

# HomeStay Care Limited

## ACN 111 823 762

### Entitlement Issue Prospectus

For a non-renounceable entitlement issue of three (3) Shares for every four (4) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.005 per Share to raise up to approximately \$2,997,184 (based on the number of Shares on issue as at the date of this Prospectus plus the Shares to be issued under the Placement to occur prior to the Record Date) (**Offer**).

The Offer is fully underwritten by Taylor Collison Limited (ACN: 008 172 450) (AFSL: 247083). Refer to Section 6.4 for details regarding the terms of the Underwriting Agreement.

#### **Important**

This Prospectus is a transaction specific prospectus issued in accordance with section 713 of the Corporations Act. This is an important document that should be read in its entirety. Please read the instructions in this Prospectus and the Application Form regarding applying under the Offer. Investors who do not understand this document should consult their stockbroker, lawyer, accountant or other professional adviser before deciding to apply for Shares under the Offer. The Shares offered under this Prospectus should be considered highly speculative.

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# Important information

## General

This Prospectus is issued by HomeStay Care Limited ACN 111 823 762 (**Company**).

The Prospectus is dated 9 October 2019 and a copy of this Prospectus was lodged with ASIC on that date. Neither ASIC nor ASX take responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates.

This Prospectus is a transaction specific prospectus for offers of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act.

No securities will be issued pursuant to this Prospectus later than 13 months after the date of this Prospectus.

Persons wishing to apply for Shares pursuant to the Offer must do so using the Application Form attached to or accompanying this Prospectus. Before applying for Shares, investors should carefully read this Prospectus so that they can make an informed assessment of the rights and liabilities attaching to the Shares, the assets and liabilities of the Company, its financial position and performance, profits and losses, and prospects.

Any investment in the Company should be considered highly speculative. Investors who do not understand this document should consult their stockbroker, lawyer, accountant or other professional adviser before deciding to apply for Shares under the Offer.

No person is authorised to give any information or to make any representation in relation to the Offer which is not contained in this Prospectus. Any such information or representations may not be relied upon as having been authorised by the Directors.

## Prospectus availability

ASIC has confirmed that the Corporations Act allows distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

A copy of this Prospectus can be downloaded from the Company's website at <https://homestay.care/>. There is no facility for online applications. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company on +61 8 6188 8181.

## Risk factors

Before deciding to invest in the Company, investors should read the entire Prospectus and in particular, in considering the prospects of the Company, investors should consider the risk factors that could affect the financial performance and assets of the Company. Investors should carefully consider these factors in light of personal circumstances (including financial and taxation issues). The Shares offered by this Prospectus should be considered highly speculative. Refer to Section 5 for details of certain risk factors which are considered to be relevant for the purposes of the Offer.

## Publicly available information

Information about the Company is publicly available and can be obtained from ASIC and ASX (including ASX's website at [www.asx.com.au](http://www.asx.com.au)). The contents of any website or ASIC or ASX filing by the Company are not incorporated into this Prospectus and do not constitute part of the Offer. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest in Shares or the Company.

## Financial amounts

All references in this Prospectus to "\$", "A\$", "AUD", "dollars" or "cents" are references to Australian currency unless otherwise stated.

Any discrepancies between the totals and sums of components in tables contained in this Prospectus are due to rounding.

## Definitions and time

A number of terms and abbreviations used in this Prospectus have defined meanings which are set out in Section 8.

All references to time relate to the time in Perth, Western Australia unless otherwise stated or implied.

## Governing law

This Prospectus and the contracts that arise from the acceptance of the applications under this Prospectus are governed by the law applicable in Western Australia and each applicant submits to the exclusive jurisdiction of the courts of Western Australia.

## Corporate Directory

### Directors

Wayne Cahill  
*Non-Executive Chairman*

Shannon Robinson  
*Executive Director*

Damian Black  
*Non-Executive Director*

Sara Kelly  
*Non-Executive Director*

### Company Secretary

Melanie Ross

### ASX Code

HSC

### Share Registry\*

Automatic Registry Services  
Level 2, 267 St Georges  
Perth WA 6000

### Auditor

RSM Australia Partners  
Level 32, 2 The Esplanade  
Perth WA 6000

### Registered Office

Level 2, 22 Mount Street  
Perth WA 6000

Telephone: +61 8 6188 8181  
Fax: +61 8 6188 8182  
Website: <https://homestay.care/>

### Underwriter

Taylor Collison Limited (AFSL: 247083)  
Level 16, 211 Victoria Square  
Adelaide SA 5000

### Solicitors

Edwards Mac Scovell  
Level 7, 140 St Georges Terrace  
Perth WA 6000

*\*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.*

## 1. Timetable

Event	Date
Lodgement of Prospectus with the ASIC	Wednesday, 9 October 2019
Lodgement of Prospectus & Appendix 3B with ASX	Wednesday, 9 October 2019
Notice sent to Optionholders	Thursday, 10 October 2019
Notice sent to Shareholders	Friday, 11 October 2019
Ex date	Monday, 14 October 2019
Record Date for determining Entitlements	Tuesday, 15 October 2019
Prospectus despatched to Eligible Shareholders with personalised Entitlement and Acceptance Form, and Company announces despatch has been completed	Friday, 18 October 2019
Last day to notify ASX of an extension to the Offer Closing Date	Thursday, 24 October 2019
Closing Date*	Tuesday, 29 October 2019
Shares quoted on a deferred settlement basis	Wednesday, 30 October 2019
ASX notified of under subscriptions	Friday, 1 November 2019
Issue date/Shares entered into Shareholders' security holdings	Tuesday, 5 November 2019
Quotation of Shares issued under the Offer*	Wednesday, 6 November 2019
Settlement of underwriting	Friday, 8 November 2019

\* The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such the date the Shares are expected to commence trading on ASX may vary.

## **2. Details of the Offer**

### **2.1 The Offer**

The Offer is being made as a non-renounceable entitlement issue of three (3) Shares for every four (4) Shares held by Shareholders registered at the Record Date, at an issue price of \$0.005 per Share. In the calculation of any Entitlement, fractions will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus plus the Shares to be issued under the Placement to occur prior to the Record Date (and assuming no Options are exercised, Performance Rights converted or other Shares issued prior to the Record Date), approximately 599,436,892 Shares will be issued pursuant to the Offer to raise up to approximately \$2,997,184.

As at the date of this Prospectus, the Company has 94,486,188 Options on issue all of which may be exercised prior to the Record Date in order to participate in the Offer. Please refer to Section 3.4 for information on the exercise price, expiry date and escrow restrictions of the Options on issue.

As at the date of this Prospectus, the Company has 2,500,000 Performance Rights on issue. The vesting conditions are not capable of being satisfied prior to the Record Date. Therefore, they will not be able to be converted into Shares prior to the Record Date to participate in the Offer. Please refer to Section 3.4 for information on the vesting conditions of the Performance Rights on issue.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 4 for further information regarding the rights and liabilities attaching to the Shares.

Details of the purpose and effect of the Offer and the proposed use of funds raised are set out in Section 3 of this Prospectus.

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

### **2.2 Minimum subscription**

There is no minimum subscription.

### **2.3 Acceptance**

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement. If you wish to apply for Shares in addition to your maximum Entitlement this must be done by applying for Shortfall Shares in accordance with the instructions on the Entitlement and Acceptance Form.

You may participate in the Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
  - (i) make payment by BPAY® in accordance with Section 2.5 and the

instructions on the accompanying Entitlement and Acceptance Form for the amount indicated on your Entitlement and Acceptance Form; or

- (ii) complete the accompanying Entitlement and Acceptance Form, filling in the details in the spaces provided and in accordance with Section 2.4 attach your cheque, drawn on an Australian bank or bank draft or money order made payable in Australian currency, for the appropriate application monies (at \$0.005 per Share); or
- (b) if you only wish to accept **part** of your Entitlement:
  - (i) make payment by BPAY® in accordance with Section 2.5 and the instructions on the Entitlement and Acceptance Form for the amount of your Entitlement being accepted. You will be deemed to have taken up that part of your Entitlement which is covered in full by your application monies; or
  - (ii) complete the accompanying Entitlement and Acceptance Form, filling in the details in the spaces provided for the amount of your Entitlement being accepted and in accordance with Section 2.4 attach your cheque, drawn on an Australian bank or bank draft or money order made payable in Australian currency, for the appropriate Application monies (at \$0.005 per Share). You will be deemed to have taken up that part of your Entitlement which is covered in full by your application monies; or
- (c) if you wish to accept your full Entitlement **and** apply for additional Shortfall Shares:
  - (i) make payment by BPAY® in accordance with Section 2.5 and the instructions on the Entitlement and Acceptance Form for the amount indicated on your Entitlement and Acceptance Form plus any additional Shortfall Shares you wish to apply for. You will be deemed to have applied for that number of Shortfall Shares which in aggregate with your Entitlement is covered in full by your application monies; or
  - (ii) complete the Entitlement and Acceptance Form including filling in the number of Shortfall Shares you wish to apply for in the shortfall section on the Entitlement and Acceptance Form and in accordance with Section 2.4 attach your cheque, drawn on an Australian bank or bank draft or money order made payable in Australian currency, for the appropriate Application monies (at \$0.005 per Share); or
- (d) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

## **2.4 Payment by cheque/bank draft**

For payment by cheque, bank draft or money order please follow the instructions on your Entitlement and Acceptance Form. The Company shall not be responsible for any delivery delays in the receipt of your cheque and completed Entitlement and Acceptance Form.

