Home Consortium

## ASX RELEASE

1 July 2020

### ACQUISITION AND EQUITY RAISING PRESENTATION

Home Consortium provides the attached Acquisition and Equity Raising Presentation.

-ENDS-

For further information, please contact:


**INVESTORS**

**Will McMicking**
**Finance Director**
+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


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.*


# Acquisition and equity raising presentation

1 July 2020

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- HomeCo's acquisition of 3 Woolworths anchored convenience-based neighbourhood centres, Aurrum Erina residential aged care property and Parafield Retail Complex (announced on 23 June 2020) (**Acquisitions**); and
- an institutional placement of new fully paid ordinary stapled shares (**New Securities**) in HomeCo (**Placement**) and (ii) an offer of New Securities to eligible securityholders under a security purchase plan (**SPP**) (the Placement and SPP together being the **Offer**). The Placement is joint lead managed by Goldman Sachs Australia Pty Ltd and Jarden Australia Pty Limited (**Jarden Australia**) (together the **Joint Lead Managers**) and is fully underwritten by Goldman Sachs Australia Pty Ltd and Jarden Partners Limited (together, the **Joint Underwriters**). The SPP is not underwritten.

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## Continued

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# Transaction overview

| | |
|---|---|
| **Acquisitions** | ▪ HomeCo has agreed to acquire:<br>– 3 Woolworths anchored convenience-based neighbourhood centres for total consideration of $127.8 million[1] from Woolworths Group<br>– Aurrum Erina residential aged care property (“Aurrum Erina”) for total consideration of $32.59 million[1]<br>– Parafield Retail Complex (announced on 23 June 2020) for total consideration of $25.5 million[1]<br>▪ Aurrum Erina is being acquired from Aurrum Aged Care and is subject to a securityholder vote and an independent expert’s report due to the related party nature of the transaction<br>– HomeCo has received voting intentions from entities related to Spotlight and Chemist Warehouse indicating their support for the transaction |
| **Equity raising and pricing** | ▪ HomeCo is undertaking a $140 million fully underwritten placement at an issue price of $2.88 ("Issue Price") per ordinary stapled security (“Placement Security”) to fund the acquisitions and associated transaction costs. The Issue Price represents a:<br>– 4.0% discount to the last close price of $3.00 on 30 June 2020<br>– 6.9% discount to the 5 day VWAP of $3.09 on 30 June 2020<br>▪ HomeCo is also undertaking a non-underwritten security purchase plan (“SPP”) to eligible securityholders in Australia and New Zealand to raise up to $30 million[2]<br>– Eligible Securityholders in Australia and New Zealand will be invited to subscribe for up to $30,000 in new securities (“SPP Securities”), free of transaction and brokerage costs<br>– The issue price for SPP Securities will be the lower of the Issue Price and a 2.5% discount to the 5 day VWAP of HomeCo securities up to and including the closing date of the SPP (rounded to the nearest cent)<br>▪ HomeCo will also issue $20 million of securities to Aurrum Aged Care (“Aurrum Securities”) (together with $12.59 million cash) as consideration for Aurrum Erina at the Issue Price<br>– The issue of securities and acquisition of Aurrum Erina will be conditional on receiving Securityholder approval |
| **Dividend and ranking** | ▪ HomeCo intends to declare a final FY20 dividend of $0.075 per security (fully franked) which is expected to move towards being fully FFO covered post-transaction in FY21. The final FY20 dividend is expected to be paid in September 2020<br>▪ The Placement Securities, SPP Securities and Aurrum Securities will be entitled to the dividend for the half year ending 30 June 2020 and will rank equally in all respects with HomeCo's existing ordinary stapled securities from the date of allotment |

*Notes: 1. Woolworths Group assets expected to complete in July 2020, Aurrum Erina expected to complete in September 2020 and Parafield Retail Complex expected to complete in August 2020. Excludes stamp duty. 2. HomeCo reserves the right to raise more than $30 million, dependent on applications received*

# Investment rationale and financial impacts

- **Quality assets and tenant mix**
  - Increases daily needs and HealthCo services tenant exposure to 47%[1], consistent with HomeCo's strategy of increasing its weighting towards hyper-convenience based retail and healthcare & wellness assets
  - Strengthens HomeCo's relationship with Woolworths as a partner and key tenant, representing 6% of gross income post-transaction
- **FFO growth and a fully FFO covered dividend in FY21**
  - FFO: Acquisitions are immediately FFO accretive and result in pro-forma FY21 FFO guidance of at least $0.15 per security
  - Dividend: HomeCo intends to declare a final FY20 dividend of $0.075 per security (fully franked) which is expected to move towards being fully FFO covered post-transaction in FY21
- **Prudent capital management**
  - Pro-forma June 2020 gearing of 31.0%
  - Liquidity of $128 million post-transaction provides headroom for future development pipeline
- **Increases scale and diversity in line with HomeCo's strategy to own, develop and manage**
  - Assets Under Management (AUM): Transaction will expand pro-forma June 2020 investment property value to over $1.2 billion across 36 freehold centres[2]
  - Daily Needs: HomeCo to own 14 Daily Needs focussed centres (>$500m valuation) post-transaction, with scale to now explore the establishment of a standalone ASX-listed Daily Needs REIT
  - Healthcare & Wellness: Increases HomeCo's exposure to the healthcare & wellness sector with an attractive first investment in the opportunity rich aged care sector and the establishment of an operating partner in the space. Planning for Healthcare & Wellness REIT remains on foot
- **Increase market free-float and diversity of share register**
  - Targeting S&P/ASX 300 index inclusion by 1H FY21

*Notes:*
*1. By gross income. 2. Includes Ballarat expected to settle in 2022*

# Sources and uses

| Sources of funds | $m |
|---|---|
| Equity raise–Institutional placement | 140.0 |
| Equity raise–SPP[1] | 30.0 |
| Issue of scrip to Aurrum | 20.0 |
| Debt[1] | 8.4 |
| **Total sources** | **198.4** |

| Uses of funds | $m |
|---|---|
| Woolworths assets | 127.8 |
| Aurrum | 32.59 |
| Parafield | 25.5 |
| Transaction costs + stamp duty | 12.5 |
| **Total uses** | **198.4** |

*Woolworths Prestons, NSW*


*Woolworths Sunbury, VIC*

*Notes: 1. Assumes $30m is raised through the SPP with any shortfall expected to be debt funded*

# HomeCo is executing on its stated strategy to own, develop & manage

## Own

- 36 freehold centres[1]
  - 1.3 million sqm land
  - 32% site coverage ratio
- 27 centres repurposed[2] representing over 315,000 sqm of GLA
- $1.2 billion AUM

## Develop

- Jun-20 valuation uplift[3] delivering an attractive ROIC from capex
- 10 development sites in the pipeline
- Pad site developments
- Childcare initiative
- Integrated Healthcare & Wellness precinct being developed

## Manage

- Well positioned to establish funds management activities with 100% ownership of assets[4]
- ASX listed Daily Needs REIT
- ASX listed Healthcare & Wellness REIT
- Strong balance sheet to grow this business

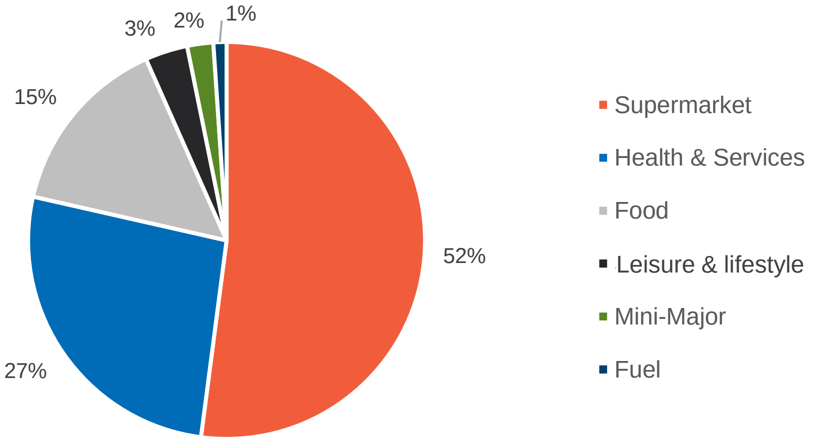
*Notes:*
*1. Includes Ballarat expected to settle in 2022. 2. Across freehold and leasehold centres including recently repurposed Coffs Harbour. 3. Preliminary unaudited portfolio valuation. 4. Excludes excess land at Vincentia*

