and Gregory Hills Home Centre

⁴ As complete valuation, including Ballarat call option

Direct Property Investments

As at 31-Dec-20 HomeCo has 23 properties on its balance sheet with a fair value of \$634m and a weighted average capitalisation rate (WACR) of 6.6%. The portfolio has a weighted average lease expiry (WALE⁵) of 7.7 years and a weighted average rent review (WARR⁶) of 3.06% (across fixed escalation leases representing 78% of the portfolio) providing a base for sustainable long-term growth.

HomeCo continues to utilise its substantial land holding with low site coverage of 31% for developments with significant progress made in 1H FY21.

- Cairns (QLD) ~11,400 sqm GLA development expected to open 1H FY22 with a forecast cash yield of 9%
- Ballarat (VIC) ~12,500 sqm GLA development with Federal Government tenancy opened in Aug-20 and remaining site expected to open 1H FY22
- Wagga Wagga (NSW) ~4,200 sqm GLA open and trading with ~15,500 sqm GLA expected to open in 1H FY22 with a forecast cash yield of 7%

Funds Management

HomeCo Daily Needs REIT

- HomeCo Daily Needs REIT established via in-specie distribution and listed on the ASX in Nov-20
- Since listing HDN has grown FUM +16% to ~\$1bn in real property assets and has outperformed the S&P/ASX 200 A-REIT index by 4%⁷ since listing
- 9% upgrade to FY21 FFO guidance versus PDS
- Strong growth pipeline embedded within the HDN portfolio with significant growth in NTA and income expected

Health, Wellness and Government Services Fund

- HomeCo continues to progress the establishment of its Health, Wellness and Government Services Fund (HealthCo)
- Dual track process underway, unlisted wholesale fund versus listed REIT
 - Target 1H FY22 first close of ~\$500m
- HMC will seek to appoint advisers in coming weeks and will separately provide an update around the proposed board and management personnel
- HMC to own a target 10–15% co-investment in HealthCo and will seed the investment vehicle with ~\$350m of proposed assets⁸
- Subject to final Board approval and all other required approvals

⁵ By gross income for signed leases and signed MOUs

⁶ Fixed escalation relates to portion of tenants that are contracted under fixed escalation rental agreements

⁷ As at 23 February 2021

⁸ 'As-complete' valuation

Outlook

Managing Director and Chief Executive Officer, Mr Di Pilla, said “HomeCo is on track to execute its objective to deliver above average risk adjusted returns to securityholders and continues to build a platform for sustainable long-term growth via the Own, Develop and Manage model.”

- HomeCo provides FY21 FFO guidance of no less than \$35.0m (12.9 cents per security)
 - FY21 guidance reaffirms the 4% upgrade provided on 4 December 2020
 - FY21 guidance is provided on the basis of no unforeseen circumstances or further extended COVID-19 lockdowns and government-mandated restrictions
- HomeCo’s distribution policy is expected to evolve as it transitions to a capital light funds management model with enhanced reinvestment opportunities which can drive attractive returns in excess of HomeCo’s cost of capital. This compares to HomeCo’s managed funds (e.g. HDN.ASX) which intends to payout a higher proportion of funds from operations consistent with their respective distribution policies and broader strategies to provide stable and growing distributions
 - Interim FY21 dividend of 6.0 cents per security (100% franked) declared. Record date: 3-Mar-21, Payment date: 17-Mar-21
 - Full year FY21 dividend guidance of 12.0 cents per security

Investor and analyst briefing

An investor and analyst briefing teleconference call, followed by a question and answer session, will be held on **Wednesday 24 February 2021 at 10:30am (AEDT)**. Investors and analysts wishing to participate can pre-register for the call at: <https://s1.c-conf.com/diamondpass/10011814-28sup7.html>

The following webcast link will be available: <https://webcast.openbriefing.com/7025/> Participants will need to input their name, email address and company name to register for the 10:30am webcast.

-ENDS-

For further information, please contact:

INVESTORS

Will McMicking
Chief Financial Officer
+61 451 634 991
william.mcmicking@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 focused on the ownership, development and management of real assets. HomeCo manages a property portfolio of approximately \$1.7 billion with our tenants spanning daily needs, leisure and lifestyle, healthcare, wellness and government services enterprises across Australia. HomeCo's objective is to provide above average risk-adjusted returns for our securityholders.

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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.

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