## **2.5 Payment by BPAY®**

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

If you are applying for Shares and your payment is being made by BPAY®, you do not need to return the Entitlement and Acceptance Form, however, you are encouraged to return it to the share registry (by post or facsimile) for reconciliation purposes.

If you have more than one shareholding of Shares and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those Shareholdings only use the unique customer reference number (**CRN**) specific to that Shareholding as set out in the applicable Entitlement and Acceptance Form. Do not use the same CRN for more than one of your Shareholdings. This can result in your application monies being applied to your Entitlement in respect of only one of your Shareholdings (with the result that any application in respect of your remaining Shareholdings will not be valid).

**It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 5:00 pm (Sydney time) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.** Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

## 2.6 Underwriting

The Offer is fully underwritten by Taylor Collison Limited (ACN: 008 172 450) (AFSL: 247083) (**Underwriter**). Refer to Section 6.4 for details of the terms of the underwriting.

## 2.7 Effect on control of the Company

The Underwriter presently is not a shareholder of the Company and the extent to which Shares are issued pursuant to the underwriting will increase the Underwriter's voting power in the Company. The Underwriter's present relevant interest and changes under several scenarios are set out in the table below.

Event	Shares held by Underwriter	Voting power of Underwriter
Date of Prospectus	0	0%
<b>Completion of Entitlement Issue</b>		
Fully subscribed	0	0%
75% subscribed	149,859,223	10.71%
50% subscribed	299,718,446	21.43%
25% subscribed	449,577,669	32.14%
0% subscribed	599,436,892	42.86%



The number of Shares held by the Underwriter and its voting power in the table above show the potential effect of the underwriting of the Offer. However, it is unlikely that no Shareholders will take up entitlements under the Offer. The underwriting obligations and therefore voting power of the Underwriter will reduce by a corresponding amount for the amount of entitlements under the Offer taken up by Eligible Shareholders. Furthermore, the voting power of the Underwriter will also be reduced to the extent that Eligible Shareholders or sub-underwriters take up any Shortfall.

Any increase in voting power of the Underwriter above 20% will be permitted pursuant to the "underwriting exception" in item 13 of section 611 of the Corporations Act. The Company and the Underwriter have confirmed that no sub-underwriter nor existing Shareholder will increase its voting power to above 20% as a result of the Offer or Shortfall Offer.

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 42.85% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders is set out in the table below:

Holder	Holding as at Record date	% at Record Date	Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer
Shareholder 1	50,000,000	6.26%	37,500,000	50,000,000	3.57%
Shareholder 2	25,000,000	3.13%	18,750,000	25,000,000	1.79%
Shareholder 3	10,000,000	1.25%	7,500,000	10,000,000	0.71%
Shareholder 4	5,000,000	0.63%	3,750,000	5,000,000	0.36%
Shareholder 5	1,000,000	0.13%	750,000	1,000,000	0.07%

**Note:** The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed under the Shortfall Offer (which will be placed pursuant to the terms of the Underwriting Agreement). Percentages post-Offer have been calculated on the basis of there being 1,398,686,082 Shares on issue on completion of the Offer. Refer to Section 3.4 for further details of the Company's capital structure.

## 2.8 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date although it is intended that the Shortfall Offer will close promptly following the Closing Date under the terms of the Underwriting Agreement. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.005 being the price at which Shares have been offered under the Offer.

Eligible Shareholders accepting their full Entitlement can apply for Shortfall Shares by following the instructions set out in the Entitlement and Acceptance Form.

The Directors reserve the right to issue Shortfall Shares to Eligible Shareholders in priority to placement of the Shortfall pursuant to the Underwriting Agreement at their absolute discretion including to reject any application or to allocate any applicant fewer Shortfall Shares than the number applied for. Any application monies received for more than your final allocation of Shortfall Shares will be refunded. The Company will only issue Shortfall Shares to Eligible Shareholders where the Directors are satisfied, in their sole discretion, that the issue of the Shares will not result in a person's voting power increasing above 20%.

Any remaining Shortfall will then be placed pursuant to the terms of the Underwriting Agreement. Applications for the Shortfall to satisfy the terms of the Underwriting Agreement are to be made by completing the Shortfall Offer Application Form and providing the Company with payment for those Shortfall Shares in accordance with the instructions on the Shortfall Offer Application Form.

All decisions regarding the allocation of Shortfall Shares, after satisfying accepted applications for Shortfall Shares made by Eligible Shareholders, will be made by the Underwriter (in consultation with the Company) and will be final and binding on all Eligible Shareholders. Do not complete a Shortfall Offer Application Form unless directed to do so by the Underwriter or the Company.

## **2.9 ASX listing**

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

## **2.10 Issue**

Shares issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Shares issued pursuant to the Shortfall Offer to Eligible Shareholders accepting their full Entitlement and applying for additional Shares under the Shortfall Offer will be issued on the same date as Shares are issued under the Offer.

Any remaining Shares issued pursuant to the Shortfall Offer will be issued pursuant to the terms of the Underwriting Agreement and the timetable set out at the commencement of this Prospectus.

Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Shares issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Shares issued under the Shortfall Offer as soon as practicable after their issue.

## 2.11 Overseas Shareholders

The Offer and the Shortfall Offer do not, and are not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia, New Zealand or Singapore.

In relation to the Shortfall Offer, the distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are residents in countries other than Australia other than Eligible Shareholders should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed. No action has been taken to register or qualify the Shares under the Shortfall Offer or the Shortfall Offer, or to otherwise permit a public offering of the Shares under the Shortfall Offer in any jurisdiction outside Australia other than to Eligible Shareholders.

### ***New Zealand***

The Offer is not being made to the public in New Zealand other than to existing Shareholders with registered addresses in New Zealand to whom the Offer is being made in reliance on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

### ***Singapore***

This document and any other materials relating to the Shares 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 material in connection with the offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures ACT, Chapter 289 of Singapore (**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 an existing holder of the Company's shares. In the event that you are not an existing holder, 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 Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

## **2.12 Nominees and custodians**

Shareholders resident in Australia, New Zealand or Singapore holding Shares on behalf of persons who are resident in other jurisdictions are responsible for ensuring that applying for Shares under the Entitlement Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

## **2.13 Representations**

The return of the Application Form or otherwise applying for securities under the Offer or Shortfall Offer will be taken by the Company to constitute a representation by the Applicant that it:

- (a) has received a printed or electronic copy of this Prospectus accompanying the Application Form and has read it in full;
- (b) agrees to be bound by the terms of this Prospectus and the Constitution;
- (c) has obtained all necessary approvals and complied with all relevant laws and regulations for the purposes of Section 2.11 and 2.12 (to the extent that they are applicable) and confirms its eligibility in respect of an offer of securities under the Offer or the Shortfall Offer (as applicable);
- (d) declares that all details and statements in the Application Form are complete and accurate;
- (e) declares that it is over 18 years of age and has full legal capacity and power to perform all of its rights and obligations under the Application Form;
- (f) acknowledges that once the Application Form is returned or payment is made its acceptance may not be withdrawn;
- (g) agrees to being issued the number of new securities that it applies for (or such other number issued in accordance with this Prospectus);
- (h) authorises the Company to register it as the holder(s) of the Shares issued to it under the Offer or Shortfall Offer;
- (i) acknowledges that the information contained in this Prospectus is not investment advice or a recommendation that the Shares are suitable for it, given its investment objectives, financial situation or particular needs; and
- (j) authorises the Company and its officers or agents to do anything on its behalf necessary for the new securities to be issued to it, including correcting any errors in its Application Form or other form provided by it and acting on instructions received by the share registry using the contact details in the Application Form.

## **2.14 Enquiries**

Any questions concerning the Offer should be directed to the Company on +61 8 6188 8181.