# Asset overview—Woolworths anchored centres

## 79% of income derived from supermarket and health & services tenants

| | |
|---|---|
| **Property description** | Woolworths anchored centres opened in 2016 (Vincentia), 2018 (Prestons) and 2019 (Sunbury)<br>Properties have been developed by Woolworths Group |
| **Properties[1]** | Prestons NSW – 42 km west of Sydney CBD<br>Vincentia NSW – 75 km south of Wollongong<br>Sunbury VIC – 39 km north–west of Melbourne CBD |
| **Vendor** | Woolworths Group |
| **Land size** | 15.9ha (5.7ha relates to excess development land co-owned with Woolworths at Vincentia) |
| **GLA** | 19,398 sqm (Prestons: 5,169 sqm, Vincentia: 9,419 sqm, Sunbury: 4,810 sqm) |
| **Occupancy** | 98% |
| **WALE** | 7.0 years |
| **Acquisition price** | $127.8m (5.9% yield – fully leased) |

**Tenant income composition**




**Asset highlights**

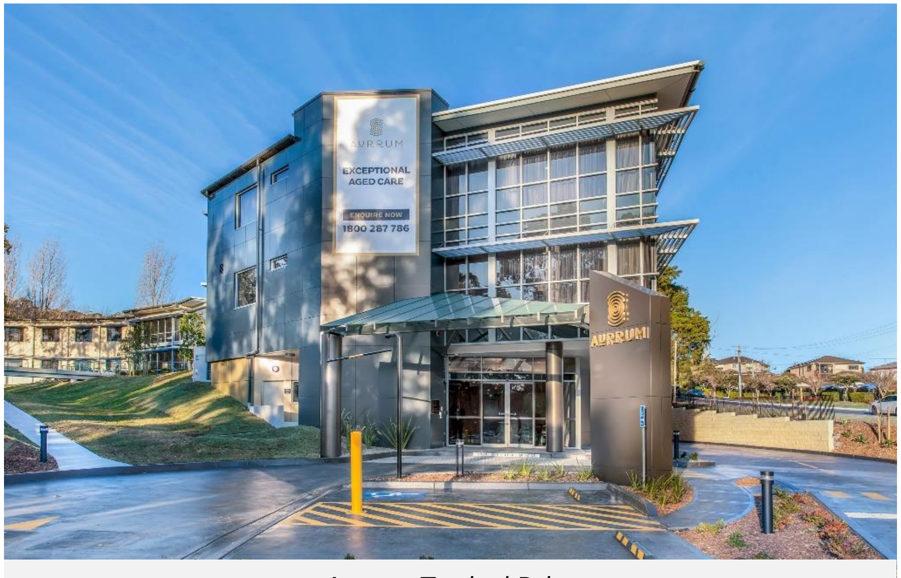
- 79% of income derived from supermarkets (daily needs), health and services tenancies (pharmacy, medical, dental)
- 7.0 year WALE with 3 new 10 year Woolworths leases (with options)
- 98% occupancy across portfolio
- ~20% site coverage (excluding excess land at Vincentia) providing significant opportunity to increase GLA
- ~315 on-grade car parks on average per centre


*Woolworths Vincentia, NSW*

*1. HomeCo is acquiring a 100% freehold interest in Prestons Place and Rosenthal Shopping Centre and a majority 87.4% freehold interest in the Vincentia Marketplace. In connection with Vincentia Marketplace, HomeCo will enter into a co-owner's agreement with Woolworths to govern the relationship and other dealings between HomeCo and Woolworths, including as it relates to development of the property*

# Asset overview—Aurrum Erina

| | |
|---|---|
| **Property description** | 250 bed residential aged care home operated by Aurrum Aged Care. Original 181 beds constructed in 2003 and underwent a refurbishment in 2015 and new 71 bed building Terrigal Drive opened in 2017 (~$16.5m build cost) |
| **Location** | 82 km north of Sydney CBD |
| **Land size** | 3.3 ha |
| **Number of beds** | 250 beds |
| **Operator / vendor** | 100% leased to Aurrum Aged Care |
| **Lease type** | Triple net lease with tenant responsible for 100% of outgoings and maintenance capex |
| **WALE** | 10.0 years |
| **Acquisition price** | $32.59m (6.75% yield – passing / fully leased) |
| **Consideration** | $20.0m in HomeCo securities at Issue Price<br>$12.59m cash |




*Aurrum Terrigal Drive*

*Terrigal Drive bedroom*

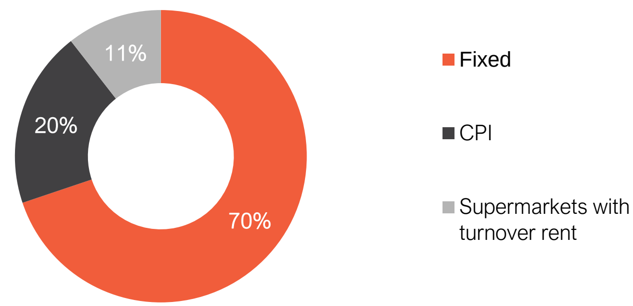
*Aurrum Erina & Terrigal Drive*

# Portfolio impact

## Portfolio metrics

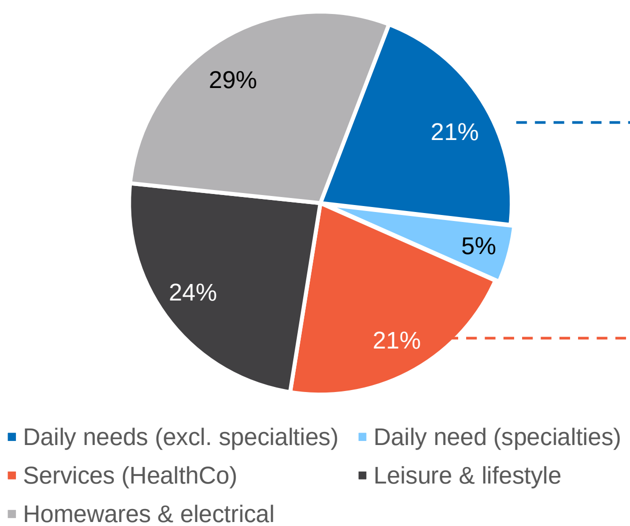
| | Jun-20[1] | Acquisitions[1] | Jun-20 pro-forma |
|---|---|---|---|
| Number of properties | 30 | 5 | 35 |
| Investment value | 1,014 | 188 | 1,201 |
| Weighted avg. cap. rate | 6.6% | 6.3% | 6.6% |
| WALE (years) | 8.0 | 7.4 | 7.9 |
| Occupancy (by GLA)[2] (Operating Centres) | 97% | 99% | 97% |
| Trading occupancy (by GLA)[2] (Operating Centres) | 86% | 99% | 87% |
| National tenants | 86% | 82% | 86% |

## Pro-forma rent review composition (by gross rent)




(fixed rent review weighted average: 3.17% p.a.)

