

Homeloans Limited EGM 11 October 2016

Presentation / speech by Chairman Rob Scott

Ladies and gentlemen, welcome to the Homeloans Extraordinary General Meeting.

As detailed in the Notice of Meeting, Homeloans entered into a Scheme Implementation Agreement with RESIMAC Limited on 20 July 2016, under which Homeloans will merge with RESIMAC through the issue of new Homeloans shares to RESIMAC Shareholders and the acquisition by Homeloans of all of the shares in RESIMAC.

Subsequent to the despatch of the Notice of Meeting, Homeloans and RESIMAC have agreed to revise the Scheme Implementation Agreement to amend some minor technical points as set out in a letter agreement dated 12 September 2016.

RESIMAC Shareholders will hold 72.5% of the Merged Group and existing Homeloans shareholders will hold 27.5% of the Merged Group.

Homeloans has received notification that the transfer of shares under the Somers Option as detailed in the Explanatory Memorandum has been exercised and as a result Somers Limited is RESIMAC's largest shareholder and will acquire voting power of 58.9% of the Shares in Homeloans, as a result of the Transaction.

The Board believe that the Transaction will provide Homeloans with:

- greater scale and expertise;
- improved growth opportunities;
- greater product manufacturing capabilities;
- enhanced access to securitisation markets; and
- a broader distribution platform for mortgage and other products.

The Directors recommend Shareholders vote in favour of the Transaction for the following reasons:

- the Independent Expert has concluded that the Transaction is not fair but reasonable, and in the absence of a Superior Homeloans Proposal, it is in the best interests of the Shareholders to vote in favour of the Transaction;
- a combination of Homeloans and RESIMAC is expected to generate significant revenue and operational synergies;
- the Transaction is expected to enhance financial outcomes for Homeloans Shareholders;
- the combination of Homeloans and RESIMAC is expected to create a leading non-bank lending and multi-channel distribution business in Australia and New Zealand with a combined loan portfolio in excess of \$13 billion and combined new annual originations exceeding \$3 billion in the 12 months to 30 June 2016;
- the Merged Group is expected to have greater funding flexibility than Homeloans as a standalone company; and

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- If the Transaction does not proceed, the Share price may potentially fall to a level around where Shares traded in the time leading up to the announcement.

In addition, the Merged Group expects to achieve annual cost synergies of approximately \$6 million within 12 to 18 months of Implementation of the Scheme. The larger size of the Merged Group compared to the standalone size of RESIMAC and Homeloans respectively will enable the Merged Group to achieve economies of scale through leveraging fixed costs and achieving greater standardisation across the business.

The Directors:

- i. unanimously recommend that shareholders vote in favour of the Resolutions set out in the Notice of Meeting and Explanatory Memorandum; and
- ii. intend to cause the Shares in which they have a Relevant Interest, as described in section 3.25 of the Explanatory Memorandum, to be voted in favour of the Resolutions,

subject to a Superior Homeloans Proposal or the Independent Expert engaged by Homeloans ceasing to conclude, or adversely changing its conclusion, such that the Scheme is no longer In The Best Interests of the Shareholders.

Full details of the key reasons for your Directors' recommendation of the Transaction are set out in section 6.8 of the Explanatory Memorandum that accompanied the Notice of Meeting. As with all transactions of this nature, the Transaction also has risks, and these are set out in sections 5.11, 5.12 and 5.13 of the Explanatory Memorandum.

Upon Implementation of the Transaction, it is proposed that the board of the Merged Group will be composed of six members as follows:

- Mr. Warren McLeland, Managing Director;
- Mr. Robert Scott, Non-Executive Director;
- Mr. Robert Salmon, Non-Executive Director;
- Ms. Susan Hansen, Non-Executive Director;
- Mr. Michael Jefferies, Non-Executive Director; and
- an independent, non-executive director to be appointed as the chairperson.

Mr Warren McLeland who is to be appointed Managing Director of the Merged Group, is also the Chairman of Somers and a director of UIL Limited, the largest shareholder of Somers.

Mr. Scott McWilliam and Ms. Mary Ploughman will be appointed Co- CEO's. Ms. Ploughman is currently an Executive Director at RESIMAC and leads RESIMAC's securitisation activities, in addition to managing the New Zealand business and inorganic growth.

Mr Michael Starkey, a current director of Homeloans, will not continue as a director of Homeloans and will tender his resignation from the Board with effect from the Implementation Date.

The profiles of the 3 proposed board members of the Merged Group to be appointed as a result of the Board Composition Resolutions are detailed in the Explanatory Memorandum.

Thank you. I will now move to the formal meeting.