### 3. Purpose and effect of the Offer

#### 3.1 Purpose of the Offer

The purpose of the Offer is to raise up to approximately \$2,997,184 (less costs of the Offer). The funds raised from the Offer will be aggregated with the Company's existing cash reserves and used in accordance with the table set out below:

Item	Amount	Proportion
Costs of the Offer <sup>1</sup>	\$218,699	7.3%
Digital product development <sup>2</sup>	\$380,015	12.7%
Cost of goods sold <sup>3</sup>	\$514,875	17.2%
Operations <sup>4</sup>	\$795,982	26.6%
Sales and marketing <sup>5</sup>	\$475,032	15.8%
Corporate <sup>6</sup>	\$612,581	20.4%
<b>Total</b>	<b>\$2,997,184</b>	<b>100%</b>

**Notes:**

1. Refer to Section 6.8 for further details relating to the estimated expenses of the Offer.
2. This includes costs associated with the testing of new hardware, coding, analytics, continuous updates to the relevant platforms, updates of operational software, the development of any future products or services, technical services provided by external parties and salaries for technical team.
3. This includes costs associated with purchasing and delivering hardware, ongoing costs and maintenance of operating systems, monies payable to contractors for the installation of Intelligent Homes, the cost of all wearables and monitoring devices, monitoring services, Intelligent Home hub unit hardware, AI analytics services, server upkeep, data storage and modelling tools.
4. This includes costs of offices and administrative operational costs, insurance, leases, office equipment and operational staff salaries.
5. This includes the maintenance and upkeep of HomeStay's online presence (website upkeep, social media presence, chat bots and customer service), as well as the creation of marketing material, marketing campaigns (targeted and general), networking and exposition costs, and staff salaries.
6. This includes administrative, compliance and regulatory fees, director, company secretarial and financial management costs, and costs associated with new business opportunities.

The above statement is a statement of current intentions as at the date of this Prospectus. The Board reserves the right to alter the way funds are applied.

#### 3.2 Effect of the Offer

The principal effect of the Offer, assuming all Shares offered under the Prospectus are issued, will be to:

- (a) increase the cash reserves by \$2,778,485 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer; and
- (b) increase the number of Shares on issue from 799,249,190 as at the date of this Prospectus (which includes the Shares being issued pursuant to the Placement to occur prior to the Record Date) to 1,398,686,082 Shares.

### 3.3 Pro-forma statement of financial position

Set out in Annexure A to this Prospectus is a reviewed statement of financial position as at 30 June 2019 and unaudited pro-forma statement of financial position as at 30 June 2019 prepared on the basis of the accounting policies normally adopted by the Company.

The pro-forma statement of financial position has been prepared assuming all Entitlements are accepted (ignoring the effects of rounding of fractional Entitlements), no Options are exercised and no Performance Rights are converted prior to the Record Date, and includes expenses of the Offer.

The unaudited pro-forma statement of financial position has been prepared for illustrative purposes only and gives effect to the transactions described in the notes to the pro-forma statement of financial position and the assumptions described therein as if they had occurred as of 30 June 2019.

The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements. The unaudited pro-forma statement of financial position should be read in conjunction with the historical financial statements of the Company.

### 3.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Shares offered under the Prospectus are issued (ignoring the effects of rounding of fractional Entitlements), and no Options are exercised, Performance Rights are converted, or other Shares are issued prior to the Record Date, is set out below.

Security	Number
<b>Shares<sup>1</sup></b>	
Shares on issue as at the date of this Prospectus	694,999,296 <sup>2</sup>
Shares to be issued pursuant to the Placement	104,249,894 <sup>3</sup>
Shares offered under the Offer	599,436,892
<b>Total Shares on issue on completion of the Offer</b>	<b>1,398,686,082<sup>3,4,7</sup></b>
<b>Options</b>	
Options on issue as at the date of this Prospectus	94,486,188 <sup>8</sup>
Options offered pursuant to the Offer	Nil

<b>Total Options on issue on completion of the Offer</b>	<b>94,486,188<sup>5,6,9</sup></b>
<b>Performance Rights<sup>10</sup></b>	
Performance Rights on issue as at the date of this Prospectus	2,500,000
Performance Rights offered under the Offer	Nil
<b>Total Performance Rights on issue on completion of the Offer</b>	<b>2,500,000</b>

**Notes:**

- The rights and liabilities attaching to the Shares are summarised in Section 4.
- 143,000,000 Shares are subject to escrow until 13 November 2019 and 167,000,000 Shares are subject to escrow until 16 November 2020.
- As announced to ASX on 9 October 2019, the Company intends to issue 104,249,894 Shares at an issue price of \$0.005 per Share to raise approximately \$521,249 on 9 October 2019 following lodgement of the Prospectus with ASIC.
- An additional 200,000,000 Shares will be issued to the former shareholders of HomeStay Care Pty Ltd (**Vendors**) as deferred consideration under the Acquisition Agreement as follows (as approved by Shareholders at the Company's general meeting held on 23 August 2018):
  - 50,000,000 Shares to be issued to the Vendors upon HomeStay Care Pty Ltd (and its subsidiaries) (**HomeStay Group**) generating cumulative revenue of \$3,000,000 by 19 November 2021;
  - 50,000,000 Shares to be issued to the Vendors upon the HomeStay Group generating cumulative revenue of \$6,000,000 by 19 November 2022;
  - 50,000,000 Shares to be issued to the Vendors upon the HomeStay Group generating cumulative revenue of \$9,000,000 by 19 May 2023; and
  - 50,000,000 Shares to be issued to the Vendors upon the HomeStay Group generating cumulative revenue of \$12,000,000 by 19 November 2023

(together the **Deferred Consideration Shares**).
- The Company agreed, subject to Shareholder approval, to issue a total of 6,000,000 Options to Sam Kekovich pursuant to a brand ambassador agreement (**Brand Ambassador Agreement**) (as announced to ASX on 18 February 2019) and in consideration for services provided. The Company has since terminated the Brand Ambassador Agreement, accordingly, 4,000,000 Options will no longer be issued as the vesting conditions are incapable of satisfaction. The issue of the balance of 2,000,000 Options exercisable at \$0.05 each and expiring on that date which is 24 months from the date of issue remains subject to shareholder approval.
- The Company has agreed, subject to Shareholder approval, execution of a formal agreement and receipt of any regulatory approvals, to grant the following Options to Automation Australia Pty Ltd trading as Essence APAC (**Essence APAC**) pursuant to a binding heads of agreement (as announced to ASX on 15 July 2019) (**Essence Agreement**):
  - 12,000,000 Options exercisable at \$0.04 on or before 3 years from the date of issue which vest on the Company receiving \$4,000,000 invoiced revenue attributable to sales of Essence APAC's healthcare associated solutions (**Essence APAC Solutions**) during the term of the Essence Agreement (initial term of 3 years and may be extended by further periods of 12 months on



written notice by the Company) (**Term**) and the formal agreement remaining in full force and effect at the time of satisfaction of the revenue target;

- b. 12,000,000 Options exercisable at \$0.06 on or before 3 years from the date of issue which vest on the Company receiving at least \$6,000,000 invoiced revenue attributable to sales of Essence APAC Solutions during the Term and the formal agreement remaining in full force and effect at the time of satisfaction of the revenue target; and
  - c. 12,000,000 Options exercisable at \$0.08 on or before 3 years from the date of issue which vest on the Company receiving at least \$8,000,000 invoiced revenue attributable to sales of Essence APAC Solutions during the Term and the formal agreement remaining in full force and effect at the time of satisfaction of the revenue target.
7. As announced to ASX on 9 October 2019, the Company has entered into a convertible loan facility with various sophisticated investors under which the Company will receive \$500,000 (**Facility**). The amounts owing under the Facility will be unsecured. Subject to the Company obtaining Shareholder approval, the amounts owing under the Facility will automatically convert into Shares at the same issue price as Shares issued under the Placement and offered under this Prospectus. This would result in a maximum of 100,000,000 Shares being issued. These Shares will not be issued prior to the Record Date. If Shareholder approval is not obtained, the amounts owing under the Facility will be repayable on 31 March 2020. Interest accrues on the amount outstanding under the Facility at a rate of 1% per month and is payable in cash at the time of conversion or repayment. Total interest payable under the Facility assuming payment on the maturity date of the Facility is approximately \$30,000.
8. Comprising:
- a. 2,486,188 Options exercisable at \$0.246 on or before 23 June 2020;
  - b. 80,000,000 Options exercisable at \$0.03 on or before 13 November 2023 and subject to escrow until 16 November 2020;
  - c. 4,000,000 Options exercisable at \$0.05 and expiring 1 August 2022;
  - d. 4,000,000 Options exercisable at \$0.065, vesting 1 February 2020 and expiring 1 February 2023; and
  - e. 4,000,000 Options exercisable at \$0.09, vesting 1 February 2021 and expiring 1 February 2024.
9. The Company has agreed, subject to Shareholder approval, to issue 10,000,000 Options exercisable at \$0.015 on or before 3 years from the date of issue to Taylor Collison (or its nominees) in consideration for acting as underwriter to the Offer.
10. Issued pursuant to the Company's Incentive Performance Rights Plan (**Plan**) as approved by Shareholders. Each Performance Right vests on 1 January 2020 subject to the relevant employees remaining an 'Eligible Participant' at that date and expires 4 June 2022. A summary of the key terms and conditions of the Plan is set out in schedule 5 of the Company's notice of meeting for its general meeting held on 23 August 2018 (released to ASX on 23 July 2018).