## Pro-forma tenancy mix[3]




- Woolworths Group to represent 6% of gross income post-transaction highlighting the strong partnership between Woolworths group and HomeCo

- Healthcare and wellness related services tenancies to represent 21% of the portfolio across childcare, aged care, medical centres, radiology, gyms and government services

*Notes: 1. Includes Aurrum Erina, 3 Woolworths anchored shopping centres and Parafield Retail Complex. Excludes Ballarat. 2. Across 22 operating centres (21 Operating as at Prospectus date + opening of Coffs Harbour), 3 Woolworths anchored shopping centres and Aurrum Erina. Excludes Parafield Retail Complex. 3. Based on gross income from signed leases and signed MOUs across the Freehold portfolio. Includes Ballarat which is expected to settle in 2022*

# Timetable

| Event | 2020 |
|---|---|
| Record date for SPP | 7.00pm (Sydney time), Tuesday, 30 June |
| Announcement of the Placement | Wednesday, 1 July |
| Placement bookbuild | Wednesday, 1 July |
| Settlement of New Securities issued under the Placement | Monday, 6 July |
| Allotment and normal trading of New Securities issued under the Placement | Tuesday, 7 July |
| SPP offer opens and SPP booklet dispatched | Wednesday, 8 July |
| SPP offer closes | 5.00pm (Sydney time), Tuesday, 21 July |
| SPP allotment date | Tuesday, 28 July |
| Dispatch of holding statements and normal trading of New Securities issued under the SPP | Wednesday, 29 July |

*The above timetable is indicative only and subject to change. The commencement and quotation of New Securities is subject to confirmation from ASX. Subject to the requirements of the Corporations Act, the ASX Listing Rules and other applicable rules. HomeCo reserves the right to amend this timetable at any time, including extending the period for the SPP or accepting late applications, either generally or in particular cases, without notice.*

# Aurrum Erina acquisition approval

## Aurrum Erina acquisition subject to securityholder approval with voting intentions received from entities related to Spotlight and Chemist Warehouse supporting the transaction

**Approval overview**

- Aurrum Erina is being acquired from Aurrum Aged Care for $20 million scrip (HomeCo securities to be issued at the Issue Price with new securities to be entitled to the proposed FY20 final dividend of $0.075 per security) and $12.59 million cash
- Aurrum will be leased back to Aurrum Aged Care following completion of the acquisition at an initial rent of $2.2 million per annum, for a period of 10 years (with 2 x 10 year options)
- Completion of the acquisition and leaseback, and the issue of the new securities to Aurrum Aged Care, is conditional on securityholder approval at a general meeting, which is expected to be held in mid-August 2020
- HomeCo will provide securityholders with a notice of meeting in the near future, which will include a report from an independent expert stating whether, in its opinion, the transaction is fair and reasonable from the point of view of HomeCo securityholders
- HomeCo has received voting intentions from entities related to Spotlight and Chemist Warehouse indicating their support for the transaction

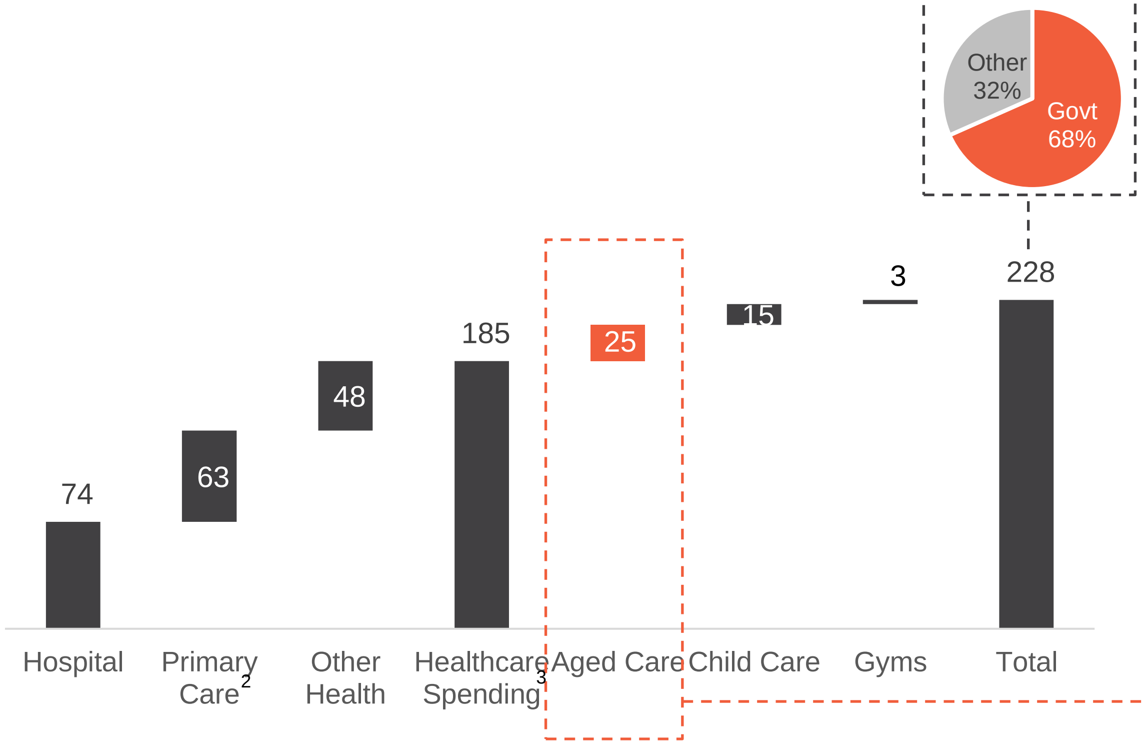
**Transaction approvals**

1. Transaction reviewed and recommended by the HomeCo independent directors
2. Transaction reviewed by HomeCo's Audit & Risk Committee under its process for related party transactions
3. A preliminary independent valuation has been obtained
4. An independent expert's report is being prepared
   - Notice of meeting and independent expert's report scheduled to be sent to HomeCo securityholders in July 2020
5. Securityholder vote scheduled for August 2020 requiring a simple majority resolution (50.1%)

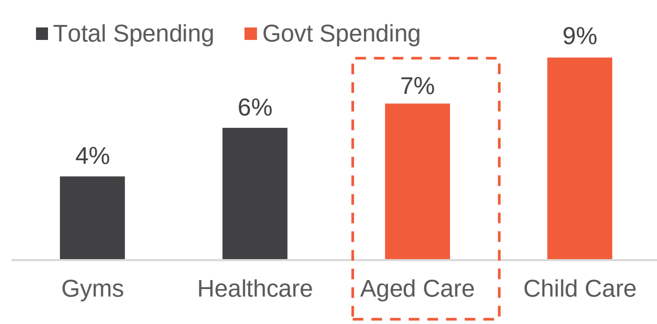
# Healthcare and wellness sector is opportunity rich

- Total current market size of Healthcare & Wellness sectors is approximately $228 billion
- Population growth, longer life expectancy and an aging population is expected to drive health and aged care expenditure in Australia
  - Aged care demand is expected to be strong with an additional 1 million people each decade in the over 70 year old cohort
- $185 billion was spent on health goods and services in Australia with expenditure per person increasing by 2.2% per annum to $7,485 in 2018

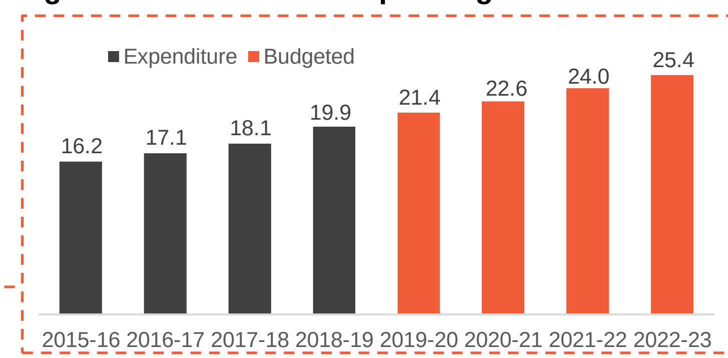
**Total Market size for Healthcare & Wellness[1]—$228 billion**




**Growth rates for each subsector[4]**




**Aged Care Government Spending**




Notes: 1. Aged Care excludes RADs; Child Care funding by individuals is based on average estimate by Mitchell Institute of between $3.8bn – $6.8bn.
2. Primary Care includes GP, Dental, pharmaceuticals, other health practitioners, public and community health
3. Other Health includes: Referred medical services, ambulance, research, admin and capital
4.Growth rates shown are as follows: Gym revenue CAGR 15-20; Healthcare total spending CAGR 08-18; Childcare government spending CAGR 08-18, Aged Care government spending CAGR 16-19.
*Source: AIHW Health Expenditure, 1 Nov 2019; Aged Care Financing Authority, May 2020; Mitchell Institute, Melbourne University, Feb 2020; IBIS 2019.*

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Healthcare & wellness update

Health Co.

# Residential aged care sector opportunity

## Total investment for new and rebuilt places over the next decade estimated at $56 billion

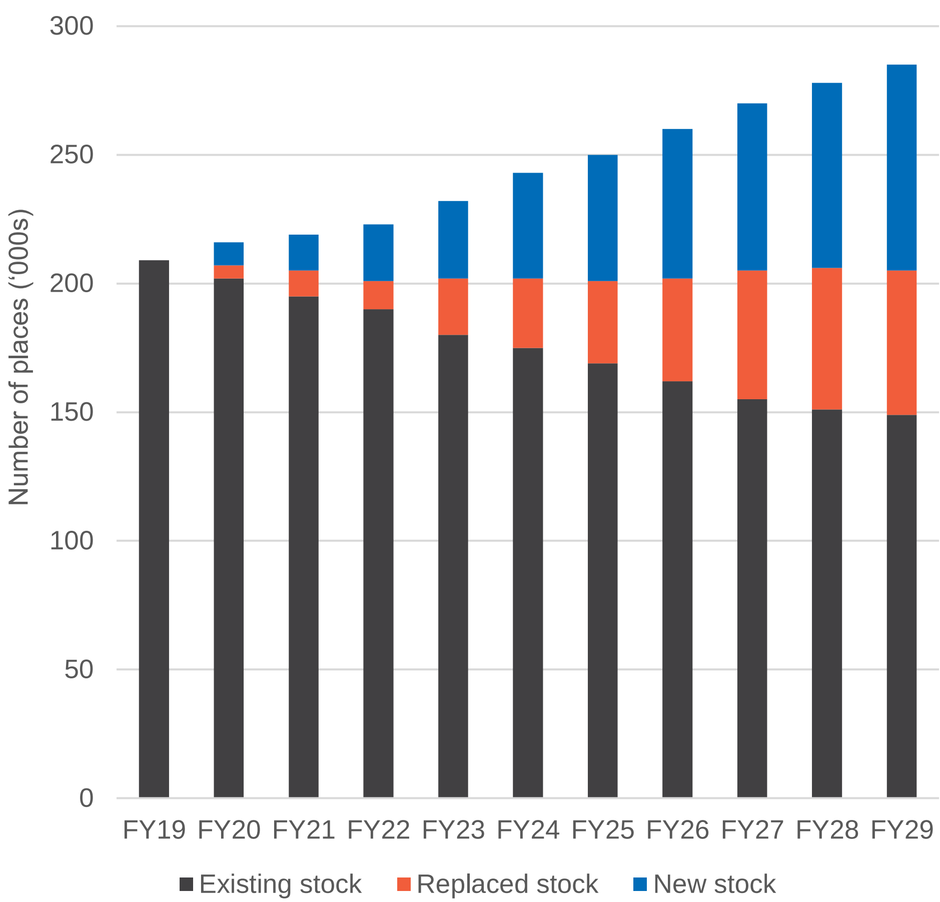
**Overview**

- The Australian residential aged care sector is a significant part of the Australian health system, providing accommodation and 24 hour care needs for approximately 242,600 residents in 2018-19
- The structural ageing of the Australian population over the next 20 years is expected to see the size of the population aged 70 years and over increase by over 1 million people each decade from a base of 2.8 million in 2020 – which is coupled with longer life expectancy for Australians

**Future residential aged care requirements**

- Additional 80,000 places required over the next decade to meet the Australian Government's target provision ratio of 78 places per 1,000 people aged 70 years and over
- In addition it is estimated that over the next decade around a quarter of the existing stock of buildings, covering around 56,000 places, would need to be rebuilt or refurbished
- On the basis of the above assumptions, the combined total investment for new and rebuilt places over the next decade would be around $56 billion
- Future demand for aged care places is expected to drive opportunities for new capital partners to fund new aged care facilities as well as opportunities to refurbish and expand existing facilities

**Operational residential aged care places required 2018-19 to 2028-29**

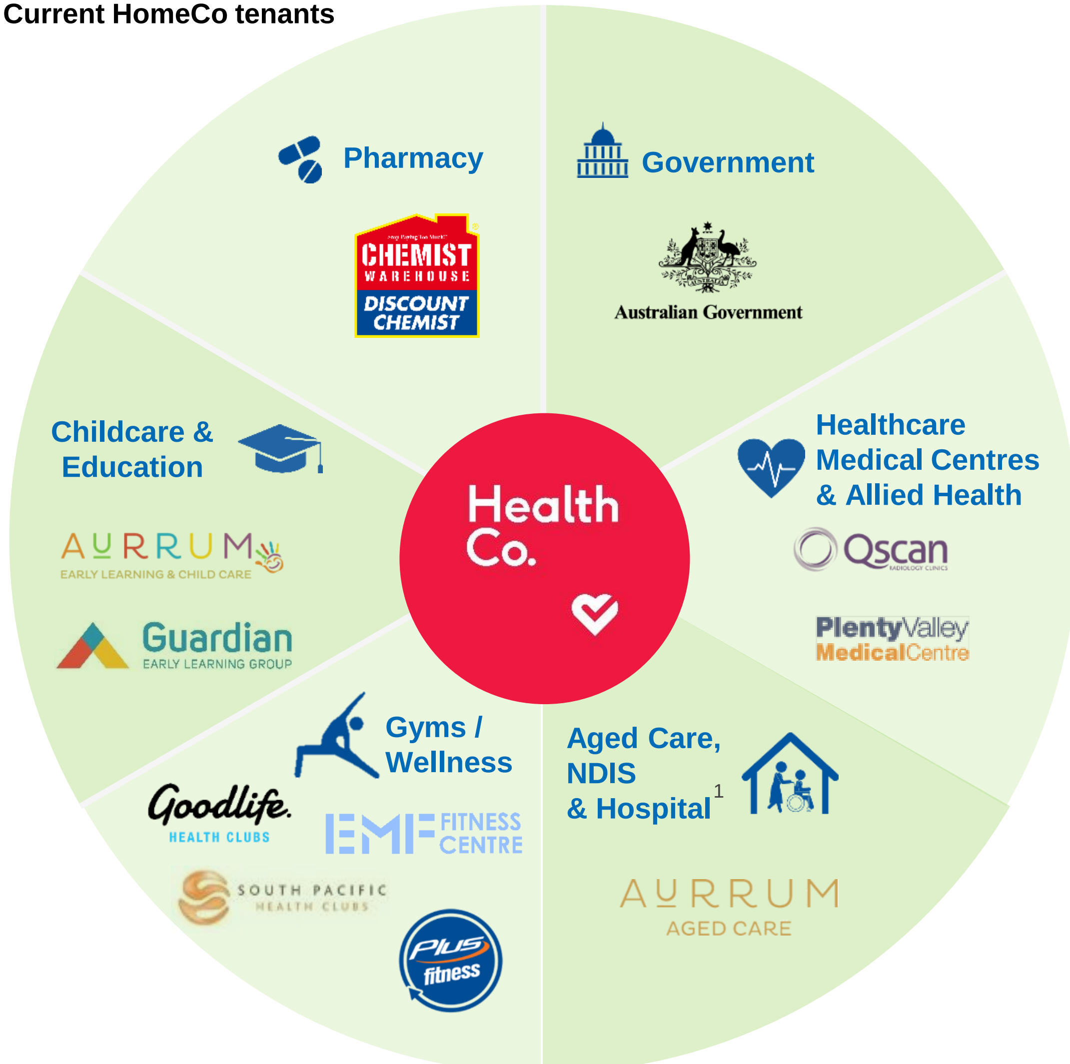



*Source: Aged Care Financing Authority, Annual Report on the Funding and Financing of the Aged Care Industry – 2020*