The capital structure on a fully diluted basis as at the date of this Prospectus is 896,235,378 Shares and on completion of the Offer (assuming no Options are exercised, or Performance Rights converted prior to the Record Date and ignoring the effect of rounding of fractional Entitlements) would be 1,495,672,270 Shares.

### 3.5 Details of substantial holders

Based on publicly available information as at 8 October 2019 and a review of the Company's share register, there is currently one Shareholder who (together with their associates) has a relevant interest in 5% or more of the Shares on issue, as set out below.

	Shares	%
Ms Nicole Gallin & Mr Kyle Haynes <GH Super Fund A/C>	43,400,000	6.24%

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer.

## 4. Rights and liabilities attaching to Shares

The following is a general description of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive. Full details of provisions relating to rights attaching to the Shares are contained in the Corporations Act, ASX Listing Rules and the Company's Constitution. A copy of the Company's Constitution was released to ASX on 16 November 2018.

### (a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

### (b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

### (c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which

the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of Shares**

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

(g) **Variation of rights**

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(h) **Alteration of Constitution**

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

## 5. Risk factors

Activities in the Company and its controlled entities, as in any business, are subject to risks, which may impact on the Company's future performance. The Company and its controlled entities have implemented appropriate strategies, actions, systems and safeguards for known risks, however, some are outside its control.

The Directors consider that the matters summarised in this Section 5, which is not exhaustive, represent some of the major risk factors which Applicants need to be aware of in evaluating the Company's business and risks associated with an investment in the Company. Shareholders should carefully consider the following factors in addition to the other information presented in this Prospectus.

### 5.1 Specific risks

#### (a) Trading history

There can be no certainty that HomeStay will achieve or sustain profitability or achieve or sustain positive cash flow from its operating activities. HomeStay's profitability may be impacted by, among other things, the success of its business strategies (such as the conversion of its current pipeline, go-to-market initiatives and/or pilot programs into ongoing commercial relationships/sales channels, further development of the Intelligent Home Platform, and sales and marketing), its ability to provide a high-quality product and level of service to customers, economic conditions in the markets in which it operates, competition factors, and any regulatory developments. Accordingly, the extent of future profits (if any) and the time required to achieve sustained profitability are uncertain and cannot be reliably predicted.

#### (b) Counterparty risk

Counterparty risk is the risk that a counterparty to any agreement (particularly material agreements such as those with Automation Australia Pty Ltd trading as Essence APAC and Enrich Living Pty Ltd) will not be able to meet its obligations under a contract, may not honour those obligations, or may choose to terminate the contract (validly or otherwise). The strategies of the Company rely on the successful performance of contracts with external parties. There is a risk that these counterparties may not meet their responsibilities, including as a result of insolvency, or financial distress or liquidation of the counterparty, which may expose the Company to the risk of loss. In the case of default or any of the abovementioned scenarios, the Company could also become subject to adverse market movements while replacement transactions are executed. To mitigate counterparty risk, the Company uses best endeavours to conduct relevant due diligence investigations on each party that it contracts with and scales up its due diligence investigations relative to the materiality of the applicable agreement.

#### (c) Risks associated with updates to the Intelligent Home Platform

The industry in which HomeStay is involved is subject to increasing domestic and global competition which is fast-paced and fast-changing. While HomeStay will undertake all reasonable due diligence in its business decisions and operations, HomeStay will have no influence or control over the activities or actions of any competitors, whose activities or actions may positively, or negatively affect the operating and financial performance of HomeStay's business. For instance, new

technologies could overtake any advancements made by HomeStay's suite of Intelligent Home products. In that case, HomeStay's revenues and profitability could be adversely affected.

The cost and time for a competitor to develop a competing technology may not be significant (particularly for a larger competitor with access to funding and resources). This may result in a heightened risk of competition to HomeStay. If a person or entity successfully develops and commercialises a competing product, this may have a materially adverse effect on the value and prospects of HomeStay.

(d) **Third Party Relationship Risk**

The Company is dependent in part upon its relationships and alliances with industry participants, hardware providers and service providers. Some of the Company's partners do, or may in the future, assist the Company in the development of its products through testing, research and development, contract manufacturing, supplier or teaming arrangements or the provision of services. If any of the Company's existing relationships with partners were impaired or terminated, or if the Company was unable to implement additional partnering arrangements it may require from time to time, the Company could experience significant delays in the development or rollout of products or the provision of services and would incur additional costs or reputational damage. In the event of such parties failing to meet their obligations to the Company on time or at all, the Company may be adversely affected.

(e) **Research and Development and Technical Risk**

HomeStay's products and services are the subject of continuous research and development and necessarily need to be substantially developed further in order to gain and maintain competitive and technological advantage, and in order to meaningfully improve the products' and services' usability, scalability and accuracy. There are no guarantees that HomeStay will be able to undertake such research and development successfully. Failure to successfully undertake such research and development, anticipate technical problems, or estimate research and development costs or timeframes accurately will adversely affect HomeStay's results and viability.

(f) **Technology Risk**

HomeStay's market involves rapidly evolving products and technological change. To succeed, HomeStay will need to research, develop, design, test, market and support (i) substantial enhancements to its existing products and (ii) new products, on a timely and cost-effective basis. HomeStay cannot guarantee that it will be able to engage in research and development at the requisite levels. HomeStay cannot assure investors that it will successfully identify new technological opportunities and continue to have the needed financial resources to develop new products in a timely or cost-effective manner. At the same time, products and technologies developed by others may render the Company's products and systems obsolete or non-competitive.

(g) **Data security risk**

HomeStay provides a number of its services online through the applicable Intelligent Home Platform which includes native mobile applications. Hacking or exploitation of some unidentified vulnerability in its website or application (third-party, licenced, or

otherwise) could lead to a loss, theft or corruption of data. HomeStay will collect sensitive data relating to user information, demographics, etc., which could be attractive to hacking or exploitation.

This could render a platform unavailable for a period of time, whilst data is restored. It could also lead to unauthorised disclosure of users' data with associated reputational damage, claims by users and regulatory scrutiny and fines. Although HomeStay has strategies and protections in place to mitigate security breaches and to protect data, these strategies might not be successful. In that event, disruption to the Intelligent Home Platform and unauthorised disclosure of user data could negatively impact upon HomeStay's reputation, revenues and profitability.

(h) **Commercialisation risk**

There is a risk that HomeStay will not be able to successfully commercialise or sell its products (whether these be products that are developed in-house, or comprise of third-party or white label products) or will be unable to attract sufficient customers to be sufficiently profitable to fund future operations.

HomeStay's ability to generate revenue depends on the sales it makes across its product offerings. As with any business, there is a risk that the marketing strategies may not be effective in generating the increased customer scale that HomeStay is targeting.

The price point of some of HomeStay's existing or proposed products may be too high compared to other solutions or may not be able to stay at the same or at competitive prices for an extended period. This may lead to difficulties in market acceptance and, if reductions in price are necessary to achieve market penetration, the potential for profit margins will be reduced.

(i) **Intellectual property risk**

The architecture, functionality and design of certain HomeStay offerings (Care@Home, Carers Companion, MyDay, and business integration tools) are unique from its competitors. Its code base and algorithms, documentation and process flow, form part of its proprietary trade secret. However, at this current stage, HomeStay has not identified any component of the abovementioned offerings that is patentable. Rather, HomeStay's intellectual property is protected through contractual obligations imposed on those persons who have been involved (and have the know-how) in the development of HomeStay's technology.

The value of HomeStay is, to an extent, dependent on HomeStay's ability to protect its other intellectual property rights through these contractual arrangements and going forward, completing such registrations as are appropriate and other relevant measures. If HomeStay fails to protect its intellectual property rights adequately, competitors may gain access to its technology which would in turn harm its business.

The commercial value of HomeStay's intellectual property assets is not dependent on any relevant legal protections. These legal mechanisms, however, do not guarantee that the intellectual property will be protected or that HomeStay's competitive position will be maintained. No assurance can be given that employees or third parties will not breach confidentiality agreements, infringe or misappropriate HomeStay's intellectual property or commercially sensitive information, or that competitors will not be able to produce non-infringing competitive products.