# Healthcare & Wellness exposure

## HomeCo has established a material services exposure comprising health, childcare & education, government services and wellness tenants

**Current HomeCo tenants**




**Update**

- ✓ Government: Services Australia Ballarat tenancy handed over in Jun-20 and Services Australia Cairns tenancy on track for Sep-20 handover
  - – HomeCo's Federal Government tenant exposure across the portfolio of 3% (by gross income post-acquisition)
- ✓ Childcare: HomeCo is on track to open 4 Aurrum Childcare centres over the course of 2021 with a further 4 expected to be opened in 2022
- ✓ Aged Care: Acquisition of Aurrum Erina residential aged care property to accelerate HealthCo's exposure to aged care
- ✓ Pharmacy: 3 new Chemist Warehouse pharmacies opened in 1H2020
- ✓ Gyms / wellness: All tenancies now open and trading

**Development planning**

- ✓ A number of HealthCo development applications have been accelerated through the various state government's planning system acceleration/fast-track programs
- ✓ Development applications for 4 fully integrated Healthcare & Wellness centres being developed
  - – Refer St Mary's case study overleaf

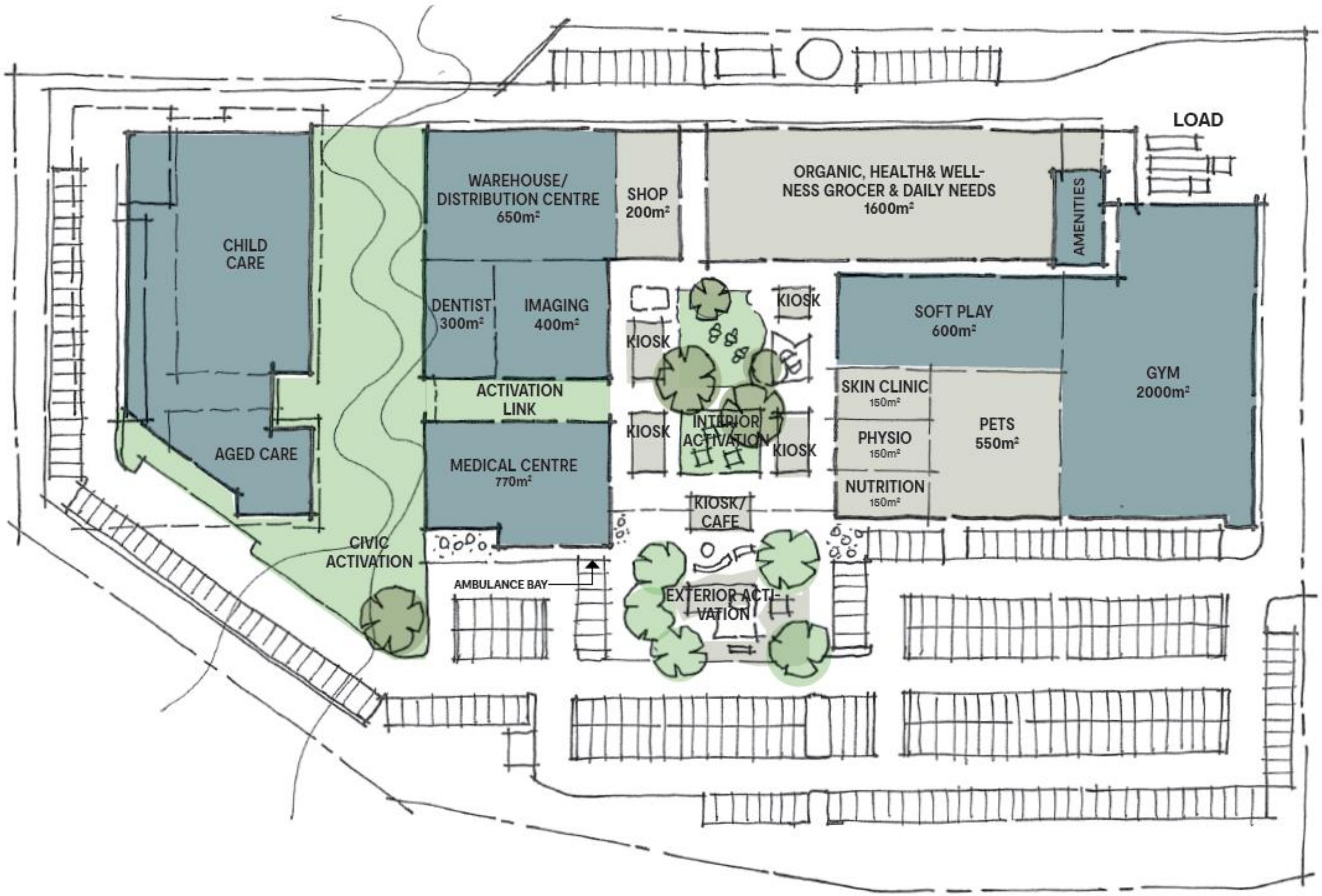
*Notes: 1. No current tenant exposure to NDIS and hospitals and presents a growth opportunity*

# HealthCo

## St Mary’s case study—Concept Design

# HealthCo

## St Mary's case study—Centre plan

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# Appendix A: Pro-forma balance sheet

# Appendix A

## Pro-forma balance sheet

| *$ million* | Dec-19 consolidated | Dec-19 NTA adjusted[1] | Jun-20 preliminary valuation[2] | Jun-20 cash and debt[3] | Acquisitions and Placement / 100% SPP[4] | Pro-forma Dec-19 balance sheet |
|---|---|---|---|---|---|---|
| Cash and cash equivalents | 42.2 | 5.2 | | (2.4) | | 2.8 |
| Trade / other receivables & prepayments | 9.0 | 6.9 | | | | 6.9 |
| Investment property – freehold | 964.2 | 964.2 | 49.5 | | 185.9 | 1,199.6 |
| Investment property - leasehold | 80.6 | - | | | | - |
| Deferred tax asset | 143.4 | - | | | | - |
| **Total Assets** | **1,239.4** | **976.3** | **49.5** | **(2.4)** | **185.9** | **1,209.3** |
| Trade / other payables and provisions | (35.9) | (26.1) | | | | (26.1) |
| Borrowings | (329.4) | (329.4) | | (32.0) | (8.4) | (369.8) |
| Lease liabilities[6] | (145.6) | (0.6) | | | | (0.6) |
| **Total Liabilities** | **(510.9)** | **(356.1)** | **-** | **(32.0)** | **(8.4)** | **(396.5)** |
| | | | | | | |
| **Net Assets** | **728.5** | **620.2** | **49.5** | **(34.4)** | **177.5** | **812.8** |
| | | | | | | |
| Securities on issue (m) | | 197.8 | | | 66.0 | 263.8 |
| Adjusted NTA per security | | $3.14 | | | | $3.08 |
| Gearing[5] | | 33.9% | | | | 31.0% |

*Notes:*

1. *Net tangible assets adjusted to exclude the following balance sheet items: (i) Lease Mitigation Account, (ii) Investment properties – Leasehold (recognised under AASB 16), (iii) Leasehold liabilities (recognised under AASB 16), (iv) Provisions and (v) Deferred tax assets*
2. *Adjustment relating to the 30 June 2020 preliminary unaudited valuation announced to the ASX on 23 June 2020*
3. *Adjustment for estimated cash and debt balances as at 30 June 2020*
4. *The impact of the Placement, SPP (100% allocation) and Aurrum Securities and the acquisitions (Woolworths, Aurrum Erina and Parafield). The carrying value of the acquisitions is at cost and excludes stamp duty and other transaction costs*
5. *Gearing is defined as Borrowings (excluding unamortised establishment costs) less cash and cash equivalents divided by total assets excluding cash and cash equivalents, lease mitigation account, investment properties – leasehold and deferred tax assets*
6. *Includes lease liability for corporate head office*


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# Appendix B: Key risks

Home Co.

# Appendix B

## Key Risks

This section discusses some of the key risks associated with an investment in HomeCo. A number of risks and uncertainties may adversely affect the operating and financial performance or position of HomeCo and in turn affect the value of HomeCo's securities. These include specific risks associated with an investment in HomeCo and general risks associated with any investment in listed securities. The risks and uncertainties described below are not an exhaustive list of the risks facing HomeCo. Potential investors should carefully consider these risks, and the risks contained in section 8 of HomeCo's prospectus dated 23 September 2019 (a copy of which is available at www.asx.com.au), in deciding whether an investment in HomeCo is suitable having regard to their own personal investment objectives and financial circumstances and those risks.

**Market impact of COVID-19**

The events relating to COVID-19 have recently resulted in significant market falls and volatility including in the prices of securities trading on ASX (including the price of HomeCo's securities) and on other foreign securities exchanges. There is continued uncertainty as to the further impact of COVID-19 including in relation to governmental action, work stoppages, lockdown, quarantines, travel restrictions and the impact on the Australian and global economy and share markets. In light of recent Australian and global macroeconomic events, including though not limited to the impact of the COVID-19 and other factors, it is likely that Australia and other international economies will experience a recession or downturn of uncertain severity and duration which would further affect spending on manufacturing, continue to impact on the operating and financial performance and prospects of HomeCo and continue to interfere with HomeCo's business.

**Business and operational impact of COVID-19**

The nature and extent of the effect of the COVID-19 outbreak on the performance of HomeCo remains unknown. Any governmental or industrial measures taken in response to COVID-19 may adversely impact HomeCo's operations and are likely to be beyond the control of Home Consortium. The directors are monitoring the situation closely and have considered the impact of COVID-19 on HomeCo's business and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain. In compliance with its continuous disclosure obligations, HomeCo will continue to update the market in regard to the impact of COVID-19 on its business and any adverse impact on HomeCo.

**Acquisition information has been provided by the vendors**

HomeCo undertook a due diligence process in respect of the Acquisitions, which relied in part on the review of financial and other information concerning the properties the subject of the Acquisitions, which was provided to HomeCo by the relevant vendors. Despite making reasonable efforts, HomeCo has not been able to verify the accuracy, reliability or completeness of all of the information which as provided to it against independent data. Similarly, HomeCo has prepared (and made assumptions in the preparation of) the financial information related to the assets included in this Presentation from financial and other information provided by the relevant vendors. If any of the data or information provided to and relied upon by HomeCo in its due diligence process and its preparation of this presentation proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the performance of the properties may be materially different to the performance expected by HomeCo and reflected in this Presentation.

# Appendix B

## Key Risks

Investors should also note that there is no assurance that the due diligence conducted was conclusive and that all material issues and risks in respect of an Acquisition have been identified and avoided or managed appropriately. Therefore there is a risk that unforeseen issues and risks may arise, which may also have a material impact on HomeCo. This could adversely affect the operations, financial performance or position of HomeCo.

**Analysis of the Acquisitions by HomeCo**

HomeCo has undertaken financial, business and other analyses of the properties the subject of the Acquisitions in order to determine their attractiveness to HomeCo and whether to pursue the Acquisitions. It is possible that such analysis, and the best estimate assumptions made by HomeCo, draw conclusions and forecasts that are inaccurate or which will not be realised in due course. To the extent that the actual results achieved by the properties are different than those indicated by HomeCo's analysis, there is a risk that the profitability and future earnings of the operations of those properties and HomeCo in general may be materially different from the profitability and earnings reflected in this Presentation.

**Acquisition may not complete**

Whilst HomeCo has approved the terms on which it will acquire the properties the subject of the Acquisitions, it has not yet entered into those contracts (other than in respect of the Parafield Retail Complex). There is a risk that HomeCo will not enter into the contracts as agreed. Completion of each Acquisition, whether entered into or not, is conditional on certain matters, including that securityholders approve the acquisition of Aurrum Erina from Aurrum Aged Care, lender consents and Parafield Airport approval. If any of the conditions precedent are not satisfied or waived, or take longer than anticipated to satisfy, completion of an Acquisition may be deferred or delayed, or may not occur on the current terms or at all. There can be no guarantee that HomeCo will obtain all necessary approvals to complete the Acquisitions within any particular timeframe, or at all, or that such approvals will be granted on terms that are acceptable to HomeCo or on an unconditional basis.

If an Acquisition is not completed as a result of a failure to satisfy conditions (or otherwise), HomeCo will need to consider alternative uses for the proceeds of the Offer, or ways to return such proceeds to securityholders. If completion of an Acquisition is delayed, HomeCo may incur additional costs and it may take longer than anticipated for HomeCo to realise the benefits of that Acquisition. Any failure to complete, or delay in completing, an Acquisition and/or any action required to be taken to return capital raised to securityholders may have a material adverse effect on HomeCo's financial position and performance.

**Net rental income may decline**

HomeCo's primary source of income is generated through its leasing arrangement of its properties in its portfolio. HomeCo's revenue is largely dependent on the rents received from tenants across its portfolio, expenses incurred during operations and capital expenditure incurred. A number of factors may affect HomeCo's rental income and expenditure, including overall economic conditions (including CPI growth), local real estate conditions, the financial condition and solvency of tenants, ability to attract new tenants, ability to extend leases or replace outgoing tenants with new tenants, increase in rental arrears and vacancy periods, changes in retail tenancy laws and external factors including terrorist attacks, significant security breaches or a major world event.

There is a risk that rental income may be materially different to that expected. Rental income may decline for a number of reasons, including as a result of failure of existing tenants to perform existing leases in accordance with their terms, failure on the part of HomeCo to enforce contracted rent increases or agree market rental reviews or termination of a lease by a tenant due to convenience or failure on the part of HomeCo to meet lease terms. This has the potential to decrease the value of HomeCo and would also have an adverse impact on HomeCo's financial performance.

**Unable to lease properties, or they may be vacant**

Leases of properties come up for renewal on a periodic basis. There is a risk that HomeCo may not be able to negotiate suitable lease extensions with existing tenants or replace outgoing tenants with new tenants on the same terms or at all or be able to find new tenants to take over space that is currently unoccupied. Should HomeCo be unable to secure a replacement tenant for a period of time, if replacement tenants lease a property on less favourable terms than existing lease terms or is unable to secure a tenant for a vacant property (or parts thereof) for a period of time, this will result in lower rental returns to HomeCo, which could materially adversely affect HomeCo's financial performance.

**Value of its portfolio or individual properties may fall**

The value of HomeCo's portfolio, or individual properties within its portfolio, may be impacted by a number of factors affecting the Australian property market generally, as well as HomeCo. The properties are independently valued regularly in accordance with HomeCo's valuation policy. These valuations represent only the analysis and opinion of the valuation experts at a certain date and are not guarantees of present or future property values. Property values may fall if the underlying assumptions on which the valuation reports are based change in the future. Valuations may differ depending on the valuation appointed. A valuation may not reflect the actual price that would be realised if a property is sold. As property valuation adjustments are reflected in HomeCo's statement of profit and loss, any decreases in value would have a corresponding effect on the statement of profit and loss and HomeCo's financial position and performance.

**Retail property sector concentration**

HomeCo's portfolio is principally comprised of retail properties and is therefore exposed to the retail property sector. As a result of this exposure, HomeCo's performance depends, in part, on the performance of the Australian retail property sector. In addition, if any of the sub-sectors in New South Wales, Queensland, Victoria or Western Australia experience a downturn in activity, HomeCo's financial performance may be adversely impacted.