Competition in retaining and sustaining protection of technologies and the complex nature of technologies can lead to expensive and lengthy disputes for which there can be no guaranteed outcome. There can be no assurance that any intellectual property which HomeStay (or entities it deals with) may have an interest in now or in the future will afford HomeStay commercially significant protection of technologies, or that any of the projects that may arise from technologies will have commercial applications.

It is possible that third parties may assert intellectual property infringement, unfair competition or like claims against HomeStay under copyright, trade secret, patent, or other laws. While HomeStay is not aware of any claims of this nature in relation to any of the intellectual property rights in which it has or will acquire an interest, such claims, if made, may harm, directly or indirectly, HomeStay's business. If HomeStay is forced to defend claims of intellectual property infringement, whether they are with or without merit or are determined in HomeStay's favour, the costs of such litigation may be potentially significant and may divert management's attention from normal commercial operations.

(j) **Reliance on third party technology risk**

HomeStay intends to grow the Intelligent Home and the Intelligent Home Platform in a way in which it can be utilised by a number of operating systems, internet platforms and other hardware devices. While HomeStay will therefore depend on its products being able to operate on a range of systems, platforms and devices, it is unable to control third party developers of such systems. Any changes to external platforms, systems or devices that give preference to competing products or adversely impact on the functionality of HomeStay's products may render consumers less likely to use HomeStay's products, which may have a detrimental impact on HomeStay's financial performance. Likewise, HomeStay's products are predicated on consumers being able to access the internet and cellular networks. If third party providers raise the cost of these networks or restrict the ability of consumers to access these networks via HomeStay's products, this is likely to detrimentally affect HomeStay's financial performance.

The Intelligent Home incorporates licensed technology from third party platform providers on standard terms and conditions, such as payment gateways, chatbots and project management platforms. Should such licences be terminated or cease to operate, HomeStay will be required to seek alternative platforms or arrangements. There is a risk that such platforms may not be available to HomeStay on equivalent terms, or at all, which may require additional expenditure to continue to operate the Intelligent Home and may have an adverse effect on HomeStay's ongoing operations.

(k) **Contract Risk**

The operations of HomeStay will require the involvement of a number of third parties, including suppliers, contractors and customers. With respect to these third parties, and despite applying best practice in terms of pre-contracting due diligence, HomeStay is unable to completely avoid the risk of:

- (i) financial failure or default by a participant in any joint venture to which HomeStay may become a party;



- (ii) insolvency, default on performance or delivery, or any managerial failure by any of the operators and contractors used by HomeStay in its activities; or
- (iii) insolvency, default on performance or delivery, or any managerial failure by any other service providers used by HomeStay or operators for any activity.

Financial failure, insolvency, default on performance or delivery, or any managerial failure by such third parties may have a material impact on HomeStay's operations and performance. Whilst best practice pre-contracting due diligence is undertaken for all third parties engaged by HomeStay, it is not possible for HomeStay to predict or protect itself completely against all such contract risks.

(l) **Regulatory risk**

While there is presently no obligation for HomeStay to obtain any licenses or other regulatory approvals to undertake its business, the introduction of new legislation or amendments to existing legislation by governments, developments in existing common law, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern HomeStay's operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial performance of HomeStay and its shares. In addition, there is a commercial risk that legal action may be taken against HomeStay in relation to commercial matters.

(m) **Foreign exchange risk**

HomeStay may operate in a variety of jurisdictions, including Singapore and Australia, and as such, expects to generate revenue and incur costs and expenses in more than one currency. Accordingly, the depreciation of the Australian dollar and/or the appreciation of the foreign currency relative to the Australian dollar could result in a translation loss on consolidation which is taken directly to shareholder equity.

Any depreciation of the foreign currency relative to the Australian currency may result in lower than anticipated revenue. HomeStay will be affected on an ongoing basis by foreign exchange risks between the Australian dollar and the other foreign currencies and will have to monitor this risk.

(n) **Competition risk**

The industry in which HomeStay will be involved is subject to domestic and global competition. While similar offerings to those provided by HomeStay may exist internationally, HomeStay is not aware of any direct competitors operating in the jurisdictions targeted by HomeStay. Although HomeStay will undertake reasonable due diligence in its business decisions and operations, HomeStay will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of HomeStay.

(o) **Product liability risk**

HomeStay may be exposed to liability claims if its products or services are provided in fault and/or cause harm to its customers. As a result, HomeStay may have to expend significant financial and managerial resources to defend against such claims.

If a successful claim is made against HomeStay, HomeStay may be fined or sanctioned, and its reputation and brand may be negatively impacted, which could materially and adversely affect its reputation, business prospects, financial condition and results of operation.

(p) **Insurance risk**

HomeStay faces various risks in conducting its business and may lack adequate insurance coverage or may not have the relevant insurance coverage. HomeStay believes it has reasonably adequate coverage for third-party liability insurance, product liability insurance and business interruption insurance. However, HomeStay's insurance coverage may not be adequate. If HomeStay incurs substantial losses or liabilities and its insurance coverage is unavailable or inadequate to cover such losses or liabilities, HomeStay's financial position and financial performance may be adversely affected.

(q) **Risks associated with failure to deal with growth**

There is a risk that the Company will not be able to implement HomeStay's growth strategy. The capacity of the Company to properly implement and manage the strategic direction of HomeStay may affect its financial performance.

(r) **Credit risks**

HomeStay will be exposed to credit risks relating to delayed or non-payments from its customers. A failure by HomeStay to adequately assess and manage credit risk may result in credit losses potentially resulting in a material adverse effect on HomeStay's business, operating and financial performance, including decreased operating cash flows.

(s) **Dependence on the Internet**

The successful continuation of the Intelligent Home and the Intelligent Home Platform will depend to some extent on the continued acceptance of the internet as a communications and commerce platform for individuals, devices and enterprises. The internet could become less viable as a business tool due to delays in the development or adoption of new standards and protocols to handle increased demands of internet activity, security, reliability, cost, ease-of-use, accessibility and quality-of-service.

The performance of the internet and its acceptance as a business tool have been harmed by "viruses," "worms" and similar malicious programs, and the internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure. If for any reason the internet does not remain a widespread communications medium and commercial platform, the demand for the Company's products would be significantly reduced, which would harm its business.

(t) **Sales and Marketing Success**

There is no guarantee that sales and marketing campaigns undertaken by the Company will be successful. If they are not, the Company may encounter difficulty in creating market awareness of the Intelligent Home Platform, which would likely have an adverse impact on HomeStay's revenues.

(u) **Privacy Concerns**

Regulations in various jurisdictions limit tracking and collection of personal identification and information. If HomeStay breaches such regulations, its business, reputation, financial position and financial performance may be detrimentally affected. External events may also cause regulators to amend regulations in respect of the collection and use of user information. Any amended regulations may introduce controls which make the operation of certain types of tracking technologies unusable, which could damage HomeStay's financial position and financial performance by adding costs by the requirement to develop and implement new technologies.

(v) **Reliance on Key Management Personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of HomeStay depends substantially on its senior management and directors. HomeStay's future depends, in part, on the continued contributions of its executive management team and other key management and technical personnel, the loss of whose services would be difficult to replace. There can be no assurance that there will be no detrimental impact on the performance of HomeStay or its growth potential if one or more of these employees cease their employment and suitable replacements are not identified and engaged in a timely manner.

If contracts with key management personnel are terminated or breached, or if the relevant personnel were no longer to continue in their current roles, HomeStay would need to engage alternative staff, and HomeStay's operations and business may be adversely affected. HomeStay may not be able to hire and retain such personnel at compensation levels consistent with its existing compensation and salary structure, and the inability to continue to attract appropriately qualified personnel could have a material adverse effect on the Company's business.

(w) **Litigation**

HomeStay may in the ordinary course of business become involved in litigation and disputes, for example with its contractors or clients. Any such litigation or dispute could involve significant economic costs and damage to relationships with contractors, clients or other stakeholders. Any such outcomes may have an adverse impact on HomeStay's business, market reputation and financial condition and financial performance. The Company is not currently engaged in any litigation.

(x) **Future Funding Needs**

Further funding may be required by HomeStay in the event costs exceed estimates or revenues do not meet estimates, to support its ongoing operations and implement its strategies. For example, funding may be needed to develop new and existing products or acquire complementary businesses and technologies. Accordingly, HomeStay may need to engage in equity or debt financings to secure additional funds. There can be no assurance that such funding will be available on satisfactory terms or at all at the relevant time. Any inability to obtain sufficient financing for HomeStay's activities and future projects may result in the delay or cancellation of certain activities or projects, which would likely adversely affect the potential growth of HomeStay.