**Tenant concentration**

Whilst HomeCo has a diverse tenant mix, a high proportion of the gross property income from its portfolio is generated from the top 20 tenants. There is therefore a risk that if one or more of the major tenants ceases to be a tenant, HomeCo may not be able to find suitable replacements or may not be able to secure lease terms that are as favourable as current terms. If HomeCo is unable to secure a replacement tenant for a major tenant for a period of time or if replacement tenants lease the property on less favourable terms, HomeCo's financial performance could be adversely impacted.

# Appendix B

## Key Risks

**Risks involved with development activities**

In seeking to maximise returns for securityholders, HomeCo continually seeks to develop its existing development sites as well as considers opportunities to enhance the value of its broader portfolio by selectively acquiring new properties which have development potential. There are typically high risks associated with development activities than holding developed assets, including the contracts engaged being unable to complete the specified works on time or defaulting on other obligations under its contract. While HomeCo seeks to mitigate the risks associated with development projects by employing a number of risk mitigation strategies, there is no guarantee that the development projects will be carried out as intended. Development activities also require various approvals from the relevant State planning authorities. There is a risk that the relevant approvals may not be obtained on the basis of HomeCo's application, are on conditions that are unsatisfactory or may not be granted at all. Changes in government regulations and policies, failure to obtain or delays in the granting of planning approvals may affect the amount and timing of HomeCo's future profits.

**Properties are illiquid**

Property assets are by their nature illiquid investments. If it were necessary or desirable for HomeCo to sell one or more of the properties in its portfolio, it may not be able to do so within a short period of time or it may not be able to realise a property for the amount at which HomeCo has valued it. Any protracted sale process, inability to sell a property or sale at a price that is less than HomeCo's valuation of the property may adversely affect HomeCo's financial performance and position.

**Environmental compliance costs and liabilities**

While HomeCo undertakes comprehensive legal due diligence in relation to the properties in its portfolio, unforeseen environmental issues may affect any of its properties. Whilst HomeCo is not aware of any material environmental contamination at any of its properties, there is a risk that a property in the portfolio (or a property close to a property in the portfolio) may be contaminated now or in the future. Government environmental authorities may require HomeCo to remediate any contamination on its portfolio and HomeCo may be required to undertake any such remediation at its own cost. HomeCo may be liable to remedy sites affected by environmental issues even in circumstances where HomeCo is not responsible for causing the environmental liability. The cost of such remediation could be substantial. In addition, if HomeCo is not able to remediate the site properly, this may adversely affect its ability to use the relevant property for alternative uses, sell the relevant property or to use it as collateral for future borrowings. Any such event could adversely impact HomeCo's financial performance. An environmental issue may also result in interruptions to the operations a property, causing lost income which may not be recoverable.

**Key personnel risk**

HomeCo's success depends on the continued active participation of its senior management team. These employees are an important part of HomeCo's business strategy and success as they have extensive industry experience and knowledge of HomeCo's business. If HomeCo were to lose any of its senior management team or if it were unable to employ replacement personnel with the requisite level of experience to adequately operate HomeCo's business, its operations and financial performance could be adversely affected.

# Appendix B

## Key Risks

**Insurance risk**

HomeCo maintains appropriate insurance coverage in respect of its portfolio where insurance coverage is available on commercial terms and at acceptable prices. Insurance cover may not be available for certain types of losses (for example, losses caused by war, riots and civil commotion) or even if it is available it may be too expensive. Any losses incurred due to uninsured risks, or a loss in excess of the insured amounts, could lead to a loss of some of the capital invested by HomeCo, and could adversely affect the financial performance of HomeCo. Increases in insurance premiums as a result of insurance claims or otherwise may also adversely affect HomeCo's financial performance.

**Retail tenancies legislation**

Retail tenancies legislation in force in each Australian State and Territory regulates the terms on which leases and licences are granted to tenants of retail premises. For example, in certain of those jurisdictions, retail tenancies legislation prohibits a landlord from recovering land tax in respect of any site from which a retail business is conducted. As a retail business is carried on at each property in its portfolio, HomeCo has considered the potential application of retail tenancies legislation in respect of the its business and, in the case of each lease, considers that such legislation by its terms does not apply to the leases or, if it does apply, it intends to comply with applicable legislation.

There is a risk that retail tenancies legislation in any Australian State or Territory may be amended in a manner unfavourable to HomeCo or that HomeCo does not comply with applicable retail tenancies legislation. In that event, HomeCo may be adversely impacted as a result.

**Disputes or litigation**

HomeCo may be the subject of complaints from or litigation by securityholders, tenants, landlords, governmental agencies or other third parties. For example, tenants may claim that rent and/or outgoings are not due and payable, landlords may allege that a clause of a lease has not been complied with and may issue a notice of default, governmental agencies may claim that HomeCo has not paid rates or other taxes or is not compliant with applicable planning or zoning laws and third parties may claim for breach of contract or object to the use of the property by HomeCo.

Any complaints, disputes, claims or litigation in which HomeCo is involved may result in a financial penalty, the inability of HomeCo to conduct its business or implement its strategy (including to mitigate the excluded Leasehold Liabilities) and/or damage to HomeCo's reputation and may divert financial and managerial resources away from running HomeCo's business. Any of these potential outcomes may adversely affect HomeCo's financial performance and position.

**Risks associated with an investment in securities**

There are general risks associated with investments in equity capital such as HomeCo's securities. The trading price of HomeCo's securities may fluctuate with movements in equity capital markets in Australia and internationally. This may result in market price for the securities being issued under the Placement being more or less than the offer price. Generally applicable factors that may affect the market price of securities include general movements in Australian and international stock markets, investor sentiment, Australian and international economic conditions and outlooks, changes in interest rates and the rate of inflation, change is in government legislation and policies, geo-political instability including international hostilities and acts of terrorism, demand for and supply of HomeCo's securities, announcements and results of competitors and analyst reports.

No assurance can be given that the securities issued under the Placement will trade at or above the office price. None of HomeCo, its directors or any other person guarantees the performance of HomeCo's securities.

**Dividends**

The payment of dividends in respect of HomeCo's securities is impacted by several factors, including HomeCo's profitability, capital requirements and free cash flow. Any future dividends will be determined by HomeCo's board having regard to these factors, among others. There is no guarantee that any dividend will be paid by HomeCo, or if paid, paid at historical levels.

**Impact of climate change**

Climate change presents a potentially material risk to HomeCo. The increasing severity of acute weather events (such as heatwaves, cyclones and storms) and chronic climate impacts may affect one or more of HomeCo's properties (and associated communities) through physical damage, operating costs, ability to trade, consumer visitation and retail sales. These acute weather events may be sudden and acute or more gradual in nature. For example, a property may be damaged by storms or flooding which requires extensive repairs and may impact sales at that property. Alternatively, tenants may be impacted by disruptions to sales or their supply chains. Transitioning to a lower-carbon economy may entail extensive policy, legal, technology and market changes to address mitigation and adaption requirements related to climate change. These may require HomeCo to incur costs to address these changes.


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# Appendix C: Summary of Underwriting Arrangements

Home Co.