## 5.2 General risks

### (a) Economic and financial market risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

### (b) Force majeure

The Company, now or in the future, may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, extreme weather conditions, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

### (c) Acquisitions

As part of its business strategy, the Company may make acquisitions of, or significant investments in, companies, products, technologies and/or products that are complementary to the Company's business. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving the sales and margins anticipated and retaining key staff and user and supplier relationships.

### (d) Trading price of Shares

The Company's operating results, economic and financial prospects and other factors will affect the trading price of the Shares. In addition, the price of Shares is subject to varied and often unpredictable influences on the market for equities, including, but not limited to, general economic conditions including the performance of the Australian dollar on world markets, inflation rates, foreign exchange rates and interest rates, variations in the general market for listed stocks in general, changes

to government policy, legislation or regulation, industrial disputes, general operational and business risks and hedging or arbitrage trading activity that may develop involving the Shares.

In particular, the share prices for many companies have been and may in the future be highly volatile, which in many cases may reflect a diverse range of non-company specific influences such as global hostilities and tensions relating to certain unstable regions of the world, acts of terrorism and the general state of the global economy. No assurances can be made that the Company's market performance will not be adversely affected by any such market fluctuations or factors.

### **5.2.2 Other risks**

This list of risk factors above is not an exhaustive list of the risks faced by the Company or by investors in the Company. The risk factors described in this Section 5 as well as risk factors not specifically referred to above may in the future materially affect the financial performance of the Company and the value of its securities.

Investors should consider that an investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares under the Offer.

## **6. Additional information**

### **6.1 Litigation**

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Company's Directors are not aware of any legal proceedings pending or threatened against Company.

### **6.2 Continuous disclosure**

As the Company is admitted to the official list of ASX, the Company is a "disclosing entity" for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

Price sensitive information is publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants is also managed through disclosure to ASX. In addition, the Company posts information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

Investors are encouraged to check and monitor any further announcements made by the Company to ASX prior to securities being issued under the Offer. To do so, please refer to the Company's ASX announcements platform via [www.asx.com.au](http://www.asx.com.au).

By virtue of section 713 of the Corporations Act, the Company is entitled to issue a "transaction-specific" prospectus in respect of the Offer.

In general terms, a "transaction-specific prospectus" is only required to contain information in relation to the effect of the issue of securities on the Company and the rights and liabilities attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position and performance, profits and losses or prospects of the issuing company.

As a disclosing entity under the Corporations Act, the Company states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the annual financial report of the Company for the financial year ended 31 December 2018;
  - (ii) any half-year financial report of the Company lodged with ASIC after the lodgement of the annual financial report referred to above and before the lodgement of this Prospectus with ASIC; and
  - (iii) all continuous disclosure notices given by the Company after the lodgement of the annual financial report referred to above and before the lodgement of this Prospectus with ASIC (see below).

There is no information which has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules that investors or their professional advisers:

- (a) would reasonably require for the purpose of making an informed assessment of:
  - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
  - (ii) the rights and liabilities attaching to the securities the subject of this Prospectus; and
- (b) would reasonably expect to find in this Prospectus.

This Prospectus contains information specific to the Offer. If investors require further information in relation to the Company, they are recommended to take advantage of the opportunity to inspect or obtain copies of the documents referred to above.

The following announcements have been lodged with ASX in respect of the Company since the Company lodged its annual financial report for the financial year ended 31 December 2018 on 29 March 2019.

Date	Title
09/10/2019	HomeStay receives commitments of \$4 million
09/10/2019	Corporate Update
26/09/2019	Voluntary Suspension Extension
23/09/2019	Voluntary Suspension Extension
16/09/2019	Voluntary Suspension Extension
09/09/2019	Voluntary Suspension Extension
02/09/2019	Voluntary Suspension Extension
30/08/2019	Half Year Report and Appendix 4D
26/08/2019	Voluntary Suspension Extension
22/08/2019	Voluntary Suspension Extension
21/08/2019	Voluntary Suspension Extension
20/08/2019	Suspension from Official Quotation
16/08/2019	Trading Halt
16/08/2019	Pause in Trading
01/08/2019	HomeStay achieves first sales under Essence APAC agreement
31/07/2019	Quarterly Activity Statement and Appendix 4C - June 2019

Date	Title
23/07/2019	HomeStay launches B2C webstore and HomeStay Connect app
15/07/2019	HomeStay signs exclusive distribution agreement
11/07/2019	Trading Halt
11/07/2019	Pause in Trading
20/06/2019	HomeStay technology featured in St John of God Accord house
05/06/2019	Annual Report Disclosures
04/06/2019	Change of Director's Interest Notice
04/06/2019	Appendix 3B
28/05/2019	Results of Meeting
28/05/2019	HomeStay AGM Chairman's Address
27/05/2019	HomeStay appoints Philippa Lewis as CEO
08/05/2019	Corporate Overview
30/04/2019	Quarterly Activity Statement and Appendix 4C - March 2019
29/04/2019	Notice of Annual General Meeting/Proxy Form

### 6.3 Market price of Shares

The highest and lowest closing prices of Shares on the ASX during the 3 months preceding the date of this Prospectus, and the closing price on the trading day before the date of this Prospectus, are set out below.

	Price	Date
Highest	\$0.025	26 July 2019
Lowest	\$0.018	10 July 2019
Last	\$0.022	15 August 2019

**Note:** The Company's securities were placed in trading halt on 16 August 2019 and subsequently suspended from quotation and remained suspended up to lodgement of the



Prospectus. It is expected that the Company's securities will be reinstated to trading on the ASX on 10 October 2019.

#### **6.4 Underwriting Agreement**

By an agreement between the Underwriter and the Company (**Underwriting Agreement**), the Underwriter has agreed to fully underwrite the Offer for 599,436,892 Shares (**Underwritten Shares**).

Pursuant to the Underwriting Agreement, the Company has agreed to:

- (a) pay the Underwriter an underwriting fee of 4% of the total amount raised under the Offer and a management fee of 2% of the total amount raised under the Offer (totalling approximately \$179,831); and
- (b) issue, subject to Shareholder approval, 10,000,000 Options to the Underwriter (or its nominees) exercisable at \$0.015 on or before 3 years from the date of issue.

The Underwriter will be responsible for any fees payable to any sub-underwriters or other brokers involved in the Offer and introduced by the Underwriter.

The Underwriter is also entitled to be reimbursed for reasonable costs and expenses incidental to the Offer. In the event the Company terminates the Underwriting Agreement without cause, the Underwriter will be entitled to the reimbursement of these costs and expenses.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination set out in Annexure B.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

#### **6.5 Director interests**

Other than as set out below or elsewhere in this Prospectus, no existing or proposed Director holds at the date of this Prospectus, or has held in the 2 years prior to the date of this Prospectus, an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to an existing or proposed Director to induce them to become, or qualify as, a Director or for services in connection with the formation or promotion of the Company or the Offer.

##### **(a) Remuneration**

The remuneration (including superannuation unless stated otherwise) paid to the Directors for the two financial years prior to the date of this Prospectus, and

proposed to be paid to the Directors for the current financial year (on an annualised basis), is set out below.

Director	Position	FY 2017	FY 2018	FY 2019
Wayne Cahill <sup>1</sup>	Non-Executive Chairman	Nil	Nil	\$75,000
Shannon Robinson <sup>2</sup>	Executive Director	Nil	\$141,589	\$50,000
Damian Black <sup>3</sup>	Non-Executive Director	\$30,000	\$31,500	\$48,000
Sara Kelly <sup>4</sup>	Non-Executive Director	Nil	\$5,500	\$48,000

**Notes:**

1. Mr Cahill was appointed as Director on 1 February 2019. Mr Cahill is currently paid a fee of \$75,000 per annum (exclusive of superannuation, which is currently an additional \$7,125 per annum). As part of his remuneration package, the Company agreed to issue a total of 12,000,000 Options to Mr Cahill subject to Shareholder approval. These Options were issued to Mr Cahill on 4 June 2019 following Shareholder approval at the Company's annual general meeting held on 28 May 2019. Refer to Section 6.5(b) for information on the exercise price, vesting conditions and expiry date of these Options.
2. Ms Robinson was appointed as a Director on 13 November 2018. In the financial year ended 31 December 2018, Ms Robinson's remuneration comprised \$104,305 in salary and consulting fees (which included \$50,000 per annum in back pay pursuant to her previous engagement letter with HomeStay Care Pty Ltd, which had accrued since 1 December 2016 and had not at that time been paid). Ms Robinson also received a \$25,000 bonus in accordance with her executive services agreement upon completion of the Company's acquisition of 100% of the issued capital of HomeStay Care Pty Ltd and the Company being reinstated to trading on ASX, and \$12,284 in superannuation. Ms Robinson is currently paid a fee of \$50,000 per annum (exclusive of superannuation, which is currently an additional \$4,250 per annum).
3. Mr Black was appointed as a Director on 18 June 2014. Mr Black is currently paid a fee of \$48,000 per annum (inclusive of superannuation).
4. Ms Kelly was appointed as a Director on 13 November 2018. Ms Kelly is currently paid a fee of \$48,000 per annum (inclusive of superannuation).

**(b) Securities**

The securities in which the Directors and their associates have or are proposed to have relevant interests in at the date of this Prospectus are set out below.

Director	Shares	Options	Performance Rights	Entitlement
Wayne Cahill	Nil	12,000,000 <sup>1</sup>	Nil	Nil
Shannon Robinson <sup>2</sup>	19,250,000 <sup>3</sup>	2,000,000 <sup>4</sup>	Nil	14,437,500
Damian Black <sup>5</sup>	6,802,275	2,000,000 <sup>4</sup>	Nil	5,101,707

Sara Kelly <sup>6</sup>	5,750,000 <sup>7</sup>	2,000,000 <sup>4</sup>	Nil	4,312,500
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The Board confirms that Ms Robinson intends to take up \$50,000 (10,000,000 Shares) of her Entitlement and Ms Kelly intends to take up her full Entitlement of \$21,562.50.

**Notes:**

1. Comprising:
  - a. 4,000,000 Options exercisable at \$0.05 and expiring 1 August 2022;
  - b. 4,000,000 Options exercisable at \$0.065, vesting 1 February 2020 and expiring 1 February 2023; and
  - c. 4,000,000 Options exercisable at \$0.09, vesting 1 February 2021 and expiring 1 February 2024.

The full terms and conditions of these Options are set out in schedule A of the Company's notice of meeting for its annual general meeting held on 28 May 2019.
2. Securities held indirectly by Berger Investments Fund Pty Ltd <Berger Investment Fund A/C>, a company of which Ms Robinson is a director and shareholder. In addition, Berger Investments Fund Pty Ltd as trustee for Berger Investment Fund, is entitled to 11,999,996 Deferred Consideration Shares (2,999,999 in each of the four classes) subject to satisfaction of the applicable milestones.
3. 18,000,000 Shares are subject to escrow until 19 November 2020.
4. Exercisable at \$0.03 on or before 19 November 2023 and subject to escrow until 19 November 2020. The full terms and conditions of these Options are set out in schedule 3 of the Company's notice of meeting for its general meeting held on 23 August 2018.
5. 19,500 Shares held directly, 1,478,265 Shares held indirectly by Mr Damian Peter Black & Mr Andrew James Black <Lenoir Superfund A/C>, 5,265,510 held indirectly by Brijohn Nominees Pty Ltd <Nelson A/C>, 19,500 held indirectly by Lenoir Capital Pty Ltd and 19,500 held indirectly by Odin Capital Pte Ltd. 2,000,000 Options held indirectly by Brijohn Nominees Pty Ltd <Nelson A/C>.
6. Securities held indirectly by TYF Holdings Pty Ltd <TYF Investment A/C>, a company of which Ms Kelly is director. In addition, TYF Holdings Pty Ltd as trustee for The TYF Investment Account, is entitled to 1,666,668 Deferred Consideration Shares (416,667 in each of the four classes) subject to satisfaction of the applicable milestones.
7. 2,500,000 Shares subject to escrow until 19 November 2020.

## 6.6 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or

- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offer.

Taylor Collison will be paid a total of approximately \$179,831 (excluding GST) to act as underwriter to the Offer and the Company has also agreed, subject to Shareholder approval, to issue Taylor Collison (or its nominees) 10,000,000 Options exercisable at \$0.015 on or before 3 years from the date of issue for acting as underwriter to the Offer. During the 24 months preceding lodgement of this Prospectus with the ASIC, Taylor Collison has not been paid any fees by the Company but has accrued fees of \$36,000 (excluding GST) pursuant to a corporate advisory mandate with the Company. Fees accrue at the rate of \$10,000 (excluding GST) per month for a minimum term of 6 months (a minimum total of \$60,000 excluding GST). Fees will accrue until completion of the Offer and then become payable.

Edwards Mac Scovell has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Edwards Mac Scovell \$20,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Edwards Mac Scovell has been paid or is owed fees totalling \$101,838.42 (excluding GST and disbursements) for legal services provided to the Company.

## **6.7 Consents**

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the securities), the Directors, any persons named in the Prospectus with their consent as proposed directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Taylor Collison has given its written consent to being named as Underwriter to the Offer in this Prospectus. Taylor Collison has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Edwards Mac Scovell has given its written consent to being named as the solicitors to the Company in this Prospectus. Edwards Mac Scovell has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

RSM Australia Partners has given its written consent to use of the audited statement of financial position as at 31 December 2018 set out in Annexure A of this Prospectus. RSM Australia Partners has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

There are a number of persons referred to elsewhere in this Prospectus who have not made statements included in this Prospectus and there are no statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in this Prospectus and did not authorise or cause the issue of this Prospectus.

## 6.8 Expenses of the Offer

The estimated expenses of the Offer (exclusive of GST) are set out below.

Item	Amount
ASIC fees	\$3,206
ASX fees	\$11,249
Underwriting fees	\$179,831
Legal fees	\$20,000
Printing and distribution	\$4,413
<b>Total</b>	<b>\$218,699</b>

## 6.9 Electronic prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on the number set out in the Corporate Directory to this Prospectus and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website as set out in the Corporate Directory to this Prospectus.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form,

it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

#### **6.10 Financial forecasts**

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

#### **6.11 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship**

The Company will not be issuing share certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

#### **6.12 Privacy Act**

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

## **7. Directors' authorisation**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

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**Shannon Robinson**  
**Executive Director**  
**For and on behalf of HomeStay Care Limited**

## 8. Glossary

**\$** means the lawful currency of the Commonwealth of Australia.

**Applicant** means a Shareholder who applies for Shares pursuant to the Offer or a Shareholder or other party who applies for Shortfall Shares pursuant to the Shortfall Offer.

**Application Form** means an Entitlement and Acceptance Form or Shortfall Offer Application Form as the context requires.

**Acquisition Agreement** means the binding term sheet entered into between the Company, HomeStay Care Pty Ltd and certain majority shareholders of HomeStay Care Pty Ltd, under which the Company agreed to acquire 100% of the issued capital in HomeStay Care Pty Ltd.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

**ASX Listing Rules** means the listing rules of the ASX.

**ASX Settlement Operating Rules** means the settlement rules of the securities clearing house which operates CHESS.

**Board** means the board of Directors unless the context indicates otherwise.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

**Closing Date** means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

**Company** or **HomeStay** means HomeStay Care Limited (ACN 111 823 762).

**Constitution** means the constitution of the Company as at the date of this Prospectus.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Deferred Consideration Shares** has the meaning set out in Section 3.4.

**Directors** means the directors of the Company as at the date of this Prospectus.

**Eligible Shareholders** means a Shareholder whose details appear on the Company's register of Shareholders as at the Record Date and have a registered address in Australia, New Zealand or Singapore.

**Entitlement** means the entitlement of a Shareholder who is eligible to participate in the Offer.

**Entitlement and Acceptance Form** means the entitlement and acceptance form either attached to or accompanying this Prospectus.

**Facility** means the convertible loan facility announced to ASX on 9 October 2019.

**HomeStay Care Pty Ltd** means HomeStay International Pty Ltd (formerly HomeStay Care Pty Ltd) (ACN 612 594 475).



**HomesStay Group** means HomeStay Care Pty Ltd and its subsidiaries.

**Intelligent Home** means any home that utilises HomeStay's data-collecting hubs, together with any number of hub-communicating in-home sensors (including, but not limited to: movement/activity monitoring sensors; bed sensors; door/window sensors; hot water sensors; incontinence devices; and/or wearable devices (smart or otherwise), noting that these devices may comprise of licenced third-party devices, proprietary devices, white label devices, or otherwise).

**Intelligent Home Platform** means any platform used by HomeStay to offer the Intelligent Home, on-demand services, healthcare data management and/or lifestyle monitoring.

**Offer** means the non-renounceable entitlement issue the subject of this Prospectus.

**Official Quotation** means official quotation on ASX.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Performance Rights** means performance rights issued pursuant to the Company's Incentive Performance Rights Plan.

**Placement** means the placement of 104,249,894 Shares at an issue price of \$0.005 per Share to raise approximately \$521,249, as announced to ASX on 9 October 2019.

**Prospectus** means this prospectus.

**Record Date** means the date specified in the timetable set out at the commencement of this Prospectus.

**Section** means a section of this Prospectus.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**Shortfall** means the Shares not applied for under the Offer (if any).