# Appendix C

## Summary of Underwriting Arrangements

Goldman Sachs Australia Pty Ltd (**GS**) and Jarden Australia Pty Ltd are acting as joint lead managers of the Placement (**Joint Lead Managers**). Jarden Partners Limited and GS are acting as underwriters of the Placement (**Underwriters**). HomeCo entered into an underwriting agreement with the Joint Lead Managers and Underwriters in respect of the Placement (**Agreement**). The Agreement contains representations and warranties and indemnities in favour of the Joint Lead Managers and Underwriters. The Joint Lead Managers may also, in certain circumstances, terminate their obligations and those of their associated Underwriter under the Agreement if any of the following material termination events occur by giving written notice to HomeCo (some of which are subject to a market standard materiality qualifier):

a) a statement contained in the materials released to ASX in connection with the Placement (**Offer Materials**) is, or the Joint Lead Manager becomes aware that such a statement was at the time it was made, false, misleading or deceptive (including by omission);

b) an event specified in the timetable for the Placement is delayed for more than one business day (other than any delay agreed by the Joint Lead Managers in writing);

c) HomeCo is unable to is unlikely to be able to issue the New Securities on the date for issue of the securities as specified in the timetable for the Placement;

d) HomeCo alters its capital structure or its constitutions (other than as contemplated in the Agreement);

e) there is a material adverse change or effect affecting the general affairs, business, operations, assets, liabilities, financial position or performance, profits, losses or prospects, earnings position, shareholders' equity, or result of operations of HomeCo or its subsidiaries or otherwise (taken as a whole) when compared to the position disclosed in the Offer Materials or otherwise disclosed by HomeCo to ASX on or prior to the date of the Agreement;

f) ASIC issues, or threatens to issue, proceedings or commences any inquiry or investigation in relation to the Placement;

g) ASX makes any official statement to any person, or indicates to HomeCo, or the Joint Lead Managers (whether or not by way of an official statement) that HomeCo's existing securities will be suspended from quotation, HomeCo will be removed from the official list of ASX, or that quotation of the all of the securities to be issued under the Placement will not be granted ASX or such approval has not been given before the close of business on the last date on which the securities may be issued or such suspension from quotation occurs;

h) any governmental agency issues proceedings or commences any action, inquiry, investigation or hearing against or in respect of HomeCo or its subsidiaries, or announces that it intends to take any such proceedings or action;

i) HomeCo is in breach of the Agreement or any of its representations or warranties in the Agreement is not true or correct when made or taken to be made;

# Appendix C

## Summary of Underwriting Arrangements

j) if any of the obligations of the relevant parties under any of the contracts that are material to the business of HomeCo and its subsidiaries, or any acquisition agreements, are not capable of being performed in accordance with their terms (in the reasonable opinion of the Joint Lead Managers;

k) HomeCo or its subsidiaries breaches, or defaults under any provision, undertaking, covenant or ratio of a material debt or financing arrangement or any related documentation to which that entity is a party which is not promptly waived by the relevant financier or financiers, and the effect of which has or is likely to have a material adverse effect;

l) a change in senior management (being David Di Pilla, Sid Sharma or Will McMicking) or the board of directors of HomeCo occurs or is announced;

m) any government agency commences any public action against an officer of HomeCo in his or her capacity as an officer of HomeCo or announces that it intends to take any such action or an officer of HomeCo is charged with an indicatable offence or is disqualified from managing a corporation under the Corporations Act;

n) hostilities not presently existing commence (whether war has been declared or not) or an escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand the United Kingdom or the United States or a major terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries or anywhere else in the world;

o) there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State or Territory of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, including ASIC, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of the Agreement); or

p) any of the following occurs (i) a general moratorium on commercial banking activities in Australia is declared by the relevant central banking authority, or there is a disruption in commercial banking or security settlement or clearance services in that country or (ii) trading in all securities quoted or listed on ASX is suspended or limited in a material respect for 1 day (or a substantial part of 1 day) on which that exchange is open for trading.

q) If a Joint Lead Manager terminates its obligations under the Agreement, that Joint Lead Manager and its associated Underwriter will not be obliged to perform any of its obligations that remain to be performed. Termination of the Agreement by one or more Joint Lead Manager s could have an adverse impact on the amount of proceeds raised under the Placement.

For details of fees payable to the Joint Lead Managers and Underwriters, see the Appendix 3B released to ASX on 1 July 2020.


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# Appendix D: International offer restrictions

# Appendix D

## International offer restrictions

This document does not constitute an offer of new stapled ordinary shares ("New Securities") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Securities may not be offered or sold, in any country outside Australia except to the extent permitted below.

**Hong Kong**

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Securities have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Securities has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the New Securities that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Securities may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any of the contents of this document, you should obtain independent professional advice.

**New Zealand**

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act"). The New Securities are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

# Appendix D

## International offer restrictions

**Singapore**

This document and any other materials relating to the New Securities have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Securities, may not be issued, circulated or distributed, nor may the New Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) of Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Securities being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Securities. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.


Appendix E: Woolworths Acquisition Images

# Appendix E

## Woolworths centres—Images & tenancy plan


*Woolworths Vincentia*


*Woolworths Vincentia tenancy plan*


*Woolworths Vincentia internal*

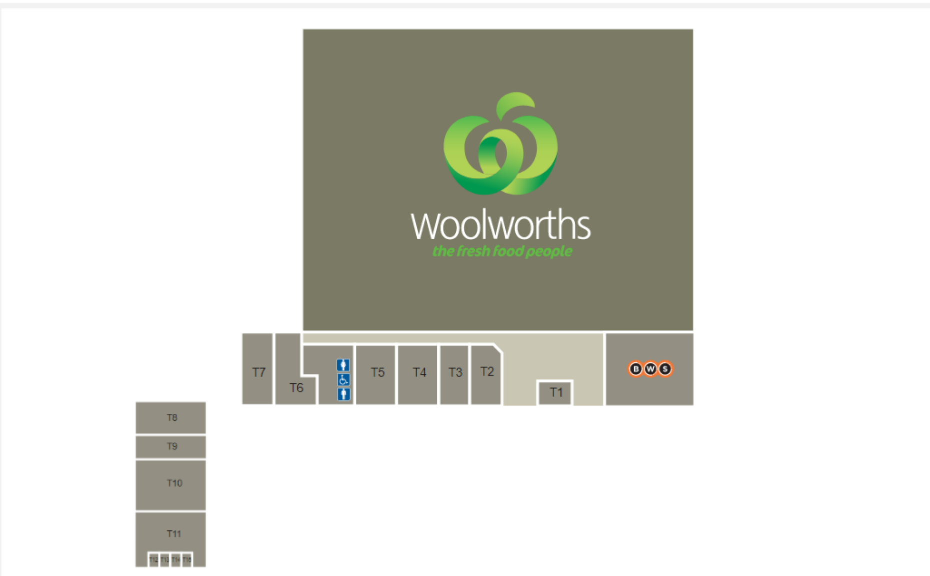

*Woolworths Vincentia internal*

# Appendix E

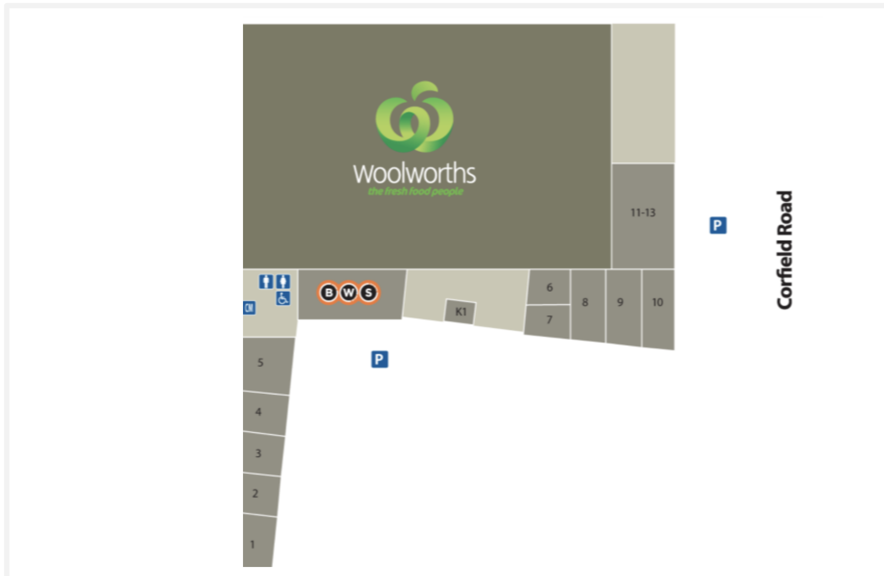
## Woolworths centres—Images & tenancy plan

*Woolworths Rosenthal*

*Woolworths Prestons*




*Woolworths Rosenthal tenancy plan*




*Woolworths Prestons tenancy plan*