**Shortfall Offer Application Form** means the shortfall application form either attached to or accompanying this Prospectus relating to the Shortfall Offer.

**Shortfall Offer** means the offer of the Shortfall on the terms and conditions set out in Section 2.8

**Shortfall Shares** means those Shares issued pursuant to the Shortfall.

**Underwriter** or **Taylor Collison** means Taylor Collison Limited (ACN: 008 172 450) (AFSL: 247083)

**Underwriting Agreement** has the meaning given to it in Section 6.4.

**Vendors** means the former shareholders of HomeStay Care Pty Ltd.

## Annexure A – Pro-forma statement of financial position

		<b>Consolidated Reviewed</b>	<b>Unaudited Pro-forma</b>
	<b>Notes</b>	<b>30 June 2019</b>	<b>30 June 2019</b>
		<b>\$</b>	<b>\$</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	1	927,217	3,705,702
Other assets		206,982	206,982
Trade and other receivables		90,938	90,938
Inventory		168,196	168,196
Total Current Assets		1,393,333	4,171,818
<b>Non-current Assets</b>			
Plant and equipment		54,105	54,105
Intangible assets		1,321,156	1,321,156
Total non-current assets		1,375,261	1,375,261
<b>Total assets</b>		<b>2,768,594</b>	<b>5,547,079</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		976,815	976,815
Provisions		49,272	49,272
Total current liabilities		1,026,087	1,026,087
<b>Total liabilities</b>		<b>1,026,087</b>	<b>1,026,087</b>
<b>Net assets</b>		<b>1,742,507</b>	<b>4,520,992</b>
<b>EQUITY</b>			
Issued capital	2	8,295,993	11,074,478
Reserves		921,037	921,037
Accumulated losses		(7,474,523)	(7,474,523)
<b>Total equity</b>		<b>1,742,507</b>	<b>4,520,992</b>

### Notes:

1. Pro-forma cash reflects net amount of Prospectus fundraising of \$2,778,485 after deducting capital raising costs of \$218,699.
2. Pro-forma issued capital reflects net amount of Prospectus fundraising of \$2,778,485 after deducting capital raising costs of \$218,699.

## Annexure B – Underwriting Agreement

The Underwriter may terminate its obligations under the Underwriting Agreement if:

- (a) **(Offer Withdrawn):** the Offer is withdrawn by the Company;
- (b) **(No Listing Approval):** the Company fails to lodge an Appendix 3B in relation to the Underwritten Shares with ASX by the time required by the ASX Listing Rules, the Corporations Act or any other regulations;
- (c) **(Corrective Disclosure):**
  - (i) the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an occurrence as described in paragraph (h)(iv), forms the view on reasonable grounds that a corrective document should be lodged with ASX to comply with the Corporations Act and the Company fails to lodge a corrective document in such form and content and within such time as the Underwriter may reasonably require; or
  - (ii) the Company lodges a corrective document without the prior written agreement of the Underwriter (which agreement the Underwriter may not unreasonably withhold);
- (d) **(Misleading Documents):** it transpires that there is a statement in this Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from this Prospectus or if any statement in this Prospectus becomes misleading or deceptive or likely to mislead or deceive or if the issue of the this Prospectus is or becomes misleading or deceptive or likely to mislead or deceive;
- (e) **(Restriction on issue):** the Company is prevented from issuing the Underwritten Shares within the time required by the Underwriting Agreement, the Corporations Act, the ASX Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi governmental agency or authority;
- (f) **(ASIC application):** an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to this Prospectus, provided that the Shortfall Notice Deadline Date (as the term is defined in the Underwriting Agreement) has arrived, and that application has not been dismissed or withdrawn;
- (g) **(Takeovers Panel):** the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel and is not withdrawn or disposed of by the Shortfall Notice Deadline Date, either of which in the Underwriter's reasonable opinion has a Material Adverse Effect;
- (h) **(Indictable offence):** a director or senior manager of the Company is charged with an indictable offence; or
- (i) **(Termination Events):** any of the following events occurs:
  - (i) **(Default):** default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking and the default or breach is either incapable of remedy or is not remedied within 10 Business Days after the Underwriter notifies the Company of the default or breach or by the Shortfall Notice Deadline Date, whichever is earlier;

- (ii) **(Incorrect or untrue representation):** any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect to a material respect;
- (iii) **(Contravention of constitution or Act):** a material contravention by the Company of any provision of its constitution, the Corporations Act, the ASX Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
- (iv) **(Adverse change):** an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a prospective adverse change after the Underwriting Agreement is executed in the assets, liabilities, financial position, trading results, profits, losses, prospects, business or operations of the Company;
- (v) **(Misleading information):** any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the issue of the Underwritten Shares or the affairs of the Company is or becomes misleading or deceptive or likely to mislead or deceive to a material respect;
- (vi) **(Change in Act or policy):** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
- (vii) **(Prescribed Occurrence):** a Prescribed Occurrence occurs, which means;
  - (A) the Company converting all or any of its shares into a larger or smaller number of shares;
  - (B) the Company resolving to reduce its share capital in any way;
  - (C) the Company:
    - (1) entering into a buy back agreement; or
    - (2) resolving to approve the terms of a buy back agreement under section 257D or 257E of the Corporations Act;
  - (D) the Company making an issue of, or granting an option to subscribe for, any of its shares or any other securities, or agreeing to make such an issue or grant such an option, other than the issue of securities in accordance with the Placement or the Offer, any securities issued or granted pursuant to any incentive plan or scheme for the issue of securities to employees or officers of the Company, any securities issued as a result of a pro rata offering to existing shareholders of the Company, any securities issued on conversion of convertible securities that are on issue at the date of execution of the Underwriting Agreement, any Deferred Consideration Shares and any securities issued with the prior written consent of the Underwriter (such consent not to be unreasonably delayed or withheld);
  - (E) the Company issuing, or agreeing to issue, convertible notes;
  - (F) the Company disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;

- (G) the Company charging, or agreeing to charge, the whole, or a substantial part, of its business or property;
  - (H) the Company resolving that it be wound up;
  - (I) the appointment of a liquidator or provisional liquidator of the Company;
  - (J) the making of an order by a court for the winding up of the Company;
  - (K) an administrator of the Company, being appointed under section 436A, 436B or 436C of the Corporations Act;
  - (L) the Company executing a deed of company arrangement; or
  - (M) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of the Company.
- (viii) **(Suspension of debt payments)**: the Company suspends payment of its debts generally;
- (ix) **(Event of Insolvency)**: an Event of Insolvency (as the term is defined in the Underwriting Agreement) occurs in respect of the Company;
- (x) **(Judgment against the Company)**: a judgment in an amount exceeding \$100,000 is obtained against the Company and is not set aside or satisfied within seven days;
- (xi) **(Litigation)**: litigation, arbitration, administrative or industrial proceedings are after the Underwriting Agreement is executed commenced against the Company;
- (xii) **(Board and senior management composition)**: there is a change in the composition of the Board or a change in the senior management of the Company before the Issue without the prior written consent of the Underwriter (such consent not to be unreasonably delayed or withheld);
- (xiii) **(Change in shareholdings)**: a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company;
- (xiv) **(Timetable)**: there is a delay in any specified date in the timetable set out in this Prospectus which is greater than 3 Business Days, without the prior written consent of the Underwriter (such consent not to be unreasonably delayed or withheld);
- (xv) **(Force Majeure)**: a Force Majeure (as the term is defined in the Underwriting Agreement) affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of seven days occurs;
- (xvi) **(Certain resolutions passed)**: the Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (xvii) **(Capital Structure)**: the Company alters its capital structure in any manner not contemplated by the Offer Document or permitted by this Agreement;
- (xviii) **(Market Movement)**: the S&P/ASX Small Ordinaries index falls by more than 7.5% after the Execution Date;

- (xix) **(Investigation)**: any person is appointed under any legislation in respect of companies to investigate the affairs of the Company;
- (xx) **(Hostilities)** hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, the United Kingdom any member state of the European Union, Indonesia, Japan, Russia or the Peoples Republic of China, or a terrorist act is perpetrated on any of those countries or any diplomatic or political establishment of any of those countries elsewhere in the world, or a national emergency is declared by any of those countries; or
- (xxi) **(Adverse Change in Financial Markets)** there occurs any material adverse change or material adverse disruption to the political or economic conditions of financial markets in Australia, the United Kingdom, the United States of America or the international financial markets or any change or development involving a prospective change in national or international political, financial or economic conditions.

The events listed in paragraphs (d), (h) and (i) above do not entitle the Underwriter to exercise its rights to terminate unless, in the reasonable opinion of the Underwriter reached in good faith, it has or is likely to have, or those events together have, or could reasonably be expected to have, a Material Adverse Effect or could give rise to a liability of the Underwriter under the Corporations